

Mamaroneck Public Library District, New York
Report to Those Charged with Governance
May 31, 2019

January 29, 2020

Prepared by

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**KNOW
GREATER
VALUE**

January 29, 2020

Members of the Library Board
Mamaroneck Public Library
136 Prospect Ave
Mamaroneck, NY 10543

We have audited the financial statements of Mamaroneck Public Library District, New York as of and for the year ended May 31, 2019 and have issued our report thereon dated December 23, 2019. Professional standards require us to communicate with you regarding audit matters that are, in our professional judgment, significant and relevant to those charged with governance ("TCWG") in overseeing the financial reporting process. This communication is intended to provide you with these required communications as well as other findings and information regarding our audit.

We are pleased to be of service to you and the Mamaroneck Public Library District, New York and appreciate the opportunity to present our audit findings to you. We are also pleased to discuss other matters which may be of interest to you and to answer any questions you may have.

This information is intended solely for the information and use of TCWG and management of the Mamaroneck Public Library District, New York and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

PKF O'Connor Davies, LLP
PKF O'Connor Davies, LLP

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Status of the Audit

Audit of Financial Statements

- Audit fieldwork is complete.
- The financial statements have been issued.
- We have issued an unmodified report on the financial statements.

Required Communications and Other Matters

Required Item	Comments
<p>Auditor's responsibility under professional standards and planned scope and timing of the audit</p>	<p>We have communicated such information in our engagement letter to you dated September 19, 2017. Generally, these responsibilities include:</p> <ul style="list-style-type: none"> • Forming and expressing an opinion on the financial statements. • Obtaining reasonable assurance that the financial statements are free of material misstatements, whether caused by error or fraud. • Accumulating and communicating uncorrected misstatements to Those Charged with Governance ("TCWG"). • Maintaining professional skepticism. • Communicating audit related matters that are, in our professional judgment, significant to TCWG.
<p>Supplementary information accompanying the financial statements</p>	<p>Our responsibility for the supplementary information accompanying the financial statements is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.</p> <p>With respect to such supplementary information, we made certain inquiries of members of management and evaluated the form, content and methods of preparing the information to determine that the information complies with US GAAP, the method of preparing it has not changed from the prior period and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.</p>

Required Item	Comments
Other information in documents containing audited financial statements	<p>Our responsibility as auditors for other information in documents containing the audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to determine that such other information is properly stated.</p>
Responsibilities of management and TCWG	<p>Management's responsibilities include:</p> <ul style="list-style-type: none"> • The fair presentation of the financial statements, including the selection of appropriate accounting policies. • Establishing and maintaining effective internal control. • Complying with laws, regulations, grants and contracts. • Providing the auditors with all financial records and related information and a signed representation letter. <p>TCWG are responsible for communicating with the auditors and overseeing the financial reporting process.</p> <p>Both management and TCWG are responsible for:</p> <ul style="list-style-type: none"> • Setting the proper tone at the top. • Designing and implementing policies and controls to prevent and detect fraud.
Qualitative aspects of accounting practices - Accounting Policies	<p>The significant accounting policies are described in Note 1 to the financial statements. There have been no initial selections of accounting policies and no changes in significant accounting policies or their application during the reporting period that had a significant impact on the financial statements.</p> <p>The accounting policies of the Entity conform to U.S. generally accepted accounting principles as applicable to state and local governments. The Entity's reports are based on all applicable GASB pronouncements.</p>
Qualitative aspects of accounting practices – Significant Unusual Transactions	<p>No matters have come to our attention that would require us to inform you about the methods used to account for significant unusual transactions.</p>

Required Item	Comments
<p>Qualitative aspects of accounting practices - <i>Accounting Estimates and Management's Judgment</i></p>	<p>Accounting estimates made by management are an integral part of the financial statements and are based on management's knowledge and experience about past and current events and assumptions about future events. Actual results could differ from those estimates.</p> <p>Certain accounting estimates are particularly sensitive because of their significance to financial statements and their susceptibility to change. The most sensitive estimates affecting the financial statements are:</p> <ul style="list-style-type: none"> • Actuarial assumptions related to the Other Post Employment Benefit Obligations ("OPEB") • Actuarial assumptions and proportionate share calculations related to pension obligations • Asset lives for depreciable capital assets • Estimates of certain receivable balances and allowances for uncollectible amounts • Estimates for certain operating and long-term liabilities <p>Management believes that the estimates used and assumptions made are adequate based on the information currently available. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements as a whole.</p>
<p>Qualitative aspects of accounting practices - <i>Financial Statement Disclosures</i></p>	<p>Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements are:</p> <ul style="list-style-type: none"> • Other post employment benefit obligations payable • Pension plan information • Outstanding bonded indebtedness • Fund balances <p>The financial statement disclosures are consistent and clear.</p>
<p>Difficulties encountered in performing the audit</p>	<p>We encountered no significant difficulties in dealing with management relating to the performance of our audit.</p>

Required Item	Comments
<p>Corrected and uncorrected misstatements</p>	<p>Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management.</p> <p>We are required to communicate to you misstatements that remain uncorrected including related to prior periods and the effect, if any, that they have on the opinion in our report and request their correction.</p> <p>There are no such financial statements that remain uncorrected.</p> <p>In addition, corrected misstatements that were brought to the attention of management as a result of our audit procedures are also included in Appendix 1.</p>
<p>Disagreements with management</p>	<p>For purposes of this communication, a disagreement with management is a matter, whether or not resolved to our satisfaction, concerning financial accounting, reporting, or auditing, which could be significant to the financial statements or the auditors' report. No such disagreements arose during the course of the audit.</p>
<p>Management representations</p>	<p>We have requested certain representations from management that are included in the management representation letter (see Appendix 2).</p>
<p>Management's consultations with other accountants</p>	<p>In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no such consultations with other accountants.</p>
<p>Auditor independence</p>	<p>We affirm that PKF O'Connor Davies, LLP is independent with respect to the Library in accordance with relevant professional standards.</p>
<p>Significant issues discussed with management prior to retention</p>	<p>We generally discuss with management a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Library and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed and our responses thereto were a condition to our retention as auditors.</p>

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Mamaroneck Public Library District, New York (the "Entity") internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. Accordingly, we express no such opinion.

Professional standards require that we communicate to you, in writing, all significant deficiencies and/or material weaknesses in internal control that we identify in performing our audit. For this purpose, deficiencies in internal control are categorized as follows:

- A **deficiency in internal control** exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.
- A **material weakness** is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Entity's financial statements will not be prevented, or detected and corrected, on a timely basis.
- A **significant deficiency** is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified.

We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

However, we share for your consideration on the following pages other observations about the internal control and operations.

This communication is intended solely for the information and use of management and others charged with governance and is not intended to be and should not be used by anyone other than these specified parties. We will be pleased to discuss these communications and comments in further detail at your convenience, or to assist you in implementing the recommendations.

PKF O'Connor Davies, LLP
Harrison, New York
January 29, 2020

Mamaroneck Public Library District, New York

Control Deficiencies

- **Posting of Prior Year Journal Entries**

The prior year journal entries proposed during the May 31, 2016, May 31, 2017, and May 31, 2018 audit were not posted resulting in the opening account balances not agreeing to the closing audited balances.

Recommendation

Prior year entries should have been reviewed and posted to verify the ending balances agree to the ending audited balances.

- **Checks Outstanding for More Than One Year**

During our audit, we noted that there are thirteen checks outstanding in the old operating account over a year old. These checks total \$3,549. There are also nine outstanding checks which are over a year old in the old payroll account. These checks total \$2,410.

Recommendation

Section 21 of the General Municipal Law of New York State requires that these checks be cancelled and the amount returned to the accounts which were originally charged.

- **Bank Reconciliation Should Reconcile to the General Ledger**

During our audit it was noted that the book balances per the two bank reconciliations did not agree to the balances on the general ledger. The bank reconciliations have been corrected and an audit journal entry has been proposed to correct the general ledger balance.

Recommendation

Amounts on bank reconciliation should be reconciled to the current general ledger balance for the cash accounts monthly.

- **Use of Cash Receipts Journal**

We noted during our test work on cash receipts that the Library does not indicate when the cash receipts are actually received for all five of the samples tested. As a result, we were unable to determine if the five deposits were deposited within 72 hours. There also was one large check received by the Library that had been left on an employee's desk for more than 72 hours which still had not been taken to the bank and deposited at the time of the audit. Keeping track of when money is received will increase internal controls in order to provide timely deposits within 72 hours.

Mamaroneck Public Library District, New York

Control Deficiencies
(Continued)

- **Use of Cash Receipts Journal** (*Continued*)

Recommendation

We recommend that the Library utilize a cash receipts journal indicating when the cash receipts were received. Indicating when money is actually received will allow the library to insure more timely deposits within 72 hours.

- **Bids**

The Library does not normally obtain competitive bids as a prerequisite for purchases except for major construction expenditures. Although they have a written procurement policy, we feel that disbursement controls would be significantly improved if the policy were followed. This policy should also recognize that instances will arise where it may not be possible or appropriate to solicit competitive bids. In such situations the policy would require that a waiver of the bidding process be substantiated and approved by the Library Director.

Recommendation

We recommend that the Library follow its procurement policy and specifically state a policy for the instances that will arise where it may not be possible or appropriate to solicit competitive bids.

- **Gifts and Donations Account Reconciliation**

We noted that while the Library does not reconcile their gifts and donations account throughout the year on a monthly or annual basis to their donations and gifts log. The lack of proper control and procedures over accounting for donations and gifts transactions may result in the financial statements being materially misstated on an interim or year-end basis.

Recommendation

To ensure proper financial reporting, we strongly recommend that management designate an appropriate person to perform reconciliations of all donation and gifts accounts on a monthly basis as well as year-end. This practice will greatly strengthen the accuracy of the year-end financial statements.

Mamaroneck Public Library District, New York

Control Deficiencies
(Continued)

- **Information Technology**

Cybersecurity Assessment/Cybersecurity Awareness Training

Cybersecurity is a significant risk facing every entity. Entities of all sizes are under the threat of constant attack. A successful cyber breach could result in significant financial, operational, regulatory and reputational impact. A key control to defend the multitude of cyber threats is to have a clear understanding of the cyber exposure of the entity and the effectiveness of the controls in defending against them. The Library has not had a formal cybersecurity assessment.

Employees across all business segments pose a significant risk to the security of the network and sensitive data. While technical controls can and should be implemented to limit and control the cyber risk, ultimately employee awareness training is proven to be the most effective mitigation. Further, many types of cyber-attacks are specifically designed to commit financial fraud by leveraging employee cyber education weaknesses. Currently the Library does not have a cybersecurity awareness program.

Recommendation

The Library should perform a formal cybersecurity assessment to assist management in understanding their cyber exposure and defending against the multitude of evolving cyber threats. The Library should develop and implement an employee cybersecurity awareness program.

On the Horizon

GASB Statement No. 84 – *Fiduciary Activities*

In January 2017, GASB issued Statement No. 84 “*Fiduciary Activities*”. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Previously issued guidance lacked the necessary clarity to determine when a government had fiduciary responsibility for a certain activity. This lack of clarity has resulted in a divergence in practice among financial statement preparers and auditors.

GASB Statement No. 84 establishes criteria for identifying fiduciary activities. The focus of the criteria is on (a) whether a government *controls* the assets of the fiduciary activity and (b) the *beneficiaries* with whom a fiduciary relationship exists. A government is considered in control of the assets if the government holds the assets or has the ability to direct the use of the assets in a manner that provides benefits to the specified or intended recipients. The assets also cannot be derived from the government’s own source revenues (or from government-mandated or voluntary non-exchange transactions) and must also have one or more of the following characteristics related to whom the assets will benefit:

- 1) Be administered through a trust
- 2) The government itself is not the beneficiary
- 3) Dedicated to providing benefits in accordance with the benefit terms
- 4) Legally protected from the government’s creditors for the benefit of individuals and the government has no administrative or direct financial involvement with the asset
- 5) For the benefit of individuals and government has no administrative or direct financial involvement with the assets

An activity meeting the above criteria should be reported in the basic financial statements in one of the following four fiduciary funds, as applicable:

- 1) Pension (and other employee benefit) trust funds
- 2) Investment trust funds
- 3) Private-purpose trust funds
- 4) Custodial funds

Custodial funds should report fiduciary activities that are not reported in one of the first three fiduciary funds noted above. The use of **Agency funds has been eliminated with this Statement and replaced with custodial funds.**

Governments with activities meeting the above criteria will present a Statement of Fiduciary Net Position (i.e., assets, deferred outflows of resources, liabilities, deferred inflows of resources and fiduciary net position) and a Statement of Changes in Fiduciary Net Position (i.e., additions and deductions) for each fiduciary fund type. Previous guidance for agency funds only required the presentation of assets and liabilities, whereas the custodial funds require the same elements as the other fiduciary funds, including net position.

The provisions of this Statement are effective for fiscal years beginning after December 15, 2018 (i.e., the Library’s financial statements for the year ended May 31, 2020) with earlier application encouraged.

GASB Statement No. 87 – Leases

Potentially pervasive changes are coming to lease accounting. Under the provisions of GASB Statement No. 87, nearly every lease will be considered a capital lease. While local governments and school districts would most likely be lessees in these kinds of transactions, some might also be involved in transactions where they are the lessor of these assets.

Under this standard, lessees will now be required to recognize in their entity-wide Statement of Net Position a lease liability and an intangible right-to-use lease asset when the lease begins. The intangible asset will be similar to other capital assets by requiring amortization over the life of the lease term, similar to depreciation of tangible capital assets. Also similar to other capital assets, leases will need to be assessed for impairment.

Lessors will do the opposite. Lessors will recognize a lease receivable and a deferred inflow of resources at the start of a lease. The receivable will be reduced and revenue recognized as lease payments are received each year. The lessor will continue to report the capital asset on its own Statement of Net Position.

Governments should review this standard early to anticipate what changes might need to be made to policies, accounting procedures, laws and regulations. The provisions of this Statement are **effective for fiscal years beginning after December 15, 2019 (i.e., the Library District's financial statements for the year ended May 31, 2021) with earlier application encouraged.**

Changes to Government Auditing Standards

The U.S. Government Accountability Office, in July 2018, issued its 2018 revision to Government Auditing Standards (i.e. "Yellow Book"). These changes will be the first changes since 2011 and are designed to ensure the standards continue to meet the needs of the federal, state and local government communities and the public these bodies serve. The following significant new audit requirement was added to the 2018 revision:

As part of an audit under Government Auditing Standards, if auditors become aware of waste or abuse that could be quantitatively or qualitatively material to the financial statements, auditors should perform additional audit procedures to ascertain the potential effect on the financial statements.

Included in the application guidance are these definitions:

Waste is the act of using or expending resources carelessly, extravagantly, or to no purpose. Waste involves the taxpayers not receiving reasonable value for money in connection with any government-funded activities because of an inappropriate act or omission by parties with control over or access to government resources. Importantly, waste can include activities that do not include abuse and does not necessarily involve a violation of law. Rather, waste relates primarily to mismanagement, inappropriate actions, and inadequate oversight.

Abuse is behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary business practice given the facts and circumstances, but excludes fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements. Abuse also includes misuse of authority or position for personal financial interests or those of an immediate or close family member or business associate. Because the determination of abuse is subjective, auditors are not required to perform procedures to detect abuse in financial audits. Auditors may discover that abuse is indicative of fraud or noncompliance with provisions of laws, regulations, contracts, and grant agreements.

The 2018 revision of Government Auditing Standards is effective for financial audits for periods ending on or after June 30, 2020. Early implementation is not permitted.

Mamaroneck Public Library
Material Adjusting Journal Entries
May 31, 2018



Appendix 1

Corrected and Uncorrected Misstatements

Mamaroneck Public Library
Material Adjusting Journal Entries
May 31, 2019



Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
To record prior year entry aje's thru 5/31/16			
0480	PREPAID EXPENSE	11,043.00	
0601	Accrued Expenses	916,052.00	
0605	Retainage Payable	681,134.00	
0610	Payroll Liabilities	1,329,837.00	
0909	Unreserved Fund Balance	14,363,826.00	
0939	Building Fund Bond	14,009,034.00	
0941	Reserve for Future Expendi	48,381.00	
0950	Audio Language Learn.	716.00	
0951	A/V Sattellite Collections	2,052.00	
0956	Opening Balance Equity	2,693,428.00	
0957	Retained Earnings	711,460.00	
0380	Accounts Receivable		1,330,128.00
0480	PREPAID EXPENSE		1,239.00
0600	Accounts Payable		594.00
0601	Accrued Expenses		961,645.00
0889	RESERVE FOR PREPAID EXPENDITURE		9,804.00
0900	Fund Balance Equity		12,699,233.00
0909	Unreserved Fund Balance		14,334,938.00
0914	Building Fund		1,125,089.00
0927	Designated Certiorari Fund		34,106.00
0939	Building Fund Bond		453,296.00
0941	Reserve for Future Expendi		1,189,264.00
0943	Reserve for Children's Pro		2,000.00
0944	Reserve for Debt Service		2,451,265.00
0945	Reserve for Appropriated Funds-Des for subseq		165,030.00
0946	Museum Pass Membership		820.00
0947	Reserve for Electronic Dev		6,367.00
0948	Teen Programs		167.00
0949	Reserve for Mary Lee Berri		370.00
0955	7422 Teen Homework Help		1,608.00
Total		34,766,963.00	34,766,963.00
Adjusting Journal Entries JE # 2			
To record prior year entry aje's thru 5/31/17			
0601	Accrued Expenses	45,366.00	
0605	Retainage Payable	30,000.00	
0610	Payroll Liabilities	2,925.00	
0889	RESERVE FOR PREPAID EXPENDITURE	9,804.00	
0909	Unreserved Fund Balance	11,615,168.00	
0914	Building Fund	72,362.00	
0941	Reserve for Future Expendi	32,459.00	
0945	Reserve for Appropriated Funds-Des for subseq years	5,096.00	
0219	TD Payroll		844.00
0380	Accounts Receivable		2,925.00
0480	PREPAID EXPENSE		9,804.00
0600	Accounts Payable		7,549.00
0601	Accrued Expenses		229,076.00
0900	Fund Balance Equity		746,816.00
0909	Unreserved Fund Balance		10,442,487.00
0914	Building Fund		25,328.00
0939	Building Fund Bond		72,362.00
0941	Reserve for Future Expendi		42,913.00
0944	Reserve for Debt Service		230,316.00
0946	Museum Pass Membership		2,760.00
Total		11,813,180.00	11,813,180.00

Mamaroneck Public Library
Material Adjusting Journal Entries
May 31, 2019



Adjusting Journal Entries JE # 3

To record prior year entry aje's thru 5/31/18

0440	DUE FROM OTHER GOVERNMENTS	1,405.00	
0610	Payroll Liabilities	740.00	
0909	Unreserved Fund Balance	1,553,251.00	
0941	Reserve for Future Expendi	19,967.00	
0949	Reserve for Mary Lee Berri	370.00	
0380	Accounts Receivable		740.00
0601	Accrued Expenses		799,408.00
0939	Building Fund Bond		753,250.00
0946	Museum Pass Membership		1,680.00
Total		<u>1,575,733.00</u>	<u>1,575,733.00</u>

Adjusting Journal Entries JE # 5

to gross up Village contribution to the Library

0601	Accrued Expenses	147,778.00	
5000	Certorari	108,658.00	
0440	DUE FROM OTHER GOVERNMENTS		1,405.00
1001	Village of Mamaroneck Oper		255,031.00
Total		<u>256,436.00</u>	<u>256,436.00</u>

Adjusting Journal Entries JE # 6

to reverse prior year accrual ERS

0601	Accrued Expenses	19,890.00	
9010	NYS Retirement		19,890.00
Total		<u>19,890.00</u>	<u>19,890.00</u>

Adjusting Journal Entries JE # 7

to accrue ERS April and May 2019

9010	NYS Retirement	20,730.00	
0601	Accrued Expenses		20,730.00
Total		<u>20,730.00</u>	<u>20,730.00</u>

Adjusting Journal Entries JE # 8

to combine

0909	Unreserved Fund Balance	171,431.00	
0900	Fund Balance Equity		171,431.00
Total		<u>171,431.00</u>	<u>171,431.00</u>

Adjusting Journal Entries JE # 9

to record donations building fund a/c 0914

0909	Unreserved Fund Balance	28,617.00	
2780	Gifts and donation		28,617.00
Total		<u>28,617.00</u>	<u>28,617.00</u>

Adjusting Journal Entries JE # 10

to record activity in 0941 account

7408	AV Recording Adult	4,808.00	
7411	Professional Training	403.00	
7421	Programs:7421 Programs Juv	213.00	
7501	Building Maintenance	2,020.00	
7502	Contracts	10,421.00	
7601	Supplies	424.00	
7605	Professional Fees	9,416.00	
7606	Miscellaneous	2,685.00	
8001	Furniture and Equipment	5,017.00	
0909	Unreserved Fund Balance		25,861.00
2082	Fines		521.00
2780	Gifts and donation		9,025.00
Total		<u>35,407.00</u>	<u>35,407.00</u>

Mamaroneck Public Library
Material Adjusting Journal Entries
May 31, 2019



Adjusting Journal Entries JE # 11

to reverse prior year accrual of debt service			
0601	Accrued Expenses	798,278.00	
9730	Bont Anticipation Note Int		263,278.00
9731	Bond Anticipation Note Pri		535,000.00
Total		<u>798,278.00</u>	<u>798,278.00</u>

Adjusting Journal Entries JE # 12

to reclass debt service payment made 9/5/18 from 0944 account			
0601	Accrued Expenses	62,538.00	
9730	Bont Anticipation Note Int	296,156.00	
9731	Bond Anticipation Note Pri	500,000.00	
0944	Reserve for Debt Service		858,694.00
Total		<u>858,694.00</u>	<u>858,694.00</u>

Adjusting Journal Entries JE # 17

To accrue Library construction state aid grant cash receipt received in Sept/Oct			
0410	Due From State and Federal	38,081.00	
3001	State Aide		38,081.00
Total		<u>38,081.00</u>	<u>38,081.00</u>

Adjusting Journal Entries JE # 19

To adjust client AP to fix client errors and accrue utilities			
7500	Fuel/Utilities	8,965.00	
7500	Fuel/Utilities	12,025.00	
7501	Building Maintenance	4,543.00	
7502	Contracts	600.00	
9060	Health Insurance	1,877.00	
9060	Health Insurance	1,930.00	
0600	Accounts Payable		9,285.00
7500	Fuel/Utilities		20,655.00
Total		<u>29,940.00</u>	<u>29,940.00</u>

Adjusting Journal Entries JE # 20

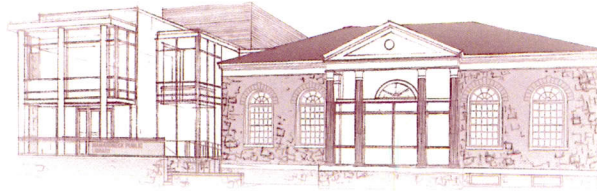
To record prepaid expense for Worker's Comp Insurance paid for in May 2019			
0480	PREPAID EXPENSE	9,339.00	
0909	Unreserved Fund Balance	9,339.00	
0889	RESERVE FOR PREPAID EXPENDITURE		9,339.00
9040	Workers' Compensation		9,339.00
Total		<u>18,678.00</u>	<u>18,678.00</u>

Adjusting Journal Entries JE # 22

To adjust reserve for library programs and designated for subsequent years to			
0941	Reserve for Future Expendi	125,758.00	
0945	Reserve for Appropriated Funds-Des for subseq years exp	48,248.00	
0909	Unreserved Fund Balance		174,006.00
Total		<u>174,006.00</u>	<u>174,006.00</u>

Appendix 2

Management Representation Letter



January 29, 2020

The Mamaroneck Public Library

PKF O'Connor Davies, LLP
500 Mamaroneck Avenue Suite 301
Harrison, New York 10528

This representation letter is provided in connection with your audit of the financial statements of the Mamaroneck Public Library District, New York, ("Library"), which comprise the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information as of May 31, 2019, and the respective changes in financial position for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, (having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves) as of the date of this letter, the following representations made to you during your audit.

Our Responsibilities

- 1) We acknowledge that we have fulfilled our responsibilities for:
 - a) The preparation and fair presentation of the financial statements in accordance with US GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
 - b) The design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; and
 - c) The design, implementation, and maintenance of internal control to prevent and detect fraud.
- 2) We understand that the term "fraud" refers to intentional acts by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception that results in a misstatement in financial statements. Two types of intentional misstatements are relevant to your audit – misstatements resulting from fraudulent financial reporting and misstatements resulting from misappropriation of assets. Fraudulent financial reporting involves intentional misstatements, including omissions of amounts or disclosures in financial statements to deceive financial statement users. Misappropriation of assets involves the theft of an entity's assets.
- 3) We are further responsible for reviewing, accepting and processing the standard, adjusting, or correcting journal entries that you proposed during the course of your engagement. We confirm that we designated a suitably qualified individual who understands the nature and impact of the proposed entries to the financial statements, and we accept responsibility for the proposed entries that we authorized and processed.
- 4) We acknowledge our responsibility for presenting the combining and individual fund financial statements and in accordance with US GAAP, and we believe the combining and individual fund financial statements and schedules, including its form and content, is fairly presented in accordance with US GAAP. The methods of measurement and presentation of the combining and individual fund financial statements and schedules have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information

Financial Statements

- 5) The financial statements referred to above are fairly presented in conformity with US GAAP and include all disclosures necessary for such fair presentation. In that connection, we specifically confirm that:
 - a) The library's accounting policies, and the practices and methods followed in applying them, are appropriate and are as disclosed in the financial statements.
 - b) Except as disclosed in note 1 to the financial statements, there have been no changes during the period audited in the library's accounting policies and practices.
 - c) Except as made known to you, all material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 6) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 7) The following, where they exist, have been appropriately disclosed to you and accounted for and/or disclosed in the financial statements in accordance with the requirements of US GAAP:
 - a) The identity of all related parties and related party relationships and transactions including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
 - b) Guarantees, whether written or oral, under which the library is contingently liable, if any.
 - c) The effects of all known actual, possible, pending or threatened litigation, claims, and assessments.
 - d) The identity of the library's related parties and all the related party relationships and transactions of which we are aware.
- 8) We have evaluated events subsequent to the date of the financial statements through the date of this letter, and no such events have occurred which would require adjustment or disclosure in the financial statements. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
- 9) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the library's accounts.

Information Provided

- 10) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Communications from regulatory agencies concerning noncompliance with or deficiencies in, financial reporting practices, if applicable.
 - c) Additional information that you have requested from us for the purpose of the audit.
 - d) Unrestricted access to persons within the library from whom you determined it necessary to obtain audit evidence.
 - e) Completeness and availability of all minutes of the meetings of the Board of Education or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 11) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 12) There are no deficiencies in the design or operation of internal control over financial reporting that are reasonably likely to adversely affect the library's ability to initiate, authorize, record, process, and report financial data reliably in accordance with US GAAP.
- 13) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.

- 14) We have no knowledge of any allegations of fraud or suspected fraud affecting the library's financial statements communicated by employees, former employees, regulators, or others.
- 15) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

Government—specific

- 16) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 17) The library has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 18) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 19) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 20) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 21) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 22) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 23) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those non-audit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably with senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services We have reviewed, approved, and accepted responsibility for those financial statements and related notes. We also understand that as part of your audit, you prepared various adjusting journal entries, both on the fund and entity-wide level, and acknowledge that we have reviewed and approved those entries and accepted responsibility for them.
- 24) The library has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 25) The library has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 26) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 27) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 28) The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34.
- 29) All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 30) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 31) Investments are properly valued.

- 32) Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the balance sheet date and have been reduced to their estimated net realizable value.
- 33) Provisions for uncollectible receivables have been properly identified and recorded.
- 34) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 35) We agree with the findings of specialists in evaluating the other postemployment benefit obligation and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to the specialist with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialist.
- 36) We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
- 37) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 38) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 39) Deposits and investment securities are properly classified as to risk and are properly disclosed.
- 40) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 41) Capital assets have been evaluated for impairment as a result of significant and unexpected decline in service utility. Impairment loss and insurance recoveries have been properly recorded.
- 42) We have appropriately disclosed the library's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 43) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 44) Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context.
- 45) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 46) Expenditures of federal awards were below the \$750,000 threshold for the year ended May 31, 2019, and we were not required to have an audit in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance").

Signature: 

Title: Susan Riley, Library Director

Appendix 3

About PKF O'Connor Davies, LLP

FIRM OVERVIEW

Founded in 1891, PKF O'Connor Davies has evolved from an accounting firm to a corps of high-caliber professionals that delivers to a global and growing client base a complete range of audit, tax and advisory services as well as insights and expertise at the highest level. As our business has grown, our commitment to active value creation has allowed us to connect our clients to sound business advice, key players and resources across diverse industries.

An Acknowledged Global Leader

Not only are we one of the nation's most rapidly growing accounting and advisory firms, we are also the lead North American firm in the growing PKF global network of independent accounting and advisory firms. This enables us to provide clients with preferred access to top-tier experts and firms in over 400 locations, in 150 countries around the world. It also establishes us as the primary referral point for international businesses with needs in North America, an advantage for our domestic clients seeking connections outside the U.S.

Active Partner Involvement Dedicated Engagement Teams

We have built strong relationships with our clients by being proactive, thorough and efficient. Firm partners are involved in the day-to-day management of engagements, ensuring a high degree of client service and cost effectiveness. Multi-disciplinary teams ensure solutions are customized to address specific needs and integrated for greater efficiency.

A Higher Standard: Beyond Passive Value Calculation to Active Value Creation

Our focus on value has driven our growth, propelling PKF O'Connor Davies to the Top 29 on *Accounting Today's* 2019 "Top 100 Firms" list and gaining us acclaim as one of the country's fastest-growing firms. With unmatched client focus, we unlock genuine value hidden at key connection points in every engagement within regional, national and international arenas. Through these connections, our team of specialists continually drives efficiencies, uncovers opportunities and manages risk – delivering value where others can't.

Industry Recognition

- **Ranked 29 of "2019's Top 100 Firms"**
– *Accounting Today*, 2019
- **Ranked 7 of the "Top Firms in the Mid-Atlantic"**
– *Accounting Today*, 2019
- **Ranked 10 of "New Jersey's Top Accounting Firms"**
– *NJBIZ*, 2019
- **"Tax Advice Award"**
– *Family Wealth Report Awards*, 2018
- **"Best Multi-Family Office – Client Service – Over \$2 Billion"**
– *Private Asset Management Awards*, 2018
- **"Best Private Client Audit Firm"**
– *Private Asset Management Awards*, 2017
- **"Best Places to Work in New Jersey"**
– *NJBIZ*, 2019
- **Ranked #1 Best Accounting Internship**
– *Vault*, 2020
- **Ranked 16 of the 50 "Best Accounting Employers to Work for in North America"**
– *Vault*, 2020

Agility, Responsiveness and Recognition

Since our founding, PKF O'Connor Davies has maintained its commitment to gaining a deep understanding of each client's operations and financial history in order to help meet their every challenge and objective. We fulfill this mission by providing resources that match those of larger firms in scope – but with the agility only a mid-sized firm such as ours can demonstrate...and yet, we still rank among them. Our services include:

Accounting and Assurance Services

- Accounting Outsourcing
- Agreed-Upon Procedures (AUPs)
- Audits, Reviews and Compilations
- Elite Accounting Services
- Employee Benefit Plans
- Endowment Fund Accounting
- International Financial Reporting Standards (IFRS)
- IT Audit & Cybersecurity Reviews
- Public Company Accounting Oversight Board (PCAOB)
- Public Sector Audits & Compliance

International Services

- China Desk
- General Data Protection Regulation (GDPR)
- German Desk
- Transfer Pricing

Tax Compliance and Planning Services

- Employee Benefit Planning & Tax Compliance
- International Tax Services
- IRS Representation & Tax Controversies
- Personal Financial Planning
- Private Foundation Services
- State and Local Tax (SALT)
- Tax Compliance & Reporting
- Tax Research and Strategic Planning
- Tax-Exempt Organizations
- Trust and Estate Planning

Advisory Services

- Bankruptcy & Restructuring
- Cybersecurity Advisory Services
- Dark Web Monitoring Services
- Digital Forensic Services
- Forensic, Litigation and Valuation Services
- Matrimonial Services
- Management Advisory Services
- Risk Advisory Services
- Specialty Industry Advisory Services
 - Business Solutions
 - Employee Benefit Plan Services
 - Healthcare Advisory Services
 - Hospitality Advisory Services
 - Medical and Dental Advisory Services
 - Public Sector Advisory Services
- Transaction & Financial Advisory Services
- Wealth Services

Family Office Services

- Accounting & Reporting
- Advisory
- Charitable Giving
- Family Advisory Services
- Investment Monitoring & Oversight
- Lifestyle Support
- Personal Financial Management
- Tax Planning
- Wealth Planning

We offer an exceptional breadth of advisory services across diverse industries and sectors.



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