

FARMINGTON COMMUNITY LIBRARY

AUDIT COMMUNICATION LETTER

JUNE 30, 2024



Alan C. Young & Associates, P.C.

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October 3, 2024

Board of Trustees
Farmington Community Library
Farmington Hills, Michigan

We have recently completed our audit of the financial statements of Farmington Community Library (the Library) for the year ended June 30, 2024. In addition to our audit report, we are providing the following required communication, which impact the Library.

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We are grateful for the opportunity to be of service to the Library. Should you have any questions regarding the comments in this report, please do not hesitate to contact us.

Very truly yours,

Alan C. Young & Associates, P.C.
Detroit, Michigan



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RESULTS OF AUDIT

October 3, 2024

Board of Trustees
Farmington Community Library
Farmington Hills, Michigan

We have audited the financial statements of the governmental activities, major fund and remaining fund information of the Farmington Community Library (the Library) for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the scope and timing of our audit. We have communicated such information in our letter to you dated August 8, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated August 8, 2024, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to the RSI which supplements the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI was not audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we do not express an opinion or provide any assurance on the RSI.

Scope of the Audit, Significant Risks, and Other

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions examined and the areas tested.

Our audit included obtaining an understanding of the Library and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Library or to acts by management or employees acting on behalf of the Library.

Results of Audit (Continued)

Scope and Timing of the Audit, Significant Risks, and Other (Continued)

We have identified the following significant risks of material misstatement as part of our audit planning which was communicated in our engagement letter dated August 8, 2024.

- Override of controls.
- Revenue recognition.

During our audit procedures we did not note any findings or exceptions related to the above items.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Library are described in Note 1 to the financial statements. We noted no transactions entered into by the Library during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Sensitive estimates include depreciation expense and the estimate of pension liability and OPEB asset.

The disclosures in the financial statements are neutral, consistent, and clear. Notes 8 and 10 are of particular importance as they discuss the Library's pension liability and OPEB asset.

Difficulties Encountered in Performing the Audit

We received complete cooperation dealing with management in performing and completing our audit and would like to thank management for their assistance throughout the process.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Any such misstatement has been recorded and corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Results of Audit
(Continued)

Significant Audit Matters (Continued)

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 3, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Library’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

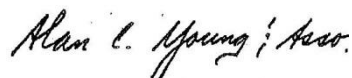
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Library’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the budgetary comparison schedule, schedule of changes in net pension liability and related ratios, schedule of pension contributions, schedule of changes in the net OPEB asset and related ratios, and schedule of OPEB contributions which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of the Board of Trustees and management of the Library and is not intended to be, and should not be, used by anyone other than these specified parties.



Detroit, Michigan
October 3, 2024

INFORMATIONAL ITEMS

FARMINGTON COMMUNITY LIBRARY

Informational
June 30, 2024

The following pronouncement of the Governmental Accounting Standards Board (GASB) has been released recently and will be applicable to the Library in the near future. We encourage management to review the following information and determine which standard may be applicable to the Library. For the complete text of these and other GASB standards, visit www.gasb.org, and click on the “Standards & Guidance” tab. If you have questions regarding the applicability, timing, or implementation approach for any of these standards, please contact your audit team.

GASB 101: Compensated Absences

Effective Fiscal years beginning after December 15, 2023 (your FY 2025)

This standard revises the liability governments record for compensated absences payable to include any sick, vacation, personal time, or other PTO reasonably expected to be used by employees or paid out to them at termination.