

Questions Addendum

Please clarify, is the District looking for a new auditor for fiscal year 2021, not 2020?

The audit services covered in this RFP will begin 1/1/2021 but will cover our fiscal year 2020 (you would be auditing 2020).

What is the reason for the RFP?

The Mesa County Board of Trustees updated their Audit Compliance Policy on March 26, 2020. One of the updates was the requirement to initiate a formal RFP for audit services every three years beginning 2020 for services in 2021.

Is the current audit firm allowed to bid and how long have they been conducting the audit of the District and the Mesa County Public Library Foundation?

Yes, the current firm is allowed to bid and have been conducting MCPLD and MCPLF's audit since 2013.

Are there improvements that you would like to see made in the overall audit process, timing, communication, other areas?

There are no complaints or areas of dissatisfaction with the current audit process.

What were the fees charged for the 2019 and 2018 services listed in the RFP?

2019 - \$15,000 (\$3,000 discount due to efficiency on the audit due to MCPLD's preparedness).

2018 - \$18,000

Were there any additional audit fees billed last year pertaining to services provided outside the scope of the services listed in the RFP? If so, can you provide a list of services and additional fees pertaining to those services?

There were no additional audit fees billed in 2019 pertaining to services provided outside the scope of the annual audit.

Are there any known significant transactions or activities planned for the future periods that should be considered in our proposed fee structure?

The District will be launching a capital campaign to fundraise for the new Clifton Branch Library construction project. The capital project plans to break ground March 2021.

What accounting system does the District and the Foundation use?

Quickbooks Enterprise Nonprofit 20.0

Are audit request items available electronically? Including access to general ledger detail, supporting schedules, supporting invoices/contracts/etc.?

All items that would be required during the audit are saved to our internal servers. Much of the 2019 audit was conducted by providing these files electronically through a secure file-share system. The documentation is provided to the auditors upon request. The auditors do not have unfettered access.

Can you please provide the most recent financial statements for the District and the Foundation, as well as the most recent Form 990 for the Foundation?

The 2018 Annual Audit can be accessed on our website: <https://mesacountylibraries.org/wp-content/uploads/2019/07/2018-Final-Financial-Statements-Audit-Report.pdf>

The 2019 Annual Audit is in process and will be published on our website by June 30, 2020. The Foundation's Form 990 can be accessed on our website: <https://mesacountylibraries.org/wp-content/uploads/2019/12/MCLF-2018-990.pdf>

Why is the District going out to bid and how often does the District go out to bid? Does the District require firm rotation, or will the current auditors be invited to propose?

The Mesa County Board of Trustees updated their Audit Compliance Policy on March 26, 2020. One of the updates was the requirement to initiate a formal RFP for audit services every three years beginning 2020 for services in 2021. The District does not require firm rotation and the current auditors have been invited to submit a proposal.

Does the District prepare the financial statements or is that expected to be the responsibility of the auditor?

The auditors will be expected to prepare the financial statements. The District will submit the MD&A for the auditors to review and inclusion with the financial statements.

The RFP indicates that the period of performance for the contract is scheduled to begin for the fiscal year December 31, 2021, yet the beginning of the contract period is January 1, 2021. Please clarify that whether the RFP will cover the annual audit for the year ending December 31, 2020.

The audit services covered in this RFP will begin 1/1/2021 but will cover our fiscal year 2020 (you would be auditing the year ending December 31, 2020).

Is the District implementing GASB Statement No.95 which allows the postponement of implementation of GASB Statements No. 83-94, or is the District planning to implement any of these standards for the December 31, 2019 financial statements?

The District has not implemented the GASB Statements No. 83-94 for the December 31, 2019 financial statements. The District will implement all these standards for the December 31, 2020 financial statements.

Based on review of the footnote disclosures, the District currently has two operating leases. Has the District started the evaluation of the impact of GASB Statement No. 87, Leases?

Yes, the District has evaluated our two operating leases and have implemented GASB Statement No. 87 Leases for the fiscal year ending December 31, 2020.

Are there any major events/transactions anticipated for fiscal years 2020 through 2024 that are known at this time?

The District will be launching a capital campaign to fundraise for the new Clifton Branch Library construction project. The capital project plans to break ground March 2021.

Are you willing to share your thoughts on how, or if, the process for completing the audit could be improved? What is most important to you in working with your auditors?

There are no complaints or areas of dissatisfaction with the current audit process. In the past, the audit was completed in-person with auditors on-site. In 2020, for our 2019 audit, due to the COVID-19 outbreak, the audit took place virtually. The District was able to upload any requested documents to a secure sharefile and most communication took place via phone and email. This process was very smooth and less disruptive to our business office staff. Continuing the process this way would be preferred.

The most important aspects we require from our auditors are clear, frequent communication, and to be available and responsive.

What challenges does the District expect to face over the next five years (i.e. accounting system limitations including peripheral applications, etc.)? How can the auditor provide help to the District with these challenges, taking into consideration independence requirements?

The District is anticipating a large property tax cut over the next several years in Colorado that will impact the revenue we receive from our mill levy. The District will need to rely more on grants and other sources of revenue. Guidance regarding the reporting that goes along with those sources would be helpful.

The District upgraded to Quickbooks Enterprise Nonprofit in 2019 and TimeClock in 2018. Both systems will need upgrades within the next five years. Any recommendations for compatible systems and applications from the auditors would be helpful.

Were there any known instances of fraud or illegal acts during the fiscal year?

No.

Has there been any litigation against the District during the last three years?

No, there has not been any litigation against the District during the last three years.

Does the District utilize outside service providers for any significant functions (i.e. payroll services)?

The District uses an outside accounting firm to file our quarterly state and federal taxes.

Is the District willing to share historic audit fees for the District's financial audit?

2019 - \$15,000 (\$3,000 discount due to efficiency on the audit due to MCPLD's preparedness).

2018 - \$18,000

Is the District willing to share historical audit hours, or if not known, how many auditors were generally at the District during interim and final fieldwork and how long was fieldwork generally scheduled?

Past audits were performed by a team of three auditors. The District generally schedules a week for the on-site audit. The audit for the year ending on December 31, 2019, was extended due to the COVID-19 disruption and took a little longer as we transitioned to an online sharefile format. For the audit for the year ending on December 31, 2018, auditors were on-site for three days with some off-site follow-up towards the end of the week. For the audit for the year ending in December 31, 2017, auditors were on-site for four days with some off-site follow-up at the end of the week.

Please provide the following, if applicable, relating to the fiscal year 2018 and 2019 audit for the District:

- a. **Audit Adjusting Journal Entries**
- b. **Passed Adjusting Journal Entries (not posted)**
- c. **Management Letter (internal control deficiency communication or SAS 115)**
- d. **Final letter to the District Audit Committee and/or Board of Trustees (SAS 114)**

The requested information is not applicable for fiscal years 2018 or 2019.

Please provide a brief description of the lobbying expenditures on the Foundation's 2018 Form 990.

The Foundation did not do any "lobbying" in 2018. The \$88,513 amount on line 1d is the amount the Foundation received from donations that it then disbursed to the District. The "lobbying nontaxable

amount” on line 1f and the “grassroots nontaxable amount” on line 1g are just based on the chart in that section (1f = 20% of the amount on line 1e) and stated form calculations (1g=25% of line1f).

Based on a review of the Foundation’s 2018 Form 990, what is the Prior Period Adjustment of \$34,944?

The \$34,944 Prior Period Adjustment on the 2018 990 is several years’ worth (since 2013) of accumulated unrealized gains and losses that were missing from previous 990s. The auditors made the decision to do one adjustment on the 2018 990 and start fresh with the 2019 990.