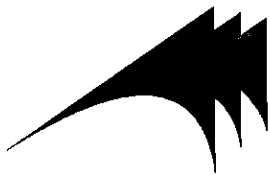


CITY OF HUDSON, NEW YORK

MANAGEMENT LETTER

DECEMBER 31, 2017



Sickler, Torchia  
Allen & Churchill, CPA's, PC  
*Your Partner When It Counts*

Robert J. Allen, CPA  
Victor V. Churchill, CPA  
Edward J. Gower II, CPA  
Joseph J. Montalto, CPA  
Craig R. Sickler, CPA  
Michael A. Torchia, Jr., CPA, CVA

October 4, 2018

To the Common Council  
City of Hudson, New York  
Hudson, New York

In planning and performing our audit of the basic financial statements of City of Hudson, New York, for the year ended December 31, 2017, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered the City of Hudson, New York's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Hudson, New York's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. We have separately reported on the City of Hudson, New York's internal control in our report dated October 4, 2018. This letter does not affect our report dated October 4, 2018, on the basic financial statements of City of Hudson, New York.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various City of Hudson, New York, personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

*Sickler, Torchia, Allen & Churchill, CPAs, P.C.*  
Hudson, New York

## MEMORANDUM

### CURRENT YEAR MEMORANDUM ITEMS

*None noted*

### PRIOR YEAR MEMORANDUM ITEMS

#### **Payroll Salaries:**

During our audit, we noted department head employees were paid bonuses. The City has continued this practice mirroring a signed employee agreement with the Civil Services Employee Association.

We noted that the City does not have a formal procedure for authorizing and documenting employee pay rates for non-union and/or employees not covered under a contractual agreements. Since salary is the single largest administrative expense incurred by the City each year, it is important that controls are in place to ensure accurate accounting. Without a formally documented pay rate system, the potential arises for inaccurate and/or unsubstantiated payments. We recommend that the City establish a procedure whereby pay rates are formally authorized by the Common Council or by management, and maintained in a confidential employee file.

#### **Status as of December 31, 2013 - 2016:**

During our audit we noted the City had not adopted a formal procedure for authorizing and documenting employee pay rates for non-union and/or employees not covered under contractual agreements.

#### **December 31, 2017 Status:**

The City has not adopted a formal procedure for authorizing and documenting employee pay rates for non-union and/or employees not covered under contractual agreements. Accordingly, we will continue to monitor this area.