

**Town of Wawayanda Local Development Corporation**

**Report to the Board**

**December 31, 2017**



LIMITED LIABILITY PARTNERSHIP  
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

January 9, 2020

To the Board of Directors  
Town of Wawayanda Local Development Corporation  
80 Ridgebury Hill Rd  
Slate Hill, NY 10973

We are pleased to present this report related to our audit of the financial statements of the Town of Wawayanda Local Development Corporation ("Corporation"), a component unit of the Town of Wawayanda for the year ended December 31, 2017. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Corporation's financial reporting process.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to continue to be of service to the Corporation.

Very truly yours,

*RBT CPAs, LLP*

Linda M. Hannigan, CPA  
Director

rbtcpas.com

11 Racquet Road  
Newburgh, NY 12550  
T: (845) 567-9000  
F: (845) 567-9228

2678 South Road, Suite 101  
Poughkeepsie, NY 12601  
T: (845) 485-5510  
F: (845) 485-5547

P.O. Box 209  
51 Sullivan Street  
Wurtsboro, NY 12790  
T: (845) 888-5656  
F: (845) 888-2789

340 Madison Avenue  
19th Floor  
New York, NY 10173  
T: (718) 772-0850  
F: (718) 772-0851

### **Required Communications**

Generally accepted auditing standards (AU-C 260, The Auditor's Communication With Those Charged With Governance) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

### **Auditor's Responsibility With Regard to the Financial Statement Audit**

Our responsibility under auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, has been described to you in our arrangement letter dated January 2, 2018.

### **Overview of the Planned Scope and Timing of the Audit**

We have issued a separate communication regarding the planned scope and timing of our audit.

### **Accounting Policies and Practices**

#### **Preferability of Accounting Policies and Practices**

Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. We did not discuss with management any alternative treatments within accounting principles generally accepted in the United States of America for accounting policies and practices related to material items during the current audit period.

#### **Adoption of, or Change in, Accounting Policies**

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Corporation. The Corporation did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.

#### **Significant or Unusual Transactions**

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### **Audit Adjustments**

Audit adjustments proposed as a result of our audit are shown on the attached "Summary of Recorded Audit Adjustments". These adjustments have been reviewed and accepted by Howard Goldstein, Accountant.

### **Uncorrected Misstatements**

There were no uncorrected misstatements identified as a result of our audit.

### **Disagreements with Management**

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.

### **Consultations with Other Accountants**

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

**Letter Communicating Finding and Management Suggestions**

Attached as Exhibit A is a letter communicating compliance finding and suggestions to improve operating effectiveness identified during our audit of the financial statements. No internal control deficiencies were identified.

**Significant Written Communications Between Management and Our Firm**

Copies of significant written communications between our firm and management are attached as Exhibit B.

**Town of Wawayanda Local Development Corporation**  
**Summary of Recorded Audit Adjustments**  
**Year Ended December 31, 2017**

**Town of Wawayanda Local Development Corporation**  
**Summary of Recorded Audit Adjustments**  
**Year Ended December 31, 2017**

<b>Number</b>	<b>Date</b>	<b>Name</b>	<b>Account No</b>	<b>Debit</b>	<b>Credit</b>
1	12/31/2017	Interest Income	4001-00		(312)
		Net Assets Unrestricted	3000-00	312	
		To adjust interest income			



LIMITED LIABILITY PARTNERSHIP  
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

January 2, 2018

Board of Directors  
Town of Wawayanda Local Development Corporation  
80 Ridgebury Hill Road  
Slate Hill, NY 10973

Attention: Denise Quinn, President of LDC

### The Objective and Scope of the Audit of the Financial Statements

You have requested that we audit the financial statements of Town of Wawayanda Local Development Corporation (the "LDC"), which comprise business-type activities, each major fund and aggregate remaining fund information as of and for the year then ended December 31, 2017 which collectively comprise the basic financial statements. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

Our audit will be conducted with the objective of our expressing an opinion on the financial statements.

### The Responsibilities of the Auditor

We will conduct the audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and Government Auditing Standards issued by the Comptroller General of the United States (GAS). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS. Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements. The determination of abuse is subjective; therefore, GAS does not expect us to provide reasonable assurance of detecting abuse.

In making our risk assessments, we consider internal control relevant to the LDC's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

[rbtcpas.com](http://rbtcpas.com)

11 Racquet Road  
Newburgh, NY 12550  
T: (845) 567-9000  
F: (845) 567-9228

2622 South Avenue  
Wappingers Falls, NY 12590  
T: (845) 905-9000  
F: (845) 905-9904

2678 South Road, Suite 101  
Poughkeepsie, NY 12601  
T: (845) 485-5510  
F: (845) 485-5547

P.O. Box 209  
51 Sullivan Street  
Wurtsboro, NY 12790  
T: (845) 888-5656  
F: (845) 888-2789

We will also communicate to the Board of Directors (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audit, and (b) any instances of noncompliance with laws and regulations that we become aware of during the audit (unless they are clearly inconsequential).

Our report on internal control will include any significant deficiencies and material weaknesses in controls of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with requirements of the standards and circulars identified above. Our report on compliance matters will address material errors, fraud, abuse, violations of compliance obligations, and other responsibilities imposed by state and federal statutes and regulations or assumed by contracts; consistent with requirements of the standards identified above.

#### **Responsibilities of Management and Identification of the Applicable Financial Reporting Framework**

Our audit will be conducted on the basis that management and those charged with governance acknowledge and understand that they have responsibility:

- (a) For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
- (b) To evaluate subsequent events through the date the financial statements are issued or available to be issued and to disclose the date through which subsequent events were evaluated in the financial statements. Management also agrees that they will not date the evaluation of subsequent events earlier than the date of the management representation letter referred to below;
- (c) For 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;
- (d) For establishing and maintaining effective internal control over financial reporting, and for informing us of all significant deficiencies and material weaknesses in the design or operation of such controls of which it has knowledge;
- (e) For report distribution; and
- (f) To provide us with:
  - (1) Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
  - (2) Additional information that we may request from management for the purpose of the audit; and
  - (3) Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management and those charged with governance written confirmation concerning representations made to us in connection with the audit including among other items:

- (a) That management has fulfilled its responsibilities as set out in the terms of this letter; and
- (b) That it believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for identifying and ensuring that the LDC complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the LDC involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the financial statements or compliance. Management is also responsible for informing us of any allegations of fraud affecting the LDC received in communications from employees, former employees, participants, regulators, analysts, short sellers or others.

The Board of Directors is responsible for informing us of its views about the risks of fraud within the LDC, and its knowledge of any fraud or suspected fraud affecting the LDC.

Our association with an official statement is a matter for which separate arrangements will be necessary. The LDC agrees to provide us with printer's proofs or masters of such offering documents for our review and approval before printing, and with a copy of the final reproduced material for our approval before it is distributed. In the event our auditor/client relationship has been terminated when the LDC seeks such consent, we will be under no obligation to grant such consent or approval.

Town of Wawayanda Local Development Corporation agrees that it will not associate us with any public or private securities offering without first obtaining our consent. Therefore, the LDC agrees to contact us before it includes our reports, or otherwise makes reference to us, in any public or private securities offering.

Because RBT CPAs, LLP ("the Firm") will rely on the Town of Wawayanda Local Development Corporation and its management and Board of Directors to discharge the foregoing responsibilities, the Town of Wawayanda Local Development Corporation holds harmless and releases the Firm, its partners, and employees from all claims, liabilities, losses, and costs arising in circumstances where there has been a knowing misrepresentation by a member of the Town of Wawayanda Local Development Corporation's management which has caused, in any respect, the Firm's breach of contract or negligence. This provision shall survive the termination of this arrangement for services.

#### **Records and Assistance**

If circumstances arise relating to the condition of the LDC's records, the availability of appropriate audit evidence, or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting, or misappropriation of assets which, in our professional judgment, prevent us from completing the audit, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion, issue a report or withdrawal from the engagement.

During the course of our engagement, we may accumulate records containing data that should be reflected in the LDC's books and records. The LDC will determine that all such data, if necessary, will be so reflected. Accordingly, the LDC will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by LDC personnel, is described in the client participation list, which outlines the specific schedules and analyses that should be completed by the including the LDC and will be discussed and coordinated with Howard Goldstein, Accountant. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

In connection with our audit, you have requested us to perform certain non-audit services necessary for the preparation of the financial statements, including financial statement preparation. The GAS independence standards require that the auditor maintain independence so that opinions, findings, conclusions, judgments and recommendations will be impartial and viewed as impartial by reasonable and informed third parties. Before we agree to provide a non-audit service to the LDC, we determine whether providing such a service would create a significant threat to our independence for GAS audit purposes, either by itself or in aggregate with other non-audit services provided. A critical component of our determination is consideration of management's ability to effectively oversee the non-audit services to be performed. The LDC has agreed that Howard Goldstein, Accountant possesses suitable skill, knowledge or experience and that the individual understands the financial statement preparation services to be performed sufficiently to oversee them. Accordingly, the management of the LDC agrees to the following:

1. The LDC has designated Howard Goldstein, Accountant as a senior member of management who possesses suitable skill, knowledge and experience to oversee the services.
2. Howard Goldstein, Accountant will assume all management responsibilities for subject matter and scope of the financial statement preparation.
3. The LDC will evaluate the adequacy and results of the services performed.
4. The LDC accepts responsibility for the results and ultimate use of the services.

GAS further requires that we establish an understanding with the LDC's management and those charged with governance of the objectives of the non-audit services, the services to be performed, the entity's acceptance of its responsibilities, the auditor's responsibilities and any limitations of the non-audit services. We believe this letter documents that understanding.

**Other Relevant Information**

RBT CPAs, LLP may mention the LDC's name and provide a general description of the engagement in RBT CPAs, LLP's client lists and marketing materials.

From time to time and depending upon the circumstances, we may use third-party service providers to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose confidential client information to them. We enter into confidentiality agreements with all third-party service providers and we are satisfied that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others.

In accordance with GAS, a copy of our most recent peer review report has been provided to you for your information

**Fees, Costs, and Access to Workpapers**

Our fees for the audit and accounting services described above are based upon the value of the services performed and the time required by the individuals assigned to the engagement, plus direct expenses. We propose that our fee for this audit engagement will be \$3,750 for the year ended December 31, 2017. Our fee estimate and completion of our work is based upon the following criteria:

- a. Anticipated cooperation from LDC personnel
- b. Timely responses to our inquiries
- c. Timely completion and delivery of client assistance requests
- d. Timely communication of all significant accounting and financial reporting matters
- e. The assumption that unexpected circumstances will not be encountered during the engagement

If any of the aforementioned criteria are not met, then fees may increase. Interim billings will be submitted as work progresses and as expenses are incurred. Billings are due upon submission.

Our professional standards require that we perform certain additional procedures, on current and previous years' engagements, whenever a partner or professional employee leaves the firm and is subsequently employed by or associated with a client in a key position. Accordingly, the LDC agrees it will compensate RBT CPAs, LLP for any additional costs incurred as a result of the LDC's employment of a partner or professional employee of RBT CPAs, LLP.

It is agreed by the Town of Wawayanda Local Development Corporation and RBT CPAs, LLP that, should you hire any of our professionals assigned to this project within eighteen months of this assignment, you will be billed 100 percent of their current annual salary. This additional fee is being charged to offset recruitment, training and development expenses we would incur to replace this person. In addition, our professional standards require that we perform certain additional procedures, on current and previous years' engagements, whenever a partner or professional employee leaves the firm and is subsequently employed by, or associated with, a client in a key position.

Accordingly, the LDC agrees it will compensate RBT CPAs, LLP for any additional costs incurred as a result of the LDC's employment of a partner or professional employee of RBT CPAs, LLP.

You may terminate the arrangement at any time by written notice to us. Termination for any reason will not affect your obligation to pay us for fees and expenses incurred prior to termination or in transferring files to and otherwise cooperating with any successor auditor. All provisions of this arrangement will survive termination or cancellation, except that (a) we will not have any obligation to provide services after termination and (b) you will not have any obligation to pay us for any services that we perform after termination, except for costs incurred to cooperate with a successor auditor or regulatory agency subpoena or inquiry.

In the event we are requested or authorized by the Town of Wawayanda Local Development Corporation, or are required by government regulation, subpoena, or other legal process, to produce our documents or our personnel as witnesses with respect to our engagement for Town of Wawayanda Local Development Corporation, the LDC will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

The documentation for this engagement is the property of the Firm. However, you acknowledge and grant your assent that representatives of the cognizant or oversight agency or their designee, other government audit staffs, and the U.S. Government Accountability Office shall have access to the audit documentation upon their request and that we shall maintain the audit documentation for a period of at least three years after the date of the report, or for a longer period if we are requested to do so by the cognizant or oversight agency. Access to requested documentation will be provided under the supervision of the Firm audit personnel and at a location designated by our firm.

#### **Claim Resolution**

Town of Wawayanda Local Development Corporation and RBT CPAs, LLP agree that no claim arising out of services rendered pursuant to this agreement shall be filed more than two years after the date of the audit report issued by RBT CPAs, LLP or the date of this arrangement letter if no report has been issued. Town of Wawayanda Local Development Corporation waives any claim for punitive damages. RBT CPAs, LLP's liability for all claims, damages and costs of Town of Wawayanda Local Development Corporation arising from this engagement is limited to the amount of fees paid by Town of Wawayanda Local Development Corporation to RBT CPAs, LLP for the services rendered under this arrangement letter.

If any dispute arises among the parties hereto, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Rules for Professional Accounting and Related Services Disputes before resorting to litigation. The costs of any mediation proceeding shall be shared equally by all parties.

If any term or provision of this agreement is determined to be invalid or unenforceable, such term or provision will be deemed stricken, and all other terms and provisions will remain in full force and effect.

#### **Reporting**

We will issue a written report upon completion of our audit of Town of Wawayanda Local Development Corporation's financial statements. Our report will be addressed to the Board of Directors of Town of Wawayanda Local Development Corporation. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

In addition to our report on Town of Wawayanda Local Development Corporation's financial statements, we will also issue the following types of reports:

1. Report on internal control related to the financial statements. The report will describe the scope of testing of internal control and the results of our tests of internal control;
2. Report on compliance with laws, regulations, and the provisions of contracts or grant agreements. We will report on any noncompliance that could have a material effect on the financial statements;

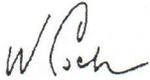
This letter constitutes the complete and exclusive statement of agreement between RBT CPAs, LLP and Town of Wawayanda Local Development Corporation, superseding all proposals, oral or written, and all other communications, with respect to the terms of the engagement between the parties.

Town of Wawayanda Local Development Corporation  
January 2, 2018  
Page 6

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements, including our respective responsibilities. We appreciate your business.

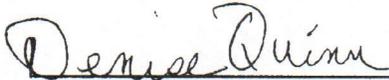
Sincerely,

Very truly yours,  
*RBT CPAs, LLP*



William H. Cochran, CPA  
Partner

Confirmed on behalf of the addressee:



Denise Quinn, President of LDC

3/22/18  
Date

**System Review Report**

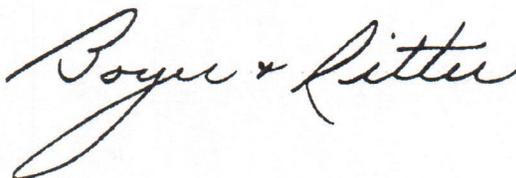
To the Partners of  
Vanacore, DeBenedictus, DiGiovanni & Weddell, LLP

Peer Review Committee of  
New York Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Vanacore, DeBenedictus, DiGiovanni & Weddell, LLP (the firm) in effect for the year ended March 31, 2014. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Vanacore, DeBenedictus, DiGiovanni & Weddell, LLP in effect for the year ended March 31, 2014, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency (ies)* or *fail*. Vanacore, DeBenedictus, DiGiovanni & Weddell, LLP has received a peer review rating of *pass*.



Camp Hill, Pennsylvania  
August 21, 2014

TOWN OF WAWAYANDA LOCAL DEVELOPMENT CORP.  
80 RIDGEBURY HILL ROAD  
SLATE HILL, NY 10973

January 9, 2020

RBT CPAs, LLP  
11 Racquet Road  
P.O. Box 10009  
Newburgh, NY 12552-0009

This representation letter is provided in connection with your audit of the financial statements of Town of Wawayanda Local Development Corporation which comprise the statement of financial position as of December 31, 2017 and related statement of activities, statement of functional expenses, cash flows, and the related notes to the financial statements for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of January 9, 2020:

*Financial Statements*

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated January 2, 2018, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
8. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with Statement of Financial Accounting Standards No.5 and/or GASB Statement No.10.
9. We have no direct or indirect, legal or moral obligation for any debt of any organization, public or private that is not disclosed in the financial statement.
10. We have satisfactory title to all owned assets.