

**Town of Newburgh**  
**Report to the Town Board**  
**December 31, 2019**



LIMITED LIABILITY PARTNERSHIP  
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

June 26, 2020

Town Board  
Town of Newburgh  
1469 Route 300  
Newburgh, NY 12550

Attention: Members of the Town Board

We are pleased to present this report related to our audit of the financial statements of Town of Newburgh (the "Town") as of and for the year ended December 31, 2019. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Town's financial reporting process.

This report is intended solely for the information and use of the Town Board 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 about this report. We appreciate the opportunity to continue to be of service to the Town.

Sincerely,

*RBT CPAs, LLP*

Jennifer R. George, CPA  
Partner

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## 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.

<b>Area</b>	<b>Comments</b>
<b>Our Responsibilities With Regard to the Financial Statement Audit</b>	Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated January 8, 2020. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.
<b>Overview of the Planned Scope and Timing of the Financial Statement Audit</b>	We have issued a separate communication dated January 8, 2020 regarding the planned scope and timing of our audit and identified significant risks.
<b>Accounting Policies and Practices</b>	<p><b>Preferability of Accounting Policies and Practices</b></p> <p>Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.</p> <p><b>Adoption of, or Change in, Accounting Policies</b></p> <p>Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Town. The Town did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.</p> <p><b>Significant or Unusual Transactions</b></p> <p>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.</p> <p><b>Management's Judgments and Accounting Estimates</b></p> <p>We did not identify any significant accounting estimates or balances requiring significant judgement.</p>
<b>Audit Adjustments</b>	A summary of audit adjustments proposed by us and recorded by the Town are shown in the attached Summary of Recorded Audit Adjustments.
<b>Uncorrected Misstatements</b>	We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.
<b>Disagreements With Management</b>	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.
<b>Consultations With Other Accountants</b>	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
<b>Significant Issues Discussed With Management</b>	No significant issues arising from the audit were discussed or the subject of correspondence with management.

<b>Area</b>	<b>Comments</b>
<b>Significant Difficulties Encountered in Performing the Audit</b>	We did not encounter any significant difficulties in dealing with management during the audit.
<b>Letter Communicating Management Suggestions</b>	We have separately communicated the material weaknesses, significant deficiencies and internal control deficiencies over financial reporting identified during our audit of the financial statements, and this communication is attached as Exhibit A.
<b>Significant Written Communications Between Management and Our Firm</b>	Copies of significant written communications between our firm and the management of the Town, including the representation letter provided to us by management, are attached as Exhibit B.

## Summary of Recorded Audit Adjustments

Description	Net Effect-Increase (Decrease)				
	Assets	Liabilities	Equity	Revenue	Expenditure
<b>General Fund</b>					
Statement of Changes Effect				\$ (13,128)	\$ -
Balance Sheet Effect	\$ -	\$ 13,128	\$ (13,128)		

Description	Net Effect-Increase (Decrease)				
	Assets	Liabilities	Equity	Revenue	Expenditure
<b>Highway Fund</b>					
Statement of Changes Effect				\$ -	\$ (193,946)
Balance Sheet Effect	\$ -	\$ (193,946)	\$ 193,946		

Description	Net Effect-Increase (Decrease)				
	Assets	Liabilities	Equity	Revenue	Expenditure
<b>Water District Fund</b>					
Statement of Changes Effect				\$ 25,003	\$ -
Balance Sheet Effect	\$ 25,003	\$ -	\$ 25,003		

Description	Net Effect-Increase (Decrease)				
	Assets	Liabilities	Equity	Revenue	Expenditure
<b>Sewer District Fund</b>					
Statement of Changes Effect				\$ 1,328	\$ -
Balance Sheet Effect	\$ 1,328	\$ -	\$ 1,328		

Description	Net Effect-Increase (Decrease)				
	Assets	Liabilities	Equity	Revenue	Expenditure
<b>Capital Projects Fund</b>					
Statement of Changes Effect				\$ (6,525)	\$ 187,531
Balance Sheet Effect	\$ (157,003)	\$ 30,525	\$ (187,528)		

Description	Net Effect-Increase (Decrease)				
	Assets	Liabilities	Equity	Revenue	Expenditure
<b>Trust and Agency Fund</b>					
Statement of Changes Effect				\$ 12,494	\$ 38,628
Balance Sheet Effect	\$ 20,000	\$ -	\$ 20,000		

The amounts above reflect the net increases/(decreases) to the indicated account classes as a result of 10 entries proposed during our audit procedures. These entries have been reviewed and accepted by Ronald Clum, Town Accountant.

**Exhibit A - Letter Communicating Management Suggestions**



LIMITED LIABILITY PARTNERSHIP  
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

June 26, 2020

Town Board  
Town of Newburgh  
1469 Route 300  
Newburgh, NY 12550

This letter includes comments and suggestions with respect to matters that came to our attention in connection with our audit of the financial statements of Town of Newburgh (the "Town") as of and for the year ended December 31, 2019. These items are offered as constructive suggestions to be considered as part of the ongoing process of modifying and improving the Town's practices and procedures.

**We consider the following to be management suggestions:**

**\*Sewer Fund Balance**

We noted that the Nob Hill Sewer District did not have enough fund balance to cover appropriated fund balance and reserves. We also noted that the Roseton Sewer District had a negative fund balance so there was not enough to cover appropriated fund balance. Additionally, both of these Districts are in debt to the Crossroads District. We recommend that the Town develop a plan to address the shortages in these districts.

**\*Trust & Agency**

During 2006, the Board set up a Trust & Agency account to hold deposits of unknown origin. During a NYS Comptroller's audit several years ago, the Town was informed that the money should be turned over to the State; however, the State has not made any attempt to collect the money up to this point. Technically, the funds should not be held in Trust & Agency because they are not being held for specific people or organizations. We recommend that the Town consult with legal counsel to determine the best course of action and then remit the money to the appropriate entity.

**\*GASB 84**

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of Statement No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The Town is required to implement this standard for the year ended December 31, 2020. The Town has a very large Trust & Agency account. We recommend that the Town start evaluating what is held in the Trust & Agency accounts in order to be fully prepared to implement GASB 84 for 2020 reporting.



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\*Escrow Balances

We recommend that the Town review old escrow holdings. There are many balances that have been dormant for a number of years.

Bank Reconciliation

RBT noted that the bank statement for the Town Clerk Account contains an unidentified balance of \$5,271.42. RBT recommends that the Town consult with legal counsel to determine the best course of action for the unaccounted for funds and then transfer the excess money to the appropriate Town fund account.

Attorney Invoices

RBT noted that the Town's labor law attorney does not provide the Town with a detailed invoice of services rendered each month. RBT recommends that the Town request a detailed invoice of services rendered from the attorney to understand services that were performed.

Water & Sewer Receivables

During our audit procedures we noted a difference between sewer bond amounts subject to relevy per the general ledger and actual amounts received by the tax receiver in 2020. The difference did not reach the level of being a material amount but the records maintained by the Town Accountant's office and the Tax Receiver's office should be reconciled and agreed on an annual basis in order to ensure that the correct amounts are relevied.

Those comments denoted by an "\*" are substantially unchanged from our 2018 letter and continue to be applicable.

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

Sincerely,

*RBT CPAs, LLP*



Jennifer R. George, CPA  
Partner

**Exhibit B - Significant Written Communications Between Management  
and Our Firm**



## TOWN OF NEWBURGH

1496 Route 300, Newburgh, New York 12550

**RONALD E. CLUM, CPA**  
ACCOUNTANT

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June 26, 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 basic financial statements of Town of Newburgh, New York as of and for the year ended December 31, 2019 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 June 26, 2020:

*Financial Statements*

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated January 8, 2020, 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. 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.
9. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the OMB Uniform Guidance, because we have not received, expended, or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.

*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. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - d. Minutes of the meetings governing boards and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
11. All transactions have been recorded in the accounting records and are reflected in the financial statements.
12. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
13. We have no knowledge of allegations of fraud or suspected fraud, affecting the entity's financial statements involving:
  - a. Management.
  - b. Employees who have significant roles in the internal control.
  - 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 entity's financial statements received in communications from employees, former employees, analysts, regulators, short sellers, or others.
15. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
16. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
17. We have disclosed to you the identity of the entity's related parties and all the related-party relationships and any transactions of which we are aware.
18. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the entity's ability to record, process, summarize, and report financial data.
19. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
20. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

*Supplementary Information*

21. With respect to supplementary information presented in relation to the financial statements as a whole:
  - a. We acknowledge our responsibility for the presentation of such information.
  - b. We believe such information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.
  - c. The methods of measurement or presentation have not changed from those used in the prior period.
22. With respect to required supplementary information presented as required by GASB to supplement the basic financial statements:

- a. We acknowledge our responsibility for the presentation of such required supplementary information.
- b. We believe such required supplementary information is measured and presented fairly in accordance with guidelines prescribed by accounting principles generally accepted in the United States of America.
- c. The methods of measurement or presentation have not changed from those used in the prior period.

*Compliance Considerations*

In connection with your audit, conducted in accordance with Government Auditing Standards, we confirm that management:

- 23. Is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
- 24. Is responsible for compliance with the laws, regulations and provisions of contracts and grant agreements applicable to the Town of Newburgh.
- 25. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that 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.
- 26. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts.
- 27. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements.
- 28. Is responsible 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.
- 29. Acknowledges its responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.
- 30. Has taken timely and appropriate steps to remedy fraud; noncompliance with provisions of laws, regulations, contracts and grant agreements; or abuse that the auditor reports.
- 31. Has a process to track the status of audit findings and recommendations.
- 32. Has identified for the auditor previous audits, attestation engagements and other studies related to the audit objectives and whether related recommendations have been implemented.
- 33. Has provided views on the auditor's reported findings, conclusions and recommendations, as well as management's planned corrective actions, for the report.
- 34. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including a statement that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

THE TOWN OF NEWBURGH



Town Supervisor



Town Accountant