

April 1, 2024

To the Supervisor and the  
Town Board of the Town of Shawangunk  
PO Box 247  
Wallkill, New York 12589

In planning and performing our audit of the financial statements of the Town of Shawangunk, New York, for the year ended December 31, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Town of Shawangunk, New York's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. This letter does not affect our report dated April 1, 2024 on the financial statements of the Town of Shawangunk. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. Certain matters involving the internal control structure and its operation, of a more routine nature, have been discussed verbally with the appropriate administrative personnel.

Our comments are summarized as follows:

#### COMPLIANCE

During our review of the Town's procurement procedures, we noted a major public works project that was not procured through the formal bid process. The Town obtained quotes from other vendors and the project costs were reimbursed by a local organization. However, the source

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of the funds does not affect procurement requirements and the project should have gone through the formal bid process. We recommend that the Town disregard the source of funds (grant, donation, insurance proceeds, etc.) used to fund a project when evaluating the procurement procedure.

**Management's Response** – Management accepts the recommendation and will educate all department heads that the source of funding does not change the requirements for the formal bidding process.

Management has addressed our previous recommendations.

We would like to thank the staff that assisted us during our examination, and provided us with all the necessary records.

Very truly yours,

*Cooper Arias, LLP*

Cooper Arias, LLP

April 1, 2024

To the Supervisor and Town  
Board of the Town of Shawangunk  
Wallkill, NY

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Shawangunk, New York for the year ended December 31, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated September 30, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town of Shawangunk are described in Note 1 to the financial statements. The Town has implemented the following new standards issued by the Governmental Accounting Standards Board (GASB) for the year ended December 31, 2023:

GASB 93 – *Replacement of Interbank Offered Rates*, effective for the year ending December 31, 2022, except for the removal of LIBOR as an appropriate benchmark interest rate, which is effective for the year ending December 31, 2023.

GASB 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

GASB 96 – *Subscription-Based Information Technology Arrangements*

GASB 99 – *Omnibus 2022*, effective for the year ending December 31, 2023, except for the portion related to financial guarantees and classification and reporting of derivative instruments within the scope of GASB Statement No. 53, which is effective for the year ending December 31, 2024.