



CERTIFIED PUBLIC ACCOUNTANTS

July 24, 2018

To the Board of Directors
Long Beach Local Development Corporation
Long Beach, New York

We have audited the financial statements of the business-type activities of the Long Beach Local Development Corporation (the "Corporation"), a component unit of the City of Long Beach, New York, for the year ended December 31, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 21, 2018. 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 Corporation are described in Note 1 to the financial statements. No new accounting policies were adopted that affected the financial statements and the application of existing policies was not changed during 2017. We noted no transactions entered into by the Corporation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We noted no significant accounting estimates in the financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was the going concern disclosure in Note 7 to the financial statements. In December 2017, the Board of the Directors of the Corporation gave notice to the City Council and City Manager of the City of Long Beach that they desire to dissolve the Corporation. The sole member of the Corporation is the City of Long Beach, acting through the City Manager, and therefore the decision to dissolve the Corporation is ultimately up to the City Council of the City of Long Beach. As of the report date, the City Council has not yet voted to dissolve the Corporation.

The financial statement disclosures are neutral, consistent, and clear.

BEYOND THE NUMBERS...

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Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The following material misstatements detected as a result of audit procedures were corrected by management:

The Corporation's financial statements for the year ended December 31, 2017 reflect prior period adjustments for the following misstatement as of December 31, 2016:

- Understatement of operating expenses
- Understatement of the amount due to City of Long Beach

An error resulting in a misstatement of contractual services and amounts due to the City for the year ended December 31, 2016 was discovered in the current year. These obligations were for services rendered by the City during 2016 for the holiday tree lighting event which should have been due to the City. The cumulative effect of this error as of December 31, 2016 was an understatement of operating expenses of \$2,500 and an understatement of the amount due to the City for the same amount, which resulted in a \$2,500 adjustment to current year beginning net position.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 24, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Corporation's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Corporation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, which is required supplementary information ("RSI") that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We have also issued separate reports in accordance with *Government Auditing Standards* regarding our consideration of the Corporation's internal control and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters and on compliance with the Corporation's investment policy in accordance with attestation standards established by the American Institute of Certified Public Accountants.

Restriction on Use

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

Very truly yours,

Albrecht, Viggiano, Jurek & Company, P.C.

Hauppauge, New York