

November 17, 2015

Board of Trustees
Incorporated Village of Lynbrook, New York
One Columbus Drive
Lynbrook, New York 11563-8148

Dear Members of the Board:

We are pleased to present this report related to our audit of the financial statements of the Incorporated Village of Lynbrook, New York (Village) for the year ended May 31, 2015. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for Village's financial reporting process.

This report is intended solely for the information and use of the Board of Trustees 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 Village.

Very truly yours,

SaxBST LLP



Jeffrey P. Roude, Partner

JPR/dmc

Incorporated Village of Lynbrook, New York

Communication With Those Charged With Governance Year Ended May 31, 2015

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.

Our Responsibilities and the Planned Scope and Timing of the Financial Statement Audit

Our responsibility under auditing standards generally accepted in the United States of America has been described to you in our arrangement letter dated September 2, 2015.

Accounting Policies and Practices

Preferability of Accounting Policies and Practices

While the New York State Office of the State Comptroller (OSC) believes that financial statements prepared in accordance with the Governmental Accounting Standards Board's (GASB) Statement No. 34 result in improved financial reporting by local governments, it recognizes that implementation requires additional resources, which may not be cost justified. Accordingly, the OSC encourages, but does not require, all local governments to implement the provisions of GASB No. 34 to meet the reporting requirements of General Municipal Law. Management has determined that the regulatory basis of accounting, which does not meet the requirements of GASB No. 34, as amended, is the appropriate basis of accounting for the Village based on the specific needs and requirements of the oversight agency it reports to, and the limitations on resources allocated to accounting and financial reporting.

Adoption of, or Change in, Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Village. Following is a description of accounting standards requiring adoption under U.S. GAAP that do not conflict with the OSC's regulatory basis of accounting.

Government Accounting Standards Board (GASB) issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. Government combinations include a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This statement provides specific accounting and financial reporting guidance for combinations in this environment and improves the decision usefulness of financial reporting by requiring that disclosures to be made by governments about combination arrangements in which they engage and for disposals of government operations.

Incorporated Village of Lynbrook, New York

Communication With Those Charged With Governance
Year Ended May 31, 2015

Accounting Policies and Practices - Continued

Adoption of, or Change in, Accounting Policies - Continued

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of this statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This statement provides financial reporting and disclosure guidance to those governments that extend and receive nonexchange financial guarantees, thereby enhancing comparability of financial statements among governments.

The adoption of these accounting standards did not significantly impact the Village's financial statements.

The Village has opted to stop recording Other Postemployment Benefit Obligations (OPEB) in the Non-Current Governmental Liabilities Account Group. Although this is not required to comply with General Municipal Law, it is a requirement of U.S. GAAP basis financial statements for disclosures. The failure to accurately estimate the Village's OPEB liability could be misleading to other constituent users of the financial statements as a significant component of the Village's long-term financial obligations is omitted.

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.

Management's Judgments and Accounting Estimates

Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Exhibit A, Summary of Significant Accounting Estimates.

Audit Adjustments

Audit adjustments proposed by us and recorded by the Village are shown on the attached Exhibit B, Summary of Recorded Audit Adjustments.

Uncorrected Misstatements

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

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.



Incorporated Village of Lynbrook, New York

Communication With Those Charged With Governance
Year Ended May 31, 2015

Consultations with Other Accountants

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

Significant Issues Discussed with Management

No significant issues arising from the audit were discussed with or the subject of correspondence with management.

Significant Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management during the audit.

Communicating Significant Deficiencies and Material Weaknesses in Internal Control over Financial Reporting

Our consideration of internal control over financial reporting was for the limited purpose of expressing an opinion on the financial statements, and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal controls over financial reporting that we consider to be material weaknesses.

Significant Written Communications Between Management and Our Firm

Copies of significant written communications between our firm and the management of the Village, including the representation letter provided to us by management, are attached as Exhibit C.

We will be pleased to respond to any questions you have about these matters. We appreciate the opportunity to be of continued service to you.

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

SaxBST LLP

New York, New York
November 17, 2015



Incorporated Village of Lynbrook, New York

Summary of Significant Accounting Estimates Year Ended May 31, 2015

Accounting estimates are an integral part of the preparation of financial statements and are based upon management’s current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimates reflected in the Village’s May 31, 2015 financial statements:

Estimate	Accounting Policy	Estimation Process
Compensated Absences	The Village recognizes the estimated liability used for vacation and compensated time.	Unused vacation and compensated time is aggregated, and current employee rates are applied to generate the extended liability. This liability is allocated to various funds based on estimated time efforts for each Village employee.
Length of Service Awards Program (LOSAP)	The Village records the assets and liabilities of the LOSAP in the Trust and Agency Fund account based on actuarial assumptions.	The present value of vested benefits is developed by an actuarial firm using assumptions applied to a census and plan information provided to them by the Village.

We have evaluated management’s significant accounting estimates noted above as part of our audit, and concluded that management’s estimates and the estimation process appear reasonable in the context of the financial statements taken as a whole.

Incorporated Village of Lynbrook, New York

Summary of Recorded Audit Adjustments Year Ended May 31, 2015

Description	Effect - Increase (Decrease)				
	Assets/Other Debits	Liabilities	Fund Balance	Revenue	Expenditure
General Fund					
To adjust delinquent taxes to actual at year-end	\$ -	\$ (112,399)	\$ -	\$ (112,399)	\$ -
To record accrued tax certs at year-end	-	(135,534)	-	-	135,534
Non-Current Governmental Liabilities Group					
To adjust compensated absences liability	-	(287,068)	(287,068)	-	-
Record NYS Retirement amortizations	-	(929,988)	(929,988)	-	-
Record future tax cert liability	-	277,664	277,664	-	-
To adjust long-term debt to actual at year-end	-	(2,394,000)	(2,394,000)	-	-
 Total Statement of Revenues, Expenditures, and Changes in Fund Balances Effect			<u>(247,933)</u>	<u>\$ (112,399)</u>	<u>\$ 135,534</u>
 Total Balance Sheet Effect	<u>\$ -</u>	<u>\$ (3,581,325)</u>	<u>\$ (3,581,325)</u>		

Incorporated Village of Lynbrook, New York

Significant Written Communications
Between Management and our Firm
Year Ended May 31, 2015

Representation Letter

Management Letter



MAYOR
WILLIAM J. HENDRICK

DEPUTY MAYOR
ALAN C. BEACH

TRUSTEES
HILARY H. BECKER
MICHAEL N. HAWXHURST
THOMAS D. ATKINSON

VILLAGE JUSTICE
WILLIAM J. MCLAUGHLIN

ACTING VILLAGE JUSTICE
C. WILLIAM GAYLOR III

COURT CLERK
JACQUELINE DUBON



INCORPORATED VILLAGE OF LYNBROOK

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BUILDING DEPT	PHONE (516) 599-8828	FAX (516) 593-8309
JUSTICE COURT	PHONE (516) 599-0416	FAX (516) 599-0448
PUBLIC WORKS	PHONE (516) 599-8838	FAX (516) 596-9427
RECREATION	PHONE (516) 599-8000	FAX (516) 593-8311

VILLAGE ADMINISTRATOR
JOHN GIORDANO

VILLAGE ASSESSOR
LISA KENNY

VILLAGE ATTORNEY
PETER K. LEDWITH

BUILDING SUPERINTENDENT
BRIAN STANTON

PARKS SUPERVISOR
PATRICK MCDERMOTT

PUBLIC WORKS SUPERINTENDENT
PHILIP HEALEY

RECREATION SUPERVISOR
ANDREA CAMPBELL

November 17, 2015

SaxBST LLP
26 Computer Drive West
Albany, New York 12205

This representation letter is provided in connection with your audit of the financial statements of the Incorporated Village of Lynbrook, New York (Village), which comprise the balance sheet - governmental funds and account groups, statement of net position - proprietary fund, and statement of net position - fiduciary fund as of May 31, 2015, and the related statements of revenues, expenses, and changes in net position 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 the regulatory basis of accounting, as permitted by the New York State Office of the State Comptroller (regulatory basis).

We confirm, to the best of our knowledge and belief, as of the date of your independent auditor's report, the following representations made to you during your audit:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated September 2, 2015, for the preparation and fair presentation of the financial statements referred to above in accordance with the regulatory basis.
2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 the regulatory basis.

6. All events subsequent to the date of the financial statements and for which the regulatory basis 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 the regulatory basis.
8. We have informed you of all uncorrected misstatements.
9. We have identified for you all organizations that are a part of this reporting entity or with which we have a relationship, as these organizations are defined in Section 2100 of the Governmental Accounting Standards Board's (GASB) Codification of Governmental Accounting and Financial Reporting Standards, that are:
 - a. Component units.
 - b. Other organizations for which the nature and significance of their relationship with the Village are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.
 - c. Jointly governed organizations in which we participated.
10. We have identified for you all of our funds, governmental functions, and identifiable business-type activities.
11. We have properly classified all funds and activities.
12. We are responsible for compliance with laws and regulations applicable to the Village, including adopting, approving, and amending budgets.

Information Provided

13. 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 of the Board of Trustees, and committees of Trustees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
14. All transactions have been recorded in the accounting records and are reflected in the financial statements.
15. 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.

16. We have no knowledge of allegations of fraud or suspected fraud, affecting the Village'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.
17. We have no knowledge of any allegations of fraud or suspected fraud affecting the Village's financial statements received in communications from employees, former employees, analysts, regulators, or others.
18. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.
19. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements, and we have not consulted legal counsel concerning litigation or claims.
20. We have disclosed to you the identity of the Village's related parties and all related-party relationships and transactions of which we are aware.
21. We have informed you of all significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Village's ability to record, process, summarize, and report financial data.
22. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
23. We know of no violations of state or federal statutory or regulatory provisions, grants or other contractual provisions, or of provisions of local ordinances.
24. We have no direct or indirect, legal or moral, obligation for any debt of any organization, public or private, or to special assessment bond holders that is not disclosed in the financial statements.
25. Net positions and fund balances are properly classified and, when applicable, approved.
26. Capital assets are properly capitalized and reported.
27. 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 Single Audit Act and OMB Circular No. A-133, because we have not received, expended, or otherwise been the beneficiary of any federal awards over \$500,000 during the period of this audit.

Government Auditing Standards

28. We are responsible for compliance with laws and regulations applicable to the Village, including the requirement of adopting, approving, and amending budgets.
29. We have identified and disclosed to you:

- a. All laws and regulations that have a direct and material effect on the determination of financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
 - b. Violations and possible violations of laws, regulations, and provisions of contracts and other agreements whose effects should be considered for disclosure in the auditor's report on noncompliance.
30. We have taken timely and appropriate action to evaluate and address fraud, illegal acts, violations of provisions of contracts or other agreements, or abuse that has been reported.
 31. We have implemented a process to track the status of audit findings and recommendations.
 32. We have identified for you previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of the audit being undertaken and the corrective action taken to address significant findings and recommendations.
 33. We have provided you with our views on your reported findings, conclusions, and recommendations, as well as our planned corrective actions for the report, if any.
 34. We have reviewed, approved, and take full responsibility for all adjustments, the financial statements and related notes, and acknowledge the auditor's role in the preparation of this information.
 35. The Village adopted Government Accounting Standards Board (GASB) issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. Government combinations include a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This statement provides specific accounting and financial reporting guidance for combinations in this environment and improves the decision usefulness of financial reporting by requiring that disclosures to be made by governments about combination arrangements in which they engage and for disposals of government operations.

The Village adopted GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of this statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This statement provides financial reporting and disclosure guidance to those governments that extend and receive nonexchange financial guarantees, thereby enhancing comparability of financial statements among governments.

The adoption of these accounting standards did not significantly impact the Village's financial statements.

36. 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.

Very truly yours,

INCORPORATED VILLAGE OF LYNBROOK, NEW YORK



Mayor



Treasurer



Deputy Clerk/Treasurer



November 17, 2015

Mr. John Giordano, Village Administrator
Incorporated Village of Lynbrook, New York
One Columbus Drive
Lynbrook, New York 11563-8148

Dear John:

This letter includes observations and suggestions with respect to matters that came to our attention in connection with our audit of the financial statements of the Incorporated Village of Lynbrook, New York (Village) for the year ended May 31, 2015. These items are offered as constructive suggestions to be considered part of the ongoing process of modifying and improving the Village's practices and procedures.

New Comments

1. Fixed Asset Additions

Observation: While the Village recorded fixed asset acquisitions appropriately in the Non-Current Governmental Assets Group (K-Fund), it was noted that the Village does not reconcile the fixed asset acquisitions to the General Fund (A-Fund) expenditures in the defined State Object Code .2 (Equipment and Capital Outlay).

Suggestion: The Village should reconcile expenditures charged to .2 (Equipment and Capital Outlay) to fixed asset additions reported in the Non-Current Governmental Assets Account Group on an annual basis to ensure the completeness of fixed asset reporting.

Management's Corrective Action: The Village will reconcile the capital outlay expenditures (200 accounts) against the actual fixed assets acquisitions.

2. Gas Utility Fund

Observation: The Village has maintained a Gas Utility Fund for multiple years without any activity within the account, aside from earning minimal interest income.

Suggestion: The Village should consider closing the Fund, as there appears to be no real purpose for it.

Management's Corrective Action: The Village maintains a public utilities license. The Village would like to keep the gas utility fund active so that in future years, if market conditions are feasible, the Village has the option to implement public utility services.

3. Utility Gross Receipts Tax Coding

Observation: During the testing of revenue, it was noted that items were coded to inappropriate State account codes. Account 1130, Utility Gross Receipts Tax, included franchise fees, which is a separate account code within the State system. The amount noted during the May 31, 2015 audit was immaterial and not adjusted.

Suggestion: The Village should use the appropriate accounting codes, as required by the New York State Office of the State Comptroller (OSC).

Management's Corrective Action: The Village will set up a separate account for franchise fees as required by the New York State OSC.

4. Tracking Non-Current Governmental Liabilities Account Group

Observation: During our audit, we noted that the Village is not using its accounting system, KVS, to track its Non-Current Governmental Liabilities Account Group (W-Fund). KVS has the capacity to track such liabilities.

Suggestion: We suggest the usage of KVS to track these liabilities, which will allow management to track long-term liabilities on a more regular basis.

Management's Corrective Action: The Village will update its non-current government liabilities in designated separate funds in the KVS accounting software.

5. LOSAP and Fiduciary Role

Observation: During our audit, we noted that the Village does not receive the investment statement which supports the underlying assets within the Village sponsored Length of Service Awards Program (LOSAP).

Suggestion: As the sponsor of a defined benefit length of service award program, we suggest the Village obtain and review financial reports prepared by the Plan's trustee and record keeper on a monthly basis. This monthly review will provide assurance that the Village is fulfilling its fiduciary role.

Management's Corrective Action: The LOSAP administrator will provide the Village with the monthly investment and bank statements.

6. Employee Retirement System Debt

Observation: During our audit, we noted that the Village currently has approximately \$1,800,000 in outstanding debt owed to the NYS Employees Retirement System (System). Currently, the System is charging the Village an interest rate of 3.5% on outstanding contribution payables.

Suggestion: The Village has sufficient governmental fund balance to repay this balance. As the interest charged by the System is currently higher than the Village can achieve in the market, we recommend the Village pay down outstanding pension contribution payables.

Management's Corrective Action: The Village will review its options related to the outstanding debt and consider repaying the debt amount.



7. Other Postemployment Benefit Obligations (OPEB)

Observation: During our audit, we noted that the Village no longer contracts with an actuary to obtain a valuation of the OPEB liability.

Suggestion: Although not required to comply with General Municipal Law, we suggest the Village engage a qualified actuary to assist the Village in determining its OPEB liability and include the U.S. GAAP based disclosure in its financial statements. The report is required to be updated at least every two years. We believe the Village has a responsibility to its constituents, including residents, to disclose accurate financial information, including a true financial picture of its obligations.

Management's Corrective Action: Although not legally required, the Village will obtain a cost estimate to update its OPEB report.

8. Check Signing Policy

Observation: The Village currently has a policy in place that all checks written above \$1,000 should have dual signatures.

Suggestion: The benefit provided by an internal control should be weighed against the cost. While dual signatures on all checks are an important control, we note that the \$1,000 threshold may be difficult to comply with given the volume of transactions at the Village. Accordingly, we suggest that management of the Village reevaluate the design of this policy. We note that municipal organizations of similar size have increased their dual check signing requirements up to \$5,000.

Management's Corrective Action: Management will propose a policy amendment to the Board to increase the dual signature threshold to \$5,000.

Prior Year Comments and Status

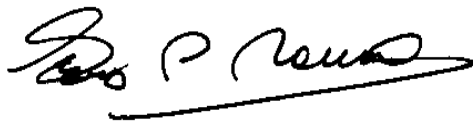
Comment	Description	Status
<i>Guarantee and Bid Deposits</i>	Several items on the Guarantee and Bid Deposit listing are outdated; some deposits are over twenty years old. The Village is adding to the list for current deposits, but is not removing and refunding outdated ones. The Village should review all outstanding Guarantee and Bid Deposits and determine whether outdated deposits should be refunded. The liability in the Trust and Agency Fund should also be updated.	Resolved during audit fieldwork.
<i>NYS Retirement Long-Term Debt</i>	The Village has elected to defer employer contributions owed to the New York State ERS and PFRS over future reporting periods, which is permissible under New York State law. Deferred ERS/PFRS contributions are generally paid over a ten-year period with interest. During 2014-15, we noted the schedule of deferred ERS/PFRS contributions had not been updated from the prior period. This information is necessary to properly state the Non-Current Governmental Liabilities Account Group (W-Fund).	Repeat comment for fiscal 2014-15. The Village will request an amortization schedule from the NYSERS and NYSPFRS.

<i>Journal Entry Review and Approval</i>	While we noted the existence of other mitigating controls within the Village, we recommend the Village implement procedures to ensure journal entries are reviewed by an individual separate from the preparer on a routine basis.	Resolved during audit fieldwork.
<i>Compensated Absences</i>	The Village accrues for vacation time and other benefits earned by its employees that are to be utilized in future accounting periods. During our audit, we noted that various employees' compensation rates were not updated, resulting in errors in the accrual.	Resolved.
<i>Procurement Policy</i>	The Village procurement policy has not been updated since April 4, 2011.	Resolved.

This letter is solely for the information and use of management and others within the Village and is not intended to be and should not be used by anyone other than the specified parties. We appreciate serving the Village and would be happy to assist you in addressing and implementing any of the comments and suggestions in this letter.

Very truly yours,

SAXBST LLP



Jeffrey P. Roude, Partner

JPR/dmc