

REPORT TO THE BOARD

July 20, 2020

The Board of Commissioners
Fishers Island Ferry District
Fishers Island, New York

Dear Board Members:

We have audited the financial statements of the governmental activities and each major fund of Fishers Island Ferry District (the District), a component unit of the Town of Southold, New York, for the year ended December 31, 2019. 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 engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Accounting Principles

Management is responsible for the selection and use of appropriate accounting policies. Significant accounting policies used by the District are described in note 1 to the financial statements. We noted no transactions entered into by the District 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.

As described in note 19 to the financial statements, the District restated fund balances for the year ended December 31, 2018. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the statement of revenue, expenditures and changes in fund balance - governmental funds.

Accounting Estimates

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. The most sensitive estimates affecting the District's financial statements were:

- Compensated absences - Management's estimate of the compensated absences liability is based on vested accumulated sick, vacation and/or leave payouts.
- Pension plans - Management's estimate for pension plan amounts are derived from reports provided by New York State and Local Retirement System.
- Total OPEB liability - Management's estimate of postemployment benefits is calculated using assumptions for future years health care benefits and contributions.

We evaluated the key factors and assumptions used by management in determining that accounting estimates were reasonable in relation to the financial statements taken as a whole.

Significant Disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosure of pension plans in note 12.
- The disclosure of total other postemployment benefits liability in note 13.
- The disclosure of contingencies in note 16.

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 misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this report, 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.

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 District’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 prior to appointment as the District’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our appointment.

Other Matters

We applied certain limited procedures to management’s discussion and analysis, the schedule of revenue and expenditures - budget to actual - general fund, the schedule of District’s proportionate share of the net pension liability, the schedule of District’s pension contributions, and the schedule of changes in the District’s total OPEB liability and related ratios, which are 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.

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

Very truly yours,

EFPR Group, CPAs, PLLC

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