

June 30, 2015

To The Board of Commissioners
Oyster Bay Water District

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We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Oyster Bay Water District for the year ended December 31, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted 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 January 14, 2015. 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 Oyster Bay Water District are described in Note A to the financial statements. As described in Note A-18 to the financial statements, the Oyster Bay Water District adopted Statement of Governmental Accounting Standards (GASB Statement) No. 67, *Financial Reporting for Pension Plans* and No. 69, *Government Combinations and Disposals of Government Operations*, during 2014. These GASBs had no impact on the financial statements. All other existing policies were not changed during the year. We noted no transactions entered into by the governmental unit 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. The most sensitive estimate(s) affecting the financial statements were:

Management's estimate of the useful lives of capital assets, which is based on past experience and expected use. We evaluated key factors and assumptions used to develop estimated useful lives in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of post-employment benefits is based on actuarial assumptions. We evaluated key factors and the basis of assumptions used to implement the actuarial assumptions in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statements are neutral, consistent and clear.

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 attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. 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 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 auditor's 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 June 30, 2015.

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 Oyster Bay Water District's financial statements or a determination of the type of auditor's 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 Oyster Bay Water District'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, schedule of revenues, expenditures and changes in fund balance – budget and actual – general fund and schedule of funding progress – other post employment benefits, 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.

We were engaged to report on the schedule of project expenditures – capital projects fund, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

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

Very truly yours,



RYNKAR, VAIL & BARRETT, LLP

Oyster Bay Water District
Summary of Passed Adjustments
12/31/14

		(DR)	(CR)
Prepaid Expenditures		\$12,887.14	
Health Insurance	906807		\$12,887.14
<i>(To reclass January 2015 health insurance payment to proper period)</i>			

LETTER TO MANAGEMENT

Board of Commissioners
Oyster Bay Water District
45 Audrey Avenue
Oyster Bay, New York 11771

In planning and performing our audit of the financial statements of the governmental activities and each major fund of the Oyster Bay Water District (the District) as of and for the year ended December 31, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered Oyster Bay Water District's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Oyster Bay Water District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of the Board of Commissioners, management and the appropriate Federal, New York State and Town of Oyster Bay, New York regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.


RYNKAR, VAIL & BARRETT, LLP

Mineola, New York
June 30, 2015