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REPORT TO THE BOARD OF SUPERVISORS

August 16, 2011

Chairman and Board of Supervisors
County of Saratoga, New York

Dear Board Members:

We are pleased to have the opportunity to express to you our comments resulting from our audit of the financial statements of the County of Saratoga, New York (the County) for the year ended December 31, 2010. As a result of our audit, we have issued our Independent Auditors' Report thereon dated August 16, 2011. One of our responsibilities as auditors is to present additional information regarding the scope and results of the audit to assist you in overseeing the financial disclosure and reporting process of the County. The following offers comments on our involvement with that process and with management as it carries out its responsibilities.

Our Responsibility under U.S. Generally Accepted Auditing Standards and Government Auditing Standards and OMB Circular A-133

Our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatements.

As part of our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on the County's compliance with those requirements. While our audit procedures provide a reasonable basis for our opinion, it does not provide a legal determination on the County's compliance with those requirements.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

Other Information in Documents Containing Audited Financial Statements

Our responsibility for other information in documents containing the financial statements and reports of the County does not extend beyond the financial information identified in the reports themselves. We do not have an obligation to perform any procedures to corroborate other information contained in these other documents. We are not aware of any documents containing the audited financial statements which we would be required to review.

Significant Audit Findings

We are responsible for communicating significant matters related to the audit that, in our professional judgment, are relevant to your responsibilities in overseeing the financial reporting process of the County. However, we are not required to design procedures specifically to identify such matters.

Significant Auditing Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the County are described in the notes to the financial statements. We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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.

For the year ended December 31, 2010 we have 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.

Sensitive Disclosures

The disclosures in the financial statements are consistent and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements are the disclosure of indebtedness (note 8), other postemployment benefits (note 9) and litigation (note 10). Note 8 describes that the indebtedness for governmental activities is \$23,009,000 and \$57,691,932 (including \$6,625,000 of bond anticipation notes) for business-type activities. Note 9 includes the information for the postemployment benefits liability of \$85,268,126. Note 10 describes the litigation between the County and the Hudson River Black River District regarding pending assessment claims of \$2,041,942.

Difficulties Encountered in Performing the Audit

No difficulties were encountered during the current year audit. No delays were noted in the commencement of the audit or in providing us with required information. Management and accounting personnel were very helpful in assisting us during 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 trivial, and communicate them to the appropriate level of management. There were no material misstatements detected as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as 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 the 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 County'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 retention as the County's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

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

We appreciate the opportunity to serve as your auditors. We would be pleased to respond to any questions you have about the foregoing or to review any other questions that you might have.

Very truly yours,

TOSKI, SCHAEFER & CO., P.C.