

## REPORT TO THE BOARD OF SUPERVISORS

July 16, 2013

Chairman and Board of Supervisors  
County of Saratoga, New York

Dear Board Members:

We have audited the financial statements of the County of Saratoga, New York (the County) for the year ended December 31, 2012, and have issued our report dated July 16, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, Government Auditing Standards, and OMB Circular A-133 as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you in our correspondence to you for audit services dated July 13, 2012. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### Qualitative Aspects of Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in note 1 to the financial statements. As described in the notes to the financial statements, the County changed accounting policies by adopting Governmental Accounting Standards Board (GASB) Statement No. 62 - "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements," GASB Statement No. 63 - "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65 - "Items Previously Reported as Assets and Liabilities," in 2012. These statements changed terminology and presentation of the County's financial statements but none of the amounts previously reported. We noted no transactions entered into by the County 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 affecting the County's financial statements was management's estimate of the collectability accounts receivable is based on historical trends and current aging of its accounts. We evaluated the key factors and assumptions used to develop these estimates in determining that these estimates are reasonable in relation to the financial statements taken as a whole.

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 disclosures of indebtedness (note 9), other postemployment benefits (note 10) and litigation (note 11). Note 9 describes that the indebtedness for governmental activities is \$18,345,000 and \$46,295,000 for business-type activities. Note 10 includes the information for the postemployment benefits liability of \$132,345,818. Note 11 describes the litigation settlement between the County and the Hudson River Black River District.

The financial statement disclosures 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. There were no material misstatements and audit adjustments detected as a result of our audit.

#### 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.

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 principles to the governmental unit’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 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.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, 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.

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

Very truly yours,

TOSKI & CO., CPAs, P.C.