

REPORT TO THE BOARD OF SUPERVISORS

July 21, 2015

Chairman and Board of Supervisors  
County of Saratoga, New York

Dear Board Members:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Saratoga (the County), New York for the year ended December 31, 2014. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, 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 in our engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

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. No new accounting policies were adopted and the application of existing policies was not changed during 2014. 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 estimates affecting the County's financial statements were:

- Collection of receivables - Receivables are stated at the amount management estimates will be collectible on outstanding balances. A valuation allowance is provided based on management's estimate of probable uncollectible amounts.
- Compensated absences liability - Management's estimate of the liability for compensated absences is based on vested accumulated sick, vacation and/or leave payouts.

- Contributed capital in the sewer fund - Management's estimates of the cost of machinery and equipment donated to the sewer fund is based upon costs that the County would have incurred if purchased.
- Useful lives of capital assets - Management's estimate of the useful lives of capital assets is based on the historical asset life information for the County's capital assets and industry standards, in order to determine the value and period of time over which individual capital assets are to be depreciated.
- Other postemployment benefits obligation - Management's estimate of the liability for other postemployment benefits is based on an actuarial valuation report prepared by a third party.

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 other postemployment benefits (OPEB) in note 9 to the financial statements.
- The disclosure of long-term debt in note 8 to the financial statements.
- The disclosure of contingencies in note 10 to the financial statements.

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 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 Matters

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.

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