



November 18, 2021

Supervisor and Town Board
Town of Saratoga, New York
12 Spring Street
Schuylerville, New York 12871

Dear Supervisor and Members of the Board:

We are pleased to present this report related to our audit of the financial statements of the Town of Saratoga, New York (Town) as of and for the year ended December 31, 2020. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for Town's financial reporting process.

This report is intended solely for the information and use of the Supervisor, Town Board, and management, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to be of service to the Town.

Very truly yours,

BST & Co. CPAs, LLP

A handwritten signature in black ink, appearing to read 'Paul L. Goetz', is written over a horizontal line. The signature is stylized and includes a small mark to the right of the main text.

Paul L. Goetz, Partner

PLG/hmk

TABLE OF CONTENTS

Required Communications	1-2
Significant Accounting Estimates	3
Recorded Audit Adjustments	4
<u>EXHIBITS</u>	
Exhibit A - Significant Written Communications Between Management and Our Firm	5
• Representation Letter	



REQUIRED COMMUNICATIONS

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibilities With Regard to the Financial Statement Audit

Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated March 5, 2021. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication regarding the planned scope and timing of our audit and have discussed with you our identification of, and planned audit response to, significant risks of material misstatement.

Accounting Policies and Practices

Preferability of Accounting Policies and Practices

While the New York State Office of the State Comptroller (OSC) believes that financial statements prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34 result in improved financial reporting by local governments, it recognizes that implementation requires additional resources, which may not be cost justified. Accordingly, the OSC encourages, but does not require, all local governments to implement the provisions of GASB No. 34 to meet the reporting requirements of General Municipal Law.

Management has determined that the regulatory basis of accounting, which does not meet the requirements of GASB No. 34, as amended, is the appropriate basis of accounting for the Town based on the specific needs and requirements of the oversight agency it reports to, and the limitations on resources allocated to accounting and financial reporting.

As the Town has not presented financial statements in accordance with GASB No. 34 an adverse opinion has been issued.

Adoption of, or Change in, Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Town. During 2020, the Town adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*.

Significant or Unusual Transactions

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.



REQUIRED COMMUNICATIONS - CONTINUED

Accounting Policies and Practices - Continued

Management's Judgments and Accounting Estimates

Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the Summary of Significant Accounting Estimates.

Audit Adjustments and Uncorrected Misstatements

Audit adjustments, other than those that are clearly trivial, proposed by us and recorded by the Town are shown in the list of Recorded Audit Adjustments.

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.

Consultations with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed with Management

No significant issues arising from the audit were discussed with or the subject of correspondence with management.

Significant Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management during the audit.

Communicating Material Weakness in Internal Control over Financial Reporting

We have separately communicated the material weakness in internal control over financial reporting identified during our audit of the financial statements in the schedule of findings and responses of the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

Significant Written Communications Between Management and Our Firm

Copies of significant written communications between our firm and the management of the Town, including the representation letter provided to us by management, are attached as Exhibit A.



SIGNIFICANT ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events, and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimates reflected in the Town's December 31, 2020 regulatory financial statements:

Significant Accounting Estimates

Net Pension Liability

Accounting policy	The Town recognizes its proportionate share of the New York State and Local Employees' Retirement System net pension liability, and the related deferred inflows and outflows of resources
Management's estimation process	The Town's net pension liability is estimated by the New York State Office of the State Comptroller using census data supplied by participating employers and various actuarial assumptions, including but not limited to, rate of return, mortality, and inflation. The Town's proportionate percentage of the liability is determined on an annual basis.

We have evaluated management's significant accounting estimates noted above as part of our audit, and concluded that management's estimates and the estimation process appear reasonable in the context of the regulatory financial statements taken as a whole.

RECORDED AUDIT ADJUSTMENTS

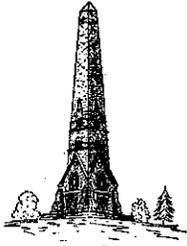
Description	Effect - Increase (Decrease)				
	Assets	Liabilities	Fund Balance	Revenue	Expenditure
General Fund					
To adjust ERS prepaid amounts	\$ (81)	\$ -	\$ -	\$ -	\$ 81
To adjust payroll accrual	-	(7,795)	-	-	(7,795)
Remove transfer account unsupported by Town	-	-	-	-	-
Highway Fund					
To record sales tax receivable	96,350	-	-	(96,350)	-
To adjust payroll accrual	-	4,133	-	-	4,133
To adjust ERS prepaid amounts	(532)	-	-	-	(532)
Trust and Agency Fund					
To adjust for adoption of GASB 84	-	(3,112)	3,112	-	-
Fire Protection Fund					
To record revenues and expenses	-	-	-	(51,071)	51,071
Outside Village					
To adjust payroll accrual	-	1,511	-	-	1,511
Additional accounts payable	-	2,166	-	-	2,166
To adjust ERS prepaid amounts	416	-	-	-	(416)
Total Statement of Revenues, Expenditures, and Changes in Fund Balance Effect			<u>(97,202)</u>	<u>\$ (147,421)</u>	<u>\$ 50,219</u>
Total Balance Sheet Effect	<u>\$ 96,153</u>	<u>\$ (3,097)</u>	<u>\$ (94,090)</u>		



EXHIBIT A
SIGNIFICANT WRITTEN COMMUNICATIONS
BETWEEN MANAGEMENT AND OUR FIRM

Representation Letter





TOWN of SARATOGA
12 Spring Street
SCHUYLERVILLE, NY 12871

TELEPHONE # (518) 695-3644
FAX # (518) 695-6782

Supervisor
Thomas N. Wood, III

Town Councilmen
James Jennings
Michael McLoughlin
Gary Squires
Ruth Drumm

November 18, 2021

BST & Co. CPAs, LLP
26 Computer Drive West
Albany, New York 12205

This representation letter is provided in connection with your audit of each governmental fund and the fiduciary fund (collectively the financial statements) of the Town of Saratoga, New York (Town) as of and for the year ended December 31, 2020, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of December 31, 2020:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated March 5, 2021, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party transactions and interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements and guarantees, have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental fund Type Definitions*, as amended.
7. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.

8. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
9. We have not completed the process of evaluating the effect that will result from adopting the guidance in Governmental Accounting Standards Board (GASB) Statement No. 87 as discussed in Note 10. The Town is, therefore, unable to disclose the effect that adopting the guidance these GASBs will have on its financial position and the results of operations when such guidance is adopted.
10. We agree with the findings of specialists in evaluating the net pension liability, and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.
11. Arrangements involving restrictions on cash balances have been properly disclosed.
12. We have no direct or indirect, legal or moral, obligation for any debt of any organization, public or private, that is not disclosed in the financial statements.
13. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act and U.S. Office of Management and Budget Circular No. A-133 because we have not received, expended, or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
14. We have no knowledge of any uncorrected misstatements in the financial statements.

Information Provided

15. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit;
 - c. Unrestricted access to persons within the Town from whom you determined it necessary to obtain audit evidence, and
 - d. Minutes of the meetings of the governing boards and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
16. All transactions have been recorded in the accounting records and are reflected in the financial statements.
17. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.

18. We have no knowledge of allegations of fraud or suspected fraud affecting the Town's financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in internal control.
 - c. Others where the fraud could have a material effect on the financial statements.
19. We have no knowledge of any allegations of fraud or suspected fraud affecting the Town's financial statements received in communications from employees, former employees, analysts, regulators, short sellers, or others.
20. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects were considered when preparing the financial statements.
21. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
22. We have informed you of all significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Town's ability to record, process, summarize and report financial data.
23. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
24. We know of no violations of state or federal statutory or regulatory provisions, grants or other contractual provisions, or of provisions of local ordinances.
25. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

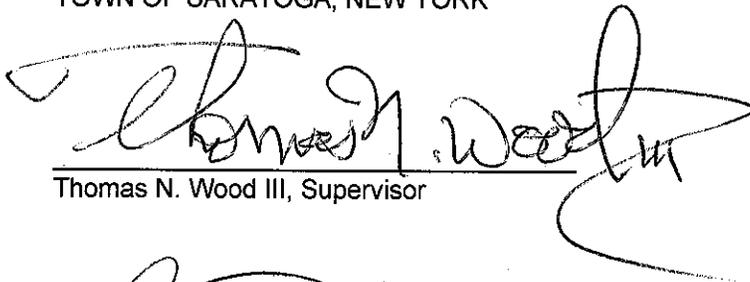
Compliance Considerations

26. In connection with your audit conducted in accordance with *Government Auditing Standards*, we confirm that management:
 - a. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
 - b. Is responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the Town.
 - c. Has identified and disclosed to you all instances that have occurred, or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
 - d. Has identified and disclosed to you all instances that have occurred, or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts.

- e. Has identified and disclosed to you all instances that have occurred, or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements.
- f. Is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- g. Acknowledges its responsibility for the design, implementation, and maintenance of internal controls to prevent and detect fraud.
- h. Has taken timely and appropriate steps to remedy fraud; noncompliance with provisions of laws, regulations, contracts and grant agreements; or abuse that you report.
- i. Has a process to track the status of audit findings and recommendations.
- j. Has identified for you previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- k. Has provided views on your reported findings, conclusions and recommendations, as well as management's planned corrective actions, for the report.
- l. Acknowledges its responsibilities as they relate to non-audit services performed by you, including a statement that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

Very truly yours,

TOWN OF SARATOGA, NEW YORK



Thomas N. Wood III, Supervisor



Patricia Temple, Bookkeeper