

**RENSELAER COUNTY
WATER AND SEWER AUTHORITY**

Report to the Board

For the Year Ended December 31, 2013



March 17, 2014

To the Board of
Rensselaer County Water and Sewer Authority

We have audited the financial statements of the Rensselaer County Water and Sewer Authority (the "Authority") for the year ended December 31, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government 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 November 1, 2013. 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 Authority are described in Note A to the financial statements. As described in Note A to the financial statements, the Authority adopted Governmental Accounting Standards Board Statement (GASB) No. 65, *Items Previously Reported as Assets and Liabilities*, during the year ended December 31, 2013. As described in Note F, this change in accounting policy was applied retrospectively and required a restatement of the financial statements as of and for the year ended December 31, 2012. We noted no transactions entered into by the Authority 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 Authority's financial statements was:

Management's estimate of the historical cost of the sewer facilities is based on an analysis performed by the Authority's consulting engineer. We evaluated the key factors and assumptions used by management to develop the historical cost of the sewer facilities in determining that it is reasonable in relation to the financial statements taken as a whole.

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. Management has corrected all such misstatements. The following material misstatements detected as a result of our audit procedures were corrected by management.

- An adjustment to record beginning balances and adjustments from the 2012 audit.
- An adjustment to record current year capitalized interest.
- An adjustment to expense consulting fees that were inadvertently capitalized.
- An adjustment to reclassify completed project costs from construction in progress to property and equipment.
- An adjustment to record current year depreciation expense.
- An adjustment to reverse 2012 construction costs include in accounts payable which were paid for in 2013.
- An adjustment to record the change in accounting policy related to the adoption of Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

Disagreements with Management

For the 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 March 17, 2014.

Management Consultation 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 Authority'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 governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of the Rensselaer County Water and Sewer Authority and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Wojeski & Company CPAs, P.C." in a cursive, slightly slanted script.

Wojeski & Company CPAs, P.C.