

*CITY OF COHOES, NEW YORK*  
*REGULATORY BASIS FINANCIAL STATEMENTS*  
*DECEMBER 31, 2011*

*CITY OF COHOES, NEW YORK*

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*DECEMBER 31, 2011*

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**CUSACK & COMPANY**  
**Certified Public Accountants LLC**  
7 AIRPORT PARK BOULEVARD  
LATHAM, NEW YORK 12110  
(518) 786-3550  
FAX (518) 786-1538  
E-MAIL ADDRESS: INFO@CUSACKCPA.COM  
WWW.CUSACKCPA.COM

CLIFTON PARK/HALFMOON OFFICE  
(518) 664-7063  
FAX (518) 541-3083

MEMBERS OF:  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
AND  
NEW YORK STATE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT**

To the Mayor and Members of the Common  
Council of the City of Cohoes, New York

We have audited the accompanying regulatory basis financial statements of the City of Cohoes, New York as of and for the year ended December 31, 2011 as listed in the table of contents. These financial statements are the responsibility of the City of Cohoes, New York's management. Our responsibility is to express an opinion on these regulatory basis financial statements based on our audit.

Except as discussed in paragraphs five and six, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the regulatory basis financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the regulatory basis financial statements. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall regulatory basis financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the City prepared these financial statements using accounting principles prescribed by the New York State Office of the State Comptroller to demonstrate compliance with the State's regulatory basis of accounting, which practices differ from accounting principles generally accepted in the United States of America. The differences between the regulatory basis of accounting and accounting principles generally accepted in the United States of America are described in Note 1 to the financial statements. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Cohoes, New York, as of December 31, 2011, and the changes in its financial position for the year then ended. Further, the City of Cohoes, New York has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

As discussed in Note 1, the regulatory basis financial statements referred to above do not include in the balance sheet a general fixed assets account group, which should be included to conform with accounting principles prescribed by the New York Office of State Comptroller. The amounts that should be recorded in the general fixed assets account group are not known.

As explained in Note 9, the City has not recognized the actuarial value of the unpaid claims liability that exists for its self-insured worker compensation plan. In our opinion, the recording of that liability is required to conform with accounting principles prescribed by the New York State Office of State Comptroller. The additional amounts, if any, that should be recorded in the long-term debt account group are not known.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2012 on our consideration of the City of Cohoes' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the regulatory basis financial statements as a whole. The accompanying schedule of expenditures of federal awards on page 24 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and is not a required part of the basic regulatory basis financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic regulatory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic regulatory basis financial statements taken as a whole.

In our opinion, except for the effect of such adjustments, if any, as might have been determined to be necessary had we been able to audit the items mentioned in paragraphs five and six, the regulatory basis financial statements referred to above present fairly, in all material respects, the financial position of the City of Cohoes, New York as of December 31, 2011, and the results of its operations for the year then ended in conformity with accounting principles prescribed by the New York State Office of State Comptroller.



**CUSACK & COMPANY, CPA'S LLC**

Latham, New York  
March 26, 2012

**CITY OF COHOES, NEW YORK**  
**REGULATORY BASIS BALANCE SHEETS**  
**DECEMBER 31, 2011**

Assets	Governmental Fund Types					Fiduciary Fund Type	Account Group	Memorandum Only	
	General	Water	Sewer	Library	Capital Projects	Trust and Agency	Long Term Debt	Total Primary Government December 31, 2011	Total Primary Government December 31, 2010
Cash	\$ 1,810,336	\$ -	\$ -	\$ 87,843	\$ -	\$ 60,548	\$ -	\$ 1,958,727	\$ 2,062,469
Taxes receivable	-	-	-	-	-	-	-	-	156,748
Due from other governments	1,620,000	-	-	-	822,348	-	-	2,442,348	2,817,129
Due from other funds	448,258	-	-	9,675	187,420	-	-	645,353	485,623
Prepaid expenditures	399,090	7,554	2,579	1,997	-	-	-	411,220	319,390
Restricted assets	2,147	-	-	-	3,205,257	-	-	3,207,404	196,509
Other receivables	35,437	551,041	784,271	-	-	-	-	1,370,749	1,375,363
Provisions to be made in future budgets	-	-	-	-	-	-	27,302,066	27,302,066	22,532,117
<b>Total assets</b>	<b>\$ 4,315,268</b>	<b>\$ 558,595</b>	<b>\$ 786,850</b>	<b>\$ 99,515</b>	<b>\$ 4,215,025</b>	<b>\$ 60,548</b>	<b>\$ 27,302,066</b>	<b>\$ 37,337,867</b>	<b>\$ 29,945,348</b>
<b>Liabilities and Fund Equity</b>									
Liabilities:									
Accounts payable	\$ 143,154	\$ 3,726	\$ 622	\$ 2,324	\$ 648,161	\$ -	\$ -	\$ 797,987	\$ 1,095,206
Accrued liabilities	405,598	5,290	1,445	2,228	-	60,548	-	475,109	489,213
Due to other governments	-	-	293,337	-	-	-	349,248	642,585	991,548
Due to retirement system	-	-	-	-	-	-	277,518	277,518	353,235
Due to other funds	187,420	57,611	400,322	-	-	-	-	645,353	485,623
Compensated absences	68,186	-	-	979	-	-	2,153,245	2,222,410	2,155,028
Disability payable	-	-	-	-	-	-	625,976	625,976	719,997
Deferred revenues	95,254	-	-	-	-	-	-	95,254	93,396
Workers compensation claims	-	-	-	-	-	-	1,250,683	1,250,683	1,137,957
Post employment benefits	-	-	-	-	-	-	9,204,704	9,204,704	7,217,820
Capital leases	-	-	-	-	-	-	139,121	139,121	213,383
Bonds payable	-	-	-	-	-	-	13,301,571	13,301,571	10,447,000
<b>Total liabilities</b>	<b>899,612</b>	<b>66,627</b>	<b>695,726</b>	<b>5,531</b>	<b>648,161</b>	<b>60,548</b>	<b>27,302,066</b>	<b>29,678,271</b>	<b>25,399,406</b>
Fund Equity:									
Fund balances:									
Nonspendable	399,090	7,554	2,579	1,997	-	-	-	411,220	319,390
Restricted	2,147	-	-	-	-	-	-	2,147	6,075
Assigned	1,289,846	484,414	88,545	91,987	3,566,864	-	-	5,521,656	2,321,375
Unassigned	1,724,573	-	-	-	-	-	-	1,724,573	1,899,102
<b>Total fund balance</b>	<b>3,415,656</b>	<b>491,968</b>	<b>91,124</b>	<b>93,984</b>	<b>3,566,864</b>	<b>-</b>	<b>-</b>	<b>7,659,596</b>	<b>4,545,942</b>
<b>Total liabilities and fund equity</b>	<b>\$ 4,315,268</b>	<b>\$ 558,595</b>	<b>\$ 786,850</b>	<b>\$ 99,515</b>	<b>\$ 4,215,025</b>	<b>\$ 60,548</b>	<b>\$ 27,302,066</b>	<b>\$ 37,337,867</b>	<b>\$ 29,945,348</b>

**CITY OF COHOES, NEW YORK**  
**REGULATORY BASIS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUND TYPES**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Governmental Fund Types</u>					<u>Memorandum Only</u>	
	<u>General</u>	<u>Water</u>	<u>Sewer</u>	<u>Library</u>	<u>Capital Projects</u>	<u>Total Primary Government December 31, 2011</u>	<u>Total Primary Government December 31, 2010</u>
Revenue							
Real property taxes	\$ 6,586,279	\$ -	\$ -	\$ -	\$ 30,672	\$ 6,616,951	\$ 6,743,790
Real property tax items	789,693	-	-	-	100,000	889,693	785,350
Non property tax items	5,443,029	-	-	-	-	5,443,029	5,221,914
Departmental income	446,594	1,678,182	1,860,224	5,978	-	3,990,978	4,006,666
Intergovernmental charges	-	42,770	-	-	-	42,770	36,278
Use of money and property	21,177	-	-	3,688	3,451	28,316	39,384
Licenses and permits	311,845	-	-	-	-	311,845	300,539
Fines and forfeitures	173,939	-	-	-	-	173,939	138,673
Sale of property and compensation for loss	259,263	-	-	3,310	-	262,573	160,340
Miscellaneous local sources	354,752	-	-	68	175,474	530,294	422,142
State aid	3,355,854	-	-	8,489	385,757	3,750,100	3,717,537
Federal aid	11,338	-	-	-	1,187,407	1,198,745	5,979,887
Total revenue	<u>17,753,763</u>	<u>1,720,952</u>	<u>1,860,224</u>	<u>21,533</u>	<u>1,882,761</u>	<u>23,239,233</u>	<u>27,552,500</u>
Expenditures							
General governmental support	2,413,142	20,653	20,474	-	147,050	2,601,319	2,703,965
Public safety and health	6,890,140	-	-	-	72,246	6,962,386	6,949,536
Transportation	1,468,809	-	-	-	507,932	1,976,741	6,231,996
Culture and recreation	299,590	-	-	181,021	628,524	1,109,135	463,404
Home and community services	1,107,588	870,604	1,281,461	-	1,566,792	4,826,445	4,615,856
Employee benefits	4,489,327	218,126	136,569	41,995	-	4,886,017	4,588,842
Debt service (principal and interest)	824,034	547,624	298,928	-	-	1,670,586	1,727,163
Total expenditures	<u>17,492,630</u>	<u>1,657,007</u>	<u>1,737,432</u>	<u>223,016</u>	<u>2,922,544</u>	<u>24,032,629</u>	<u>27,280,762</u>
Excess of revenue over (under) expenditures	<u>261,133</u>	<u>63,945</u>	<u>122,792</u>	<u>(201,483)</u>	<u>(1,039,783)</u>	<u>(793,396)</u>	<u>271,738</u>
Other financing sources (uses)							
Proceeds from serial bonds	-	-	-	-	3,907,050	3,907,050	-
Operating transfers in	161,800	-	-	230,806	87,255	479,861	428,087
Operating transfers out	(230,806)	(168,155)	(80,900)	-	-	(479,861)	(428,087)
Total of other financing sources (uses)	<u>(69,006)</u>	<u>(168,155)</u>	<u>(80,900)</u>	<u>230,806</u>	<u>3,994,305</u>	<u>3,907,050</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	192,127	(104,210)	41,892	29,323	2,954,522	3,113,654	271,738
Fund balance at beginning of year	<u>3,223,529</u>	<u>596,178</u>	<u>49,232</u>	<u>64,661</u>	<u>612,342</u>	<u>4,545,942</u>	<u>4,274,204</u>
Fund balance at end of year	<u>\$ 3,415,656</u>	<u>\$ 491,968</u>	<u>\$ 91,124</u>	<u>\$ 93,984</u>	<u>\$ 3,566,864</u>	<u>\$ 7,659,596</u>	<u>\$ 4,545,942</u>

**CITY OF COHOES, NEW YORK**  
**REGULATORY BASIS STATEMENT OF REVENUES, EXPENDITURES AND ENCUMBRANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Actual and Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue				
Real property taxes	\$ 6,594,770	\$ 6,594,770	\$ 6,586,279	\$ (8,491)
Real property tax items	782,500	782,500	789,693	7,193
Non-property tax items	5,190,000	5,245,000	5,443,029	198,029
Departmental income	257,500	458,615	446,594	(12,021)
Use of money and property	28,000	28,000	21,177	(6,823)
Licenses and permits	191,500	298,900	311,845	12,945
Fines and forfeitures	120,000	160,000	173,939	13,939
Sale of property and compensation for loss	112,500	222,164	259,263	37,099
Miscellaneous local sources	671,430	633,738	354,752	(278,986)
State aid	3,403,363	3,437,363	3,355,854	(81,509)
Federal aid	-	11,000	11,338	338
Total revenue	<u>17,351,563</u>	<u>17,872,050</u>	<u>17,753,763</u>	<u>(118,287)</u>
Expenditures				
General government support	2,351,623	2,457,849	2,413,915	43,934
Public safety and health	6,843,446	6,968,521	6,899,971	68,550
Transportation	1,161,932	1,600,514	1,583,005	17,509
Culture and recreation	204,254	310,329	299,604	10,725
Home and community services	1,203,902	1,141,257	1,107,588	33,669
Employee benefits	4,547,115	4,636,404	4,489,327	147,077
Debt services (principal and interest)	957,255	824,870	824,034	836
Total expenditures	<u>17,269,527</u>	<u>17,939,744</u>	<u>17,617,444</u>	<u>322,300</u>
Excess of revenue over (under) expenditures	<u>82,036</u>	<u>(67,694)</u>	<u>136,319</u>	<u>204,013</u>
Other financing uses				
Operating transfers in	161,800	161,800	161,800	-
Operating transfers out	(243,836)	(230,806)	(230,806)	-
Total other financing uses	<u>(82,036)</u>	<u>(69,006)</u>	<u>(69,006)</u>	<u>-</u>
Excess of revenue over expenditures and other financing uses	<u>\$ -</u>	<u>\$ (136,700)</u>	<u>\$ 67,313</u>	<u>\$ 204,013</u>

**CITY OF COHOES, NEW YORK**  
**REGULATORY BASIS STATEMENT OF REVENUES, EXPENDITURES AND ENCUMBRANCES - BUDGET AND ACTUAL**  
**WATER FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

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	<b><u>Original Budget</u></b>	<b><u>Modified Budget</u></b>	<b><u>Actual and Encumbrances</u></b>	<b><u>Variance Favorable (Unfavorable)</u></b>
Revenue				
Departmental income	\$ 1,722,750	\$ 1,737,900	\$ 1,678,182	\$ (59,718)
Intergovernmental charges	40,000	40,000	42,770	2,770
Sale of property and compensation for loss	<u>2,500</u>	<u>2,500</u>	<u>-</u>	<u>(2,500)</u>
Total revenue	<u>1,765,250</u>	<u>1,780,400</u>	<u>1,720,952</u>	<u>(59,448)</u>
Expenditures				
General governmental support	25,000	22,250	20,653	1,597
Home and community services	764,675	910,525	872,739	37,786
Employee benefits	270,850	279,750	218,126	61,624
Debt service (principal and interest)	<u>623,825</u>	<u>534,275</u>	<u>547,624</u>	<u>(13,349)</u>
Total expenditures	<u>1,684,350</u>	<u>1,746,800</u>	<u>1,659,142</u>	<u>87,658</u>
Excess of revenue over expenditures	80,900	33,600	61,810	28,210
Operating transfers out	<u>(80,900)</u>	<u>(80,900)</u>	<u>(168,155)</u>	<u>(87,255)</u>
Deficiency of revenue over expenditures and other financing uses	<u>\$ -</u>	<u>\$ (47,300)</u>	<u>\$ (106,345)</u>	<u>\$ (59,045)</u>



**CITY OF COHOES, NEW YORK**  
 REGULATORY BASIS STATEMENT OF REVENUES, EXPENDITURES AND ENCUMBRANCES - BUDGET AND ACTUAL  
 SEWER FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2011

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	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Actual and Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue				
Departmental income	\$ 1,973,838	\$ 1,973,838	\$ 1,860,224	\$ (113,614)
Total revenue	<u>1,973,838</u>	<u>1,973,838</u>	<u>1,860,224</u>	<u>(113,614)</u>
Expenditures				
General governmental support	25,000	25,000	20,474	4,526
Home and community services	1,357,883	1,339,383	1,327,961	11,422
Employee benefits	190,000	213,200	136,569	76,631
Debt service (principal and interest)	<u>320,055</u>	<u>315,355</u>	<u>298,928</u>	<u>16,427</u>
Total expenditures	<u>1,892,938</u>	<u>1,892,938</u>	<u>1,783,932</u>	<u>109,006</u>
Excess of revenue over expenditures	80,900	80,900	76,292	(4,608)
Operating transfers out	<u>(80,900)</u>	<u>(80,900)</u>	<u>(80,900)</u>	<u>-</u>
Deficiency of revenue over expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,608)</u>	<u>\$ (4,608)</u>

**CITY OF COHOES, NEW YORK**  
**REGULATORY BASIS STATEMENT OF REVENUES, EXPENDITURES AND ENCUMBRANCES - BUDGET AND ACTUAL**  
**LIBRARY FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

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	<b>Original Budget</b>	<b>Modified Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
Revenue				
Departmental income	\$ 7,000	\$ 7,000	\$ 5,978	\$ (1,022)
Use of money and property	3,000	3,000	3,688	688
Sale of property and compensation for loss	2,000	2,000	3,310	1,310
Miscellaneous local sources	100	100	68	(32)
State aid	<u>3,700</u>	<u>3,700</u>	<u>8,489</u>	<u>4,789</u>
Total revenue	<u>15,800</u>	<u>15,800</u>	<u>21,533</u>	<u>5,733</u>
Expenditures				
Culture and recreation	198,636	199,057	181,021	18,036
Employee benefits	<u>61,000</u>	<u>61,000</u>	<u>41,995</u>	<u>19,005</u>
Total expenditures	<u>259,636</u>	<u>260,057</u>	<u>223,016</u>	<u>37,041</u>
Excess (Deficiency) of revenue over expenditures	(243,836)	(244,257)	(201,483)	42,774
Operating transfers in	<u>243,836</u>	<u>243,836</u>	<u>230,806</u>	<u>(13,030)</u>
Excess (deficiency) of revenue and other sources over expenditures	<u>\$ -</u>	<u>\$ (421)</u>	<u>\$ 29,323</u>	<u>\$ 29,744</u>

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Cohoes, New York (the “City”) have been prepared in conformity with accounting principles prescribed by the New York State Office of the State Comptroller for complying with Article 3, Section 30 of General Municipal Law in which every municipal corporation is required to make an annual financial report. The most significant difference between this regulatory basis of accounting and generally accepted accounting principles (“GAAP”) is that Government Accounting Standards Board (“GASB”) Statement 34 “Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments” need not be implemented to meet the requirements of General Municipal Law. GASB 34 requires significant changes including:

- Government-Wide Reporting
- Focus on Major Funds
- Changes in Budgetary Reporting
- Full Accrual Accounting Including Depreciation
- Management Discussion and Analysis
- Capitalization of Infrastructure Assets

Management has considered the costs and benefits of adopting GASB 34 and determined that reporting in financial statements utilizing another comprehensive basis of accounting as opposed to GAAP makes fiscal sense for the City.

### *A. Financial Reporting Entity*

The City was incorporated in 1869 and operates under an elected Common Council which includes the Mayor and six other persons, and provides service to approximately 16,000 residents in areas including general government services, public works, public safety and community enrichment programs.

GASB Statement No. 14 defines the financial reporting entity for the City to include all funds, account groups, agencies, boards, commissions, and authorities where the elected officials (the Mayor and/or the council, respectively) are financially accountable. The following terms are used to describe the components of a reporting entity:

- Primary Government

A legally separate state, general purpose local or special purpose government with a separately elected governing body. It must be fiscally independent of other primary governments.

- Component Unit

A legally separate organization for which the elected officials are financially accountable. Also the primary government is able to impose its will on the component unit or there is a potential for the component unit to provide a financial benefit or incur a financial burden on the primary government.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*A. Financial Reporting Entity (Continued)*

In accordance with accounting principles prescribed by the New York State Office of the State Comptroller, only the primary government is presented in these financial statements.

*Excluded from the Financial Reporting Entity*

The Cohoes Industrial Development Agency was created for the purpose of encouraging economic growth in the City of Cohoes. The City appoints the agency's governing board. A separate audit report is available for the agency's December 31, 2011 financial statements which are accounted for under the accrual basis of accounting.

Cohoes Urban Renewal Agency was created to attract business to Cohoes by finding sections of land or putting parcels of land together for economic development. The City appoints the Director of Accounts for the management of the agency's transactions. Separate audited financial statements are not available as the agency has been inactive for several years.

The Cohoes Housing Authority was organized pursuant to the Housing Statutes of the State of New York and was created to provide low-income housing. The Governing Board of the Authority is appointed by the City. The City provides no subsidy to the Authority, nor is it responsible for the debt or operating deficits of the Authority. The Authority's debt is essentially supported by operating revenues of the Authority and is not guaranteed by the City. The City does not approve the Authority's budget, contracts or hiring of staff. The City has no oversight responsibility for the funds of the Authority.

The Cohoes Local Development Corporation ("LDC") was organized to coordinate and execute programs in the City of Cohoes to improve the quality of life of its residents by reducing unemployment, providing additional employment and bettering and maintaining job opportunities within the City. LDC is governed by an independently appointed board of directors. The City provides no subsidy to LDC but may contract for services with LDC. The City is not responsible for the debt or operating deficits of LDC and has no oversight responsibility for the funds of the LDC. A separate audit report is available for the LDC's December 31, 2011 financial statements which are accounted for under the accrual basis of accounting.

*B. Basis of Presentation - Fund Accounting*

The accounts of the City are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue and expenditures or expenses. Governmental resources are allocated to and accounted for in individual funds based upon the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions and limitations.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*B. Basis of Presentation - Fund Accounting (Continued)*

The various funds are grouped in the financial statements in the following fund types and account group:

*Governmental Fund Types*

Governmental funds are those in which most governmental functions of the City are reported. The acquisition, use and balances of the City's expendable financial resources and the related liabilities are accounted for through the governmental funds. The measurement focus is upon determination of financial position, rather than upon determination of net income. The following are the City's governmental fund types:

**General Fund** - The general fund is the primary operating fund of the City and is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds** - Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The special revenue funds include the following:

- Water Fund - established by law to account for revenues and expenditures for the purpose of providing water to the City.
- Sewer Fund - established by law to account for revenues and expenditures for the purpose of providing sewage services to the City.
- Library Fund - used to account for the operation of the City's library.

**Capital Projects Fund** - The capital projects fund accounts for and reports financial resources to be used for the acquisition, construction or renovation of major capital facilities or equipment.

*Fiduciary Fund Types*

Fiduciary funds account for assets held by the City as an agent for individuals, private organizations, other governmental units and/or other funds.

*Account Groups*

Account groups are used to establish accounting control and accountability for general fixed assets and general long-term debt. The two account groups are not "funds." They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

**General Long-Term Debt Account Group** - This account group is used to record all long-term obligations of the City, such as bonds, compensated absences and other long-term debt.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*C. Basis of Accounting*

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when they are susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Expenditures are recorded when the liability is incurred, if measurable, except that:

- Interest on long-term debt is not recognized as an expenditure until paid.
- Sick leave, which vests or accumulates, is charged as an expenditure when paid.

In applying the susceptible-to-accrual concept to State and Federal Aid, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are generally reflected as revenues at the time of receipt.

The primary non-property tax item is sales tax which is recorded as revenue in the general fund when it is received by the State and available for distribution to the City. Other revenues are recorded when received in cash because they are generally not measurable until actually received.

*D. Budgetary Data*

Budgets are adopted annually on a basis consistent with generally accepted accounting principles. The City employs the following budgetary procedures:

- No later than October 1, the Board of Managers submit a tentative budget to the Common Council for the fiscal year commencing that January 1. The tentative budget includes proposed expenditures and the proposed means of financing all City General Fund and Special Revenue Fund operations.
- After public hearings are conducted to obtain taxpayer comments, the Common Council adopts the City Budget.
- All revisions that alter appropriations of any department by fund must be approved by the Board of Managers.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*E. Property Taxes*

City, County and School taxes are collected by the City until October 15, at which time all unpaid taxes are returned to the County, which is responsible for all uncollected taxes. The following calendar pertains to City real property taxes.

Valuation date	January 1
Taxable status date	March 1
Exemption filing deadline	March 1
Final roll filed	July 1
Date taxes due	March 1
Date penalty period begins	April 1

*F. Encumbrances*

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriations, is employed in the governmental funds. Open encumbrances at year end are reported as reservations of fund balances since the commitments do not constitute expenditures nor liabilities.

*G. General Fixed Assets*

Acquisitions of equipment and capital facilities are appropriately recorded as expenditures in the various governmental funds of the City. These acquisitions should also be recorded in the balance sheet in a general fixed assets account group, as required by accounting principles prescribed by the New York State Office of the State Comptroller, to account for all land, buildings, improvements and equipment utilized by the City. The City does not maintain a general fixed assets account group and the amount that should be recorded in this account group is not known.

*H. Compensated Absences*

City employees are granted vacation and sick leave in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation and sick leave at various rates subject to certain maximum limitations. The liability for accumulated vacation and related benefits has been recorded in the respective governmental fund type in accordance with GASB 16. Payment of accumulated sick leave and related benefits is reflected in the general long-term debt account group since it is anticipated that none of the liability will be liquidated with expendable financial resources. However, management believes that sufficient resources will be made available for payment of accumulated sick leave and related benefits when such payments become due.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*I. Post Employment Benefits*

In addition to the retirement benefits described in Note 14, the City provides post employment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contracts negotiated between the City and its employee groups. Substantially all of these employees may become eligible for these benefits if they reach normal retirement age while working for the City. The City recognized the cost of providing benefits for the year ended December 31, 2011 by recording its costs for the benefits for approximately 83 currently enrolled retirees and family members as an expenditure in 2011. The net amount of this expenditure totaled approximately \$500,000 for 2011.

*J. Expenditure Allocation*

The City allocates certain general governmental expenses directly to the water and sewer funds.

*K. Total Columns*

Total columns in the regulatory basis financial statements are captioned *Memorandum Only* to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with accounting principles prescribed by the New York State Office of State Comptroller, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

*L. Subsequent Events*

Management has evaluated subsequent events or transactions as to potential material impact on operations or financial position occurring through March 26, 2012, the date the financial statements were available to be issued. No such events or transactions were noted.

**2. CASH**

The City's investment policy was adopted by the Common Council and is governed by State statutes. The City's monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The comptroller is authorized to use demand accounts, certificates of deposit, obligations of the United States of America, New York State and local municipalities and school districts, certificates of participation and repurchase agreements with certain restrictions.

Collateral is required for demand deposits and certificates of deposit at 100 percent of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of any state and its municipalities and school districts.

During 2011, cash and investments were either insured by Federal Depository Insurance or collateralized by assets of the City's agent in the City's name.



**3. TAXES RECEIVABLE**

As of December 31, 2010, taxes receivable of \$156,748 represented demolition tax liens.

**4. INTERFUND TRANSACTIONS**

During the course of operations, the City has numerous transactions between funds, including expenditures and transfers of revenue to provide services and construct assets. As of December 31, 2011 interfund receivables and payables arising from these transactions were as follows:

	<u>Amount Receivable</u>	<u>Amount Payable</u>	
General Fund	\$ 448,258	\$ 187,420	
Water Fund	-	57,611	
Sewer Fund	-	400,322	
Library Fund	9,675	-	
Capital Projects Fund	187,420	-	
	<u>\$ 645,353</u>	<u>\$ 645,353</u>	

**5. RESTRICTED CASH**

Restricted cash consists of the following:

General Fund:	
Restricted for Drug Investigations	<u>\$ 2,147</u>
Capital Projects:	
Cash Held by Fiscal Agent	\$ 1,566,109
Cash Restricted for Capital Projects	<u>1,639,058</u>
	<u>\$ 3,205,167</u>

**6. LONG-TERM INDEBTEDNESS**

The changes in the City's long-term indebtedness during the year are summarized as follows:

	<u>Balance January 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2011</u>
Serial Bonds	\$ 10,447,000	\$ 3,907,050	\$ 1,052,479	\$ 13,301,571
Due to Albany County	382,486	-	33,238	349,248
Due to Retirement System	353,235	-	75,717	277,518
Compensated Absences	2,060,239	93,006	-	2,153,245
Disability Payable	719,997	-	94,021	625,976
Workers Compensation Claims	1,137,957	112,726	-	1,250,683
Capital Leases	213,383	-	74,262	139,121
Post Employment Benefits	7,217,820	1,986,884	-	9,204,704
	<u>\$ 22,532,117</u>	<u>\$ 6,099,666</u>	<u>\$ 1,329,717</u>	<u>\$ 27,302,066</u>

**6. LONG-TERM INDEBTEDNESS (CONTINUED)**

The following is a summary and description of the serial bonds outstanding at December 31, 2011:

<u>Issue Date</u>	<u>Original Issue</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Outstanding at December 31, 2011</u>
12/01/91	\$ 3,140,408	06/01/16	6.5%	\$ 285,000
07/15/92	\$ 2,602,000	06/15/12	5.7 to 5.875%	50,000
11/15/94	\$ 4,370,000	09/15/14	6.75 to 6.85%	775,000
07/15/97	\$ 991,000	03/15/17	4.5 to 6.25%	160,000
12/11/98	\$ 304,000	07/15/12	5.8%	21,000
03/09/00	\$ 1,392,501	12/15/20	4.08 to 5.99%	750,000
07/10/00	\$ 1,534,873	07/15/20	4.31 to 5.74%	785,000
07/26/01	\$ 928,654	11/15/21	2.62 to 5.15%	495,000
10/01/02	\$ 3,128,345	10/01/21	3.75%	1,665,000
03/13/03	\$ 1,076,646	10/01/22	1.031 to 4.711%	675,000
03/15/05	\$ 3,390,037	03/15/25	5.1 to 5.25%	2,770,000
06/19/08	\$ 1,150,000	10/01/28	4.27 to 4.66%	1,005,000
06/28/11	\$ 1,174,973	09/30/13	0%	1,174,973
06/28/11	\$ 382,077	09/30/13	.69%	382,077
08/26/11	\$ 1,500,000	08/01/18	1.25 to 2.0%	1,500,000
07/01/11	\$ 850,000	06/21/21	.51%	808,521
				<u>\$ 13,301,571</u>

The following is a summary of maturity of debt service requirements for general obligation bonds and the Albany County Sewer District:

<u>Years</u>	<u>General Obligation Bonds</u>		<u>Albany County Sewer District</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 1,319,275	\$ 427,851	\$ 37,547	\$ 8,907
2013	2,810,751	382,930	37,352	8,949
2014	1,289,129	339,288	32,520	7,717
2015	1,049,559	294,135	20,400	5,772
2016	1,089,991	258,491	21,080	5,338
Thereafter	<u>5,742,866</u>	<u>974,149</u>	<u>200,349</u>	<u>25,503</u>
	<u>\$ 13,301,571</u>	<u>\$ 2,676,844</u>	<u>\$ 349,248</u>	<u>\$ 62,186</u>

The future debt service requirement for 2013 includes \$1,557,050 of New York State Environmental Facilities notes which are expected to be refinanced on a long-term basis and include provisions for forgiveness of debt of up to \$778,525.

**7. DUE TO OTHER GOVERNMENTS**

Due to other governments consists of the following:

**Sewer Fund**

Due to Albany County Sewer District      \$ 293,337      Sewage Treatment Charges

**Long-Term Debt Account Group**

Due to Albany County Sewer District      \$ 349,248      City's Proportionate Share of Long-Term Debt

**8. CAPITAL LEASE PAYABLE**

Capital leases for acquisition of Public Works equipment and Fire Department vehicles are payable with interest at rates ranging from 4.13% to 5.5%, as follows:

	2012		\$ 85,720
	2013		<u>60,601</u>
	Total		146,321
	Less amount representing interest		<u>(7,200)</u>
	Present value of future minimum lease payments		<u>\$ 139,121</u>

**9. WORKER COMPENSATION CLAIMS PAYABLE**

The City of Cohoes incurs costs related to a self-funded workers compensation insurance plan. The third party administrator for the plan provides the City with a monthly report of claims paid as well as their estimate of loss reserves for open claims. The third party administrator does not provide an estimate of "incurred but not reported" claims. The City has recorded the estimated loss reserves as estimated by the third party administrator of \$1,250,683 in the long-term debt account group. As the City has not recorded the actuarial value of the future claims liability, including incurred but not reported claims, the financial statements, as presented, are not in accordance with accounting principles prescribed by the New York State Office of State Comptroller.

During the year ended December 31, 2011, the City incurred expenditures and payments of claims and claims adjustment expenses attributable to insured events paid by the Plan on behalf of the City totaling \$421,560.

**10. DISABILITY PAYABLE**

General Municipal Law, Section 207A provides for firemen to receive continued salary payment to age seventy in the event of disability. The payments are funded partially by the City and partially by the retirement system. As of December 31, 2011, the present value of the payments the City was obligated to make to four firemen totaled \$625,976 which has been reflected in the long-term debt account group. The related expense for the year ended December 31, 2011 approximated \$97,669.

**11. DUE TO RETIREMENT SYSTEM**

Due to retirement system consists of the amortization of a portion of the state fiscal year 2004-2005 and 2005-2006 retirement bill (\$331,405 and \$162,388, respectively) due in 6 equal annual installments of \$93,789 including interest at 5% through December, 2014. Following is a summary of the debt service requirement for due to retirement system:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 79,590	\$ 14,199
2013	83,662	10,127
2014	87,583	5,846
2015	<u>26,683</u>	<u>1,365</u>
	<u>\$ 277,518</u>	<u>\$ 31,537</u>

**12. POST-EMPLOYMENT BENEFITS PAYABLE**

As of December 31, 2011, the liability for post-employment benefits payable calculated in accordance with Government Accounting Standards Board No. 45 (“GASB 45”) is \$29,819,880. The City has elected to amortize this liability over 30 years as permitted by GASB 45, therefore the liability appearing in the December 31, 2011 financial statements is \$9,204,704.

**12. POST-EMPLOYMENT BENEFITS PAYABLE (CONTINUED)**

The following table sets forth the Plan's funded status:

<b>Present Value of Future Benefits</b>	
a. Retirees	\$ 12,480,823
b. Active Employees	<u>31,348,254</u>
c. Total	<u>\$ 43,829,077</u>
<b>Unfunded Actuarial Accrued Liability (UAAL)</b>	
a. Retirees	\$ 12,480,823
b. Fully Eligible Employees	2,709,062
c. Other Active Employees	<u>14,629,995</u>
d. Total	<u>\$ 29,819,880</u>
<b>Annual Required Contribution (ARC)</b>	
a. Normal Cost	\$ 1,108,619
b. Supplemental Cost	
i. Funding Liability	29,819,880
ii. Actuarial Assets	-
iii. Unfunded Actuarial Accrued Liability	29,819,880
iv. Amortization Period	30
v. Supplemental Cost	<u>1,477,076</u>
c. Beginning of Year Contribution	2,585,695
d. Compound Interest to Year End	<u>38,499</u>
e. Annual Required Contribution	<u>\$ 2,624,194</u>
<b>Annual OPEB Expense and Estimated Net OPEB Obligations</b>	
a. Annual Required Contribution	\$ 2,624,194
b. Interest on net OPEB Obligation, Beginning of year	216,535
c. Adjustment to ARC	<u>362,845</u>
d. Annual OPEB Cost	2,477,884
e. Net OPEB Obligation, January 1, 2011	7,217,820
f. Estimated Expected Benefit Payments	<u>491,000</u>
g. Estimated Net OPEB Obligation, December 31, 2011	<u>\$ 9,204,704</u>
<b>Actuarial Assumptions at December 31, 2011</b>	
a. Funding Interest Rate	3%
b. 12/31/2011 Trend Rate	7%
c. Ultimate Trend Rate	5%
d. Fiscal Year Ultimate Trend Rate Reached	12/31/2016

**13. FUND BALANCE**

As of December 31, 2011, the City implemented GASB 54 “Fund Balance Reporting and Governmental Fund Type Definitions.”

GASB 54 defines five categories of fund balances as follows:

- **Non-spendable** fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The City’s non-spendable fund balance consists of \$411,220 in prepaid expenses at December 31, 2011.
- **Restricted** fund balance includes amounts restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The City’s restricted fund balance consists of \$2,147 restricted for drug investigations at December 31, 2011.
- **Committed** fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council. The City had no committed fund balances at December 31, 2011.
- **Assigned** fund balance includes amounts that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include funds that are legally mandated to be accounted for separately as well as amounts that have been contractually obligated by the City or designated by the City for ensuing year’s budget. Assigned fund balance includes the following:

Assigned for Encumbrance	\$ 124,814	\$ 2,135	\$ 46,500	\$ -	\$ -
Assigned for Future					
Retirement Costs	677,518	-	-	-	-
Assigned for Maintenance	237,514	-	-	-	-
Assigned for Ensuing					
Year’s Budget	250,000	-	-	-	-
Assigned for Special					
Revenue/Capital Projects	<u>-</u>	<u>482,279</u>	<u>42,045</u>	<u>91,987</u>	<u>3,566,864</u>
	<u>\$ 1,289,846</u>	<u>\$ 484,414</u>	<u>\$ 88,545</u>	<u>\$ 91,987</u>	<u>\$ 3,566,864</u>

- **Unassigned** fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the fund.

**14. RETIREMENT PLANS**

The City of Cohoes participates in the New York State and Local Employees' Retirement System (ERS) and New York State and Local Police and Fire Retirement System (PFRS). These are cost-sharing multiple public employer retirement systems. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the System. The Comptroller shall adopt and may amend rules and regulations for the administration and transactions of the business of the System and for the custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The Systems are noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976 who contribute 3% of their salary for the first ten years of service credit and employees who joined after January 1, 2010 who generally contribute 3% of their salary for the entire length of service. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund. The City of Cohoes is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

	<u>ERS</u>	<u>PFRS</u>	<u>Total</u>
2012	\$ 687,865	\$ 1,050,806	\$ 1,738,671
2011	\$ 361,841	\$ 955,330	\$ 1,317,171
2010	\$ 289,269	\$ 682,476	\$ 971,745

Chapter 260 of the Laws of New York State changed the annual payment due date for employers who participate in the New York State and Local Employees' Retirement System. The December 15 payment due date changed to February 1, however, employers were allowed to prepay their payment by December 15. The covered salary period (April 1-March 31) will not change for the calculation.

**15. COMMITMENTS AND CONTINGENCIES**

*Litigation*

Several claims against the City are presently pending for various reasons including condemnation and personal injuries. Although the final outcome of these matters cannot be predicted, management of the City, based on the advice of the City's Counsel, does not believe that the final settlement of these matters will have a material adverse effect on the financial condition of the City.

**15. COMMITMENTS AND CONTINGENCIES (CONTINUED)**

*Grant Programs*

The City participates in a number of grant programs. These programs are subject to financial and compliance audits by the grantor or its representatives. There is a Community Development Block Grant in which the employment goals were not achieved and which management is working with the U.S. Department of Housing and Urban Development to determine if repayment will be required. The City believes, based upon its review of current activity and prior experience, the amount of disallowances resulting from these audits, if any, will not be significant to the City's financial position or results of operations.

*Environmental Concerns*

The City is engaged in many activities (e.g., water and sewer service, refuse collection, gasoline storage), in the normal course of operations, that are potentially hazardous to the environment. As of December 31, 2011, the City is not aware of any significant environmental problems that should be disclosed in the financial statements.

*Refuse Agreement*

The City has entered into an agreement with the Town of Colonie for refuse dumping at established rates through December 31, 2011. Total refuse dumping expenditures for the year ended December 31, 2011 were \$301,271.

*Municipal Wastewater Agreement*

The City has entered into an agreement with the Albany County Sewer District to treat the City's wastewater at the County's treatment plant at established rates through December 2015. Total wastewater treatment expenditures for the year ended December 31, 2011 were \$958,736 (\$916,122 sewage treatment and \$42,614 debt service).

*Debt Defeasance*

In 2000, certain outstanding bonds were defeased by placing proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts and the defeased bonds are not included in the financial statements. The balance of those defeased bonds, maturing on various dates with a final maturity on September 15, 2014, was \$1,010,000.



**15. COMMITMENTS AND CONTINGENCIES (CONTINUED)**

*Union Contracts*

Police, Fire Department and general city employees are each represented by a collective bargaining agent. Those agents which represent them and the dates of expiration of their agreements are as follows:

<b><u>Bargaining Unit</u></b>	<b><u>Contract Expiration Date</u></b>
Civil Service Employees Association - DPW	December 31, 2013
Civil Service Employees Association - Clerical	December 31, 2013
C.S.E.A. Public Safety Dispatchers	December 31, 2011
Cohoes Police Benevolent and Protective Association	December 31, 2011
International Association of Fire Fighters	December 31, 2010

**ADDITIONAL REPORTS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS  
AND OMB CIRCULAR A-133**

**CITY OF COHOES, NEW YORK**  
*SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*  
*FOR THE YEAR ENDED DECEMBER 31, 2011*

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<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>		
Passed through the New York State Housing Trust Fund Corporation and then to the Cohoes Local Development Corporation:		
2005 Home Investment Partnership Program (SHARS ID #20050491)	14.239	\$ 20,255
Passed through the New York State Office of Community Renewal - Community Development Block Grant Van Schaick Island Water Line (Project 259PW1710-01)	14.255	<u>587,000</u>
Total U.S. Department of Housing and Urban Development		<u>607,255</u>
<b><u>U.S. Department of Environmental Protection</u></b>		
Environmental Protection	66.458	<u>10,482</u>
<b><u>U.S. Department of Transportation</u></b>		
Passed through the New York State Development of Transportation Highway Planning and Construction Transportation Capital Grant - ARRA Funded (Bridge Avenue)	20.205	279,771
Highway Planning and Construction Transportation Capital Grant - Non-ARRA Funded (Bridge Avenue)	20.205	145,080
Highway Planning and Construction Transportation Capital Grant - Non-ARRA Funded (Black Bridge)	20.205	65,074
Passed through the New York State Office of Parks, Recreation and Historic Preservation Recreational Trails Program	20.219	<u>100,000</u>
Total U.S. Department of Transportation		<u>589,925</u>
<b><u>U.S. Department of Justice</u></b>		
Law Enforcement Block Grant	16.592	<u>11,338</u>
Total U.S. Department of Justice		<u>11,338</u>
Total Federal Awards		<u>\$ 1,219,000</u>

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*General*

The accompanying Schedule of Expenditures of Federal Awards presents all activity of all federal financial assistance programs of the City of Cohoes, New York for the year ended December 31, 2011. The significant accounting policies of the City of Cohoes, New York are described in Note 1 to the financial statements. Federal awards received directly from federal agencies as well as federal financial assistance, if any, passed through other government agencies are included in the Schedule.

*Basis of Accounting*

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting used by the City of Cohoes, New York to report to the Federal Government.

*Relationship to Financial Statements*

Federal awards revenue is reported in the City of Cohoes, New York's financial statements as follows:

General Fund	\$ 11,338
Capital Projects Fund	<u>1,187,407</u>
	1,198,745
Subrecipient - Cohoes Local Development Corporation	<u>20,255</u>
Total Federal Awards	<u><u>\$ 1,219,000</u></u>

**CUSACK & COMPANY**  
**Certified Public Accountants LLC**  
7 AIRPORT PARK BOULEVARD  
LATHAM, NEW YORK 12110  
(518) 786-3550  
FAX (518) 786-1538  
E-MAIL ADDRESS: INFO@ CUSACKCPA.COM  
WWW.CUSACKCPA.COM

CLIFTON PARK/HALFMOON OFFICE  
(518) 664-7063  
FAX (518) 541-3083

MEMBERS OF:  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
AND  
NEW YORK STATE SOCIETY OF  
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**REPORT ON INTERNAL CONTROL AND ON COMPLIANCE AND OTHER MATTERS  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Mayor and Members of the Common  
Council of the City of Cohoes, New York

We have audited the regulatory basis financial statements of the City of Cohoes, New York as of and for the year ended December 31, 2011 and have issued our report thereon dated March 26, 2012. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Cohoes, New York's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Cohoes, New York's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Cohoes, New York's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Cohoes, New York's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the Common Council, management and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Cusack & Company, CPA'S LLC". The signature is written in a cursive, flowing style.

**CUSACK & COMPANY, CPA'S LLC**

Latham, New York  
March 26, 2012

**CUSACK & COMPANY**  
**Certified Public Accountants LLC**  
7 AIRPORT PARK BOULEVARD  
LATHAM, NEW YORK 12110  
(518) 786-3550  
FAX (518) 786-1538  
E-MAIL ADDRESS: INFO@CUSACKCPA.COM  
WWW.CUSACKCPA.COM

CLIFTON PARK/HALFMOON OFFICE  
(518) 664-7063  
FAX (518) 541-3083

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

To the Mayor and Members of the Common  
Council of the City of Cohoes, New York

Compliance

We have audited the compliance of the City of Cohoes, New York with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2011. The City of Cohoes, New York major federal program is identified in the schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the City of Cohoes, New York management. Our responsibility is to express an opinion on the City of Cohoes, New York's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Cohoes, New York's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Cohoes, New York's compliance with those requirements.

In our opinion, the City of Cohoes, New York complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.


## Internal Control Over Compliance

Management of the City of Cohoes, New York is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Cohoes, New York's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of the City of Cohoes, New York's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of the Common Council, management, and federal awarding agencies and is not intended to be used and should not be used by anyone other than these specified parties.



**CUSACK & COMPANY, CPA'S LLC**

Latham, New York  
March 26, 2012



