

*CITY OF COHOES, NEW YORK*  
*REGULATORY BASIS FINANCIAL STATEMENTS*  
*DECEMBER 31, 2012*

**CITY OF COHOES, NEW YORK**

TABLE OF CONTENTS

DECEMBER 31, 2012

---

	<b><u>Page</u></b>
Independent Auditor's Report	1-2
<b>Regulatory Basis Financial Statements</b>	
Regulatory Basis Balance Sheets - all fund types and account groups	3
Regulatory Basis Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Fund Types	4
Regulatory Basis Statement of Revenues, Expenditures and Encumbrances - Budget and Actual - General Fund	5
Regulatory Basis Statement of Revenues, Expenditures and Encumbrances - Budget and Actual - Water Fund	6
Regulatory Basis Statement of Revenues, Expenditures and Encumbrances - Budget and Actual - Sewer Fund	7
Regulatory Basis Statement of Revenues, Expenditures and Encumbrances Budget and Actual - Library Fund	8
Notes to Regulatory Basis Financial Statements	9-23
<b>Additional Reports Required by Government Auditing Standards</b>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	24-25

**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

### **Report on the Financial Statements**

We have audited the accompanying regulatory basis financial statements of the City of Cohoes, New York (the "City") as of and for the year ended December 31, 2012, as listed in the table of contents, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these regulatory basis financial statements in accordance with accounting principles prescribed by the New York State Office of the State Comptroller. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of regulatory financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these regulatory basis financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

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.

## **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the effects of the matters 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, 2012, and the changes in its financial position for the year then ended.

## **Basis for Qualified Opinion**

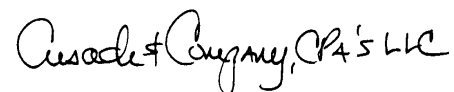
As discussed in Note 1, the regulatory basis financial statements referred to above do not include in the balance sheet a general fixed assets account group, which should be included to conform with accounting principles prescribed by the New York Office of State Comptroller. In addition, as explained 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 general fixed assets and long-term debt account groups are not known.

## **Opinion on Regulatory Basis of Accounting**

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 above, 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, 2012, and the results of its operations for the year then ended in accordance with accounting principles prescribed by the New York State Office of State Comptroller.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 3, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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* in considering the entity's internal control over financial reporting and compliance.



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

**CITY OF COHOES, NEW YORK**  
**REGULATORY BASIS BALANCE SHEETS**  
**DECEMBER 31, 2012**

	<u>Governmental Fund Types</u>					<u>Fiduciary Fund Type</u>	<u>Account Group</u>	<u>Memorandum Only</u>	
	<u>General</u>	<u>Water</u>	<u>Sewer</u>	<u>Library</u>	<u>Capital Projects</u>	<u>Trust and Agency</u>	<u>Long Term Debt</u>	<u>Total Primary Government</u> <u>December 31, 2012</u>	<u>Total Primary Government</u> <u>December 31, 2011</u>
<b>Assets</b>									
Cash	\$ 2,053,904	\$ -	\$ -	\$ 75,790	\$ -	\$ 48,836	\$ -	\$ 2,178,530	\$ 1,958,727
Taxes receivable	-	-	-	-	136,296	-	-	136,296	-
Due from other governments	1,502,713	-	-	-	753,613	-	-	2,256,326	2,442,348
Due from other funds	489,237	-	-	-	-	-	-	489,237	645,353
Prepaid expenditures	421,505	10,064	8,691	2,661	-	-	-	442,921	411,220
Restricted assets	2,134	-	-	-	344,124	-	-	346,258	3,207,404
Other receivables	40,394	548,783	832,022	-	-	-	-	1,421,199	1,370,749
Provisions to be made in future budgets	-	-	-	-	-	-	27,096,377	27,096,377	27,302,066
<b>Total assets</b>	<b>\$ 4,509,887</b>	<b>\$ 558,847</b>	<b>\$ 840,713</b>	<b>\$ 78,451</b>	<b>\$ 1,234,033</b>	<b>\$ 48,836</b>	<b>\$ 27,096,377</b>	<b>\$ 34,367,144</b>	<b>\$ 37,337,867</b>
<b>Liabilities and Fund Equity</b>									
<b>Liabilities:</b>									
Accounts payable	\$ 133,871	\$ 4,380	\$ 1,377	\$ 2,560	\$ 823,220	\$ -	\$ -	\$ 965,408	\$ 797,987
Accrued liabilities	476,279	7,850	2,527	3,595	-	48,836	-	539,087	475,109
Due to other governments	18,906	-	293,337	-	-	-	315,666	627,909	642,585
Due to retirement system	-	-	-	-	-	-	197,927	197,927	277,518
Due to other funds	-	22,536	417,992	-	48,709	-	-	489,237	645,353
Compensated absences	67,722	-	-	1,968	-	-	1,978,561	2,048,251	2,222,410
Disability payable	-	-	-	-	-	-	357,617	357,617	625,976
Deferred revenues	103,170	-	-	-	-	-	-	103,170	95,254
Workers compensation claims	-	-	-	-	-	-	1,266,218	1,266,218	1,250,683
Post employment benefits	-	-	-	-	-	-	10,944,983	10,944,983	9,204,704
Capital leases	-	-	-	-	-	-	62,060	62,060	139,121
Bonds payable	-	-	-	-	-	-	11,973,345	11,973,345	13,301,571
<b>Total liabilities</b>	<b>799,948</b>	<b>34,766</b>	<b>715,233</b>	<b>8,123</b>	<b>871,929</b>	<b>48,836</b>	<b>27,096,377</b>	<b>29,575,212</b>	<b>29,678,271</b>
<b>Fund Equity:</b>									
<b>Fund balances:</b>									
Nonspendable	421,505	10,064	8,691	2,661	-	-	-	442,921	411,220
Restricted	2,134	-	-	-	-	-	-	2,134	2,147
Assigned	1,293,107	514,017	116,789	67,667	362,104	-	-	2,153,684	5,521,656
Unassigned	1,993,193	-	-	-	-	-	-	2,193,193	1,724,573
<b>Total fund equity</b>	<b>3,709,939</b>	<b>524,081</b>	<b>125,480</b>	<b>70,328</b>	<b>362,104</b>	<b>-</b>	<b>-</b>	<b>4,791,932</b>	<b>7,659,596</b>
<b>Total liabilities and fund equity</b>	<b>\$ 4,509,887</b>	<b>\$ 558,847</b>	<b>\$ 840,713</b>	<b>\$ 78,451</b>	<b>\$ 1,234,033</b>	<b>\$ 48,836</b>	<b>\$ 27,096,377</b>	<b>\$ 34,367,144</b>	<b>\$ 37,337,867</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, 2012**

	<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, 2012</u>	<u>Total Primary Government December 31, 2011</u>
Revenue							
Real property taxes	\$ 6,604,278	\$ -	\$ -	\$ -	\$ 133,071	\$ 6,737,349	\$ 6,616,951
Real property tax items	645,277	-	-	-	-	645,277	889,693
Non property tax items	5,569,179	-	-	-	-	5,569,179	5,443,029
Departmental income	366,838	1,715,993	1,943,494	5,178	-	4,031,503	3,990,978
Intergovernmental charges	-	35,504	-	-	-	35,504	42,770
Use of money and property	18,394	-	-	3,766	1,384	23,544	28,316
Licenses and permits	287,903	-	-	-	-	287,903	311,845
Fines and forfeitures	200,412	-	-	-	-	200,412	173,939
Sale of property and compensation for loss	239,049	3,445	-	4,021	-	246,515	262,573
Miscellaneous local sources	145,120	-	-	10	163,610	308,740	530,294
State aid	3,445,948	-	-	5,364	149,045	3,600,357	3,750,100
Federal aid	184,559	-	-	-	297,382	481,941	1,198,745
Total revenue	<u>17,706,957</u>	<u>1,754,942</u>	<u>1,943,494</u>	<u>18,339</u>	<u>744,492</u>	<u>22,168,224</u>	<u>23,239,233</u>
Expenditures							
General governmental support	2,416,800	20,681	20,678	-	121,967	2,580,126	2,601,319
Public safety and health	6,782,890	-	-	-	659,916	7,442,806	6,962,386
Transportation	1,318,576	-	-	-	708,676	2,027,252	1,976,741
Culture and recreation	206,156	-	-	186,831	332,732	725,719	1,109,135
Home and community services	1,009,514	790,998	1,334,675	-	2,125,961	5,261,148	4,826,445
Employee benefits	4,682,532	227,042	144,081	41,242	-	5,094,897	4,886,017
Debt service (principal and interest)	971,928	603,208	328,804	-	-	1,903,940	1,670,586
Total expenditures	<u>17,388,396</u>	<u>1,641,929</u>	<u>1,828,238</u>	<u>228,073</u>	<u>3,949,252</u>	<u>25,035,888</u>	<u>24,032,629</u>
Excess of revenue over (under) expenditures	<u>318,561</u>	<u>113,013</u>	<u>115,256</u>	<u>(209,734)</u>	<u>(3,204,760)</u>	<u>(2,867,664)</u>	<u>(793,396)</u>
Other financing sources (uses)							
Proceeds from serial bonds	-	-	-	-	-	-	3,907,050
Operating transfers in	161,800	-	-	186,078	-	347,878	479,861
Operating transfers out	(186,078)	(80,900)	(80,900)	-	-	(347,878)	(479,861)
Total of other financing sources (uses)	<u>(24,278)</u>	<u>(80,900)</u>	<u>(80,900)</u>	<u>186,078</u>	<u>-</u>	<u>-</u>	<u>3,907,050</u>
Excess of revenues and other sources over (under) expenditures and other uses	294,283	32,113	34,356	(23,656)	(3,204,760)	(2,867,664)	3,113,654
Fund balance at beginning 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>
Fund balance at end of year	<u>\$ 3,709,939</u>	<u>\$ 524,081</u>	<u>\$ 125,480</u>	<u>\$ 70,328</u>	<u>\$ 362,104</u>	<u>\$ 4,791,932</u>	<u>\$ 7,659,596</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, 2012**

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Actual and Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue				
Real property taxes	\$ 6,627,434	\$ 6,627,434	\$ 6,604,278	\$ (23,156)
Real property tax items	645,364	645,364	645,277	(87)
Non-property tax items	5,240,000	5,450,387	5,569,179	118,792
Departmental income	529,455	529,455	366,838	(162,617)
Use of money and property	24,460	24,460	18,394	(6,066)
Licenses and permits	213,000	273,000	287,903	14,903
Fines and forfeitures	150,000	185,000	200,412	15,412
Sale of property and compensation for loss	177,500	177,500	239,049	61,549
Miscellaneous local sources	185,000	185,000	145,120	(39,880)
State aid	3,315,532	3,400,027	3,445,948	45,921
Federal aid	-	44,500	184,559	140,059
Total revenue	<u>17,107,745</u>	<u>17,542,127</u>	<u>17,706,957</u>	<u>164,830</u>
Expenditures				
General government support	2,449,656	2,518,194	2,466,604	51,590
Public safety and health	6,580,049	6,836,790	6,790,138	46,652
Transportation	1,223,274	1,350,395	1,320,373	30,022
Culture and recreation	209,370	211,909	206,156	5,753
Home and community services	1,029,119	1,040,264	1,013,389	26,875
Employee benefits	4,666,650	4,917,362	4,682,532	234,830
Debt services (principal and interest)	1,119,810	975,435	971,928	3,507
Total expenditures	<u>17,277,928</u>	<u>17,850,349</u>	<u>17,451,120</u>	<u>399,229</u>
Excess of revenue over (under) expenditures	<u>(170,183)</u>	<u>(308,222)</u>	<u>255,837</u>	<u>564,059</u>
Other financing uses				
Operating transfers in	161,800	161,800	161,800	-
Operating transfers out	(241,617)	(228,392)	(186,078)	42,314
Total other financing uses	<u>(79,817)</u>	<u>(66,592)</u>	<u>(24,278)</u>	<u>42,314</u>
Excess of revenue over expenditures and other financing uses	<u>\$ (250,000)</u>	<u>\$ (374,814)</u>	<u>\$ 231,559</u>	<u>\$ 606,373</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, 2012**

---

	<b>Original Budget</b>	<b>Modified Budget</b>	<b>Actual and Encumbrances</b>	<b>Variance Favorable (Unfavorable)</b>
Revenue				
Departmental income	\$ 1,770,625	\$ 1,770,625	\$ 1,715,993	\$ (54,632)
Intergovernmental charges	35,000	35,000	35,504	504
Use of money and property	40,000	40,000	-	(40,000)
Sale of property and compensation for loss	<u>2,500</u>	<u>2,500</u>	<u>3,445</u>	<u>945</u>
Total revenue	<u>1,848,125</u>	<u>1,848,125</u>	<u>1,754,942</u>	<u>(93,183)</u>
Expenditures				
General governmental support	25,000	22,950	20,681	2,269
Home and community services	818,045	846,350	798,083	48,267
Employee benefits	287,500	263,880	227,042	36,838
Debt service (principal and interest)	<u>636,680</u>	<u>636,180</u>	<u>603,208</u>	<u>32,972</u>
Total expenditures	<u>1,767,225</u>	<u>1,769,360</u>	<u>1,649,014</u>	<u>120,346</u>
Excess of revenue over expenditures	80,900	78,765	105,928	27,163
Operating transfers out	<u>(80,900)</u>	<u>(80,900)</u>	<u>(80,900)</u>	<u>-</u>
Excess (Deficiency) of revenue over expenditures and other financing uses	<u>\$ -</u>	<u>\$ (2,135)</u>	<u>\$ 25,028</u>	<u>\$ 27,163</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, 2012**

---

	<b><u>Original Budget</u></b>	<b><u>Modified Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Favorable (Unfavorable)</u></b>
Revenue				
Departmental income	\$ 1,995,200	\$ 1,995,200	\$ 1,943,494	\$ (51,706)
Use of money and property	<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>(15,000)</u>
Total revenue	<u>2,010,200</u>	<u>2,010,200</u>	<u>1,943,494</u>	<u>(66,706)</u>
Expenditures				
General governmental support	28,000	28,000	20,678	7,322
Home and community services	1,360,905	1,402,405	1,334,675	67,730
Employee benefits	186,500	191,500	144,081	47,419
Debt service (principal and interest)	<u>353,895</u>	<u>353,895</u>	<u>328,804</u>	<u>25,091</u>
Total expenditures	<u>1,929,300</u>	<u>1,975,800</u>	<u>1,828,238</u>	<u>147,562</u>
Excess of revenue over expenditures	80,900	34,400	115,256	80,856
Operating transfers out	<u>(80,900)</u>	<u>(80,900)</u>	<u>(80,900)</u>	<u>-</u>
Excess (Deficiency) of revenue over expenditures and other financing uses	<u>\$ -</u>	<u>\$ (46,500)</u>	<u>\$ 34,356</u>	<u>\$ 80,856</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, 2012**

---

	<b>Original Budget</b>	<b>Modified Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
Revenue				
Departmental income	\$ 7,000	\$ 7,000	\$ 5,178	\$ (1,822)
Use of money and property	3,000	3,000	3,766	766
Sale of property and compensation for loss	2,000	2,000	4,021	2,021
Miscellaneous local sources	100	100	10	(90)
State aid	<u>3,700</u>	<u>3,700</u>	<u>5,364</u>	<u>1,664</u>
Total revenue	<u>15,800</u>	<u>15,800</u>	<u>18,339</u>	<u>2,539</u>
Expenditures				
Culture and recreation	200,197	207,918	186,831	21,087
Employee benefits	<u>57,220</u>	<u>49,920</u>	<u>41,242</u>	<u>8,678</u>
Total expenditures	<u>257,417</u>	<u>257,838</u>	<u>228,073</u>	<u>29,765</u>
Excess (Deficiency) of revenue over expenditures	(241,617)	(242,038)	(209,734)	32,304
Operating transfers in	<u>241,617</u>	<u>241,617</u>	<u>186,078</u>	<u>(55,539)</u>
Excess (deficiency) of revenue and other sources over expenditures	<u>\$ -</u>	<u>\$ (421)</u>	<u>\$ (23,656)</u>	<u>\$ (23,235)</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. 61 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 and for which a financial benefit or burden relationship exists. 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, 2012 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, 2012 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. The City does not report a general fixed assets account group. As the City has not recorded the general fixed assets account group, the financial statements, as presented, are not in accordance with accounting principles prescribed by the New York State Office of State Comptroller.

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

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

*Account Groups (Continued)*

**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.

*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, 2012 by recording its costs for the benefits for approximately 86 currently enrolled retirees and family members as an expenditure in 2012. The net amount of this expenditure totaled approximately \$530,000 for 2012.

*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 April 3, 2013, 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 2012, 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, 2012, taxes receivable of \$136,296 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, 2012 interfund receivables and payables arising from these transactions were as follows:

	<u>Amount Receivable</u>	<u>Amount Payable</u>	
General Fund	\$ 489,237	\$ -	
Water Fund	-	22,536	
Sewer Fund	-	417,992	
Capital Projects Fund	-	48,709	
	<u>\$ 489,237</u>	<u>\$ 489,237</u>	

**5. RESTRICTED CASH**

Restricted cash consists of the following:

General Fund:	
Restricted for Drug Investigations	<u>\$ 2,134</u>
Capital Projects:	
Cash Held by Fiscal Agent	\$ 53,590
Cash Restricted for Capital Projects	<u>290,534</u>
	<u>\$ 344,124</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, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2012</u>
Serial Bonds	\$ 13,301,571	\$ -	\$ 1,328,226	\$ 11,973,345
Due to Albany County	349,248	-	33,582	315,666
Due to Retirement System	277,518	-	79,591	197,927
Compensated Absences	2,153,245	-	174,684	1,978,561
Disability Payable	625,976	-	268,359	357,617
Workers Compensation Claims	1,250,683	15,535	-	1,266,218
Capital Leases	139,121	-	77,061	62,060
Post Employment Benefits	9,204,704	1,740,279	-	10,944,983
	<u>\$ 27,302,066</u>	<u>\$ 1,755,814</u>	<u>\$ 1,961,503</u>	<u>\$ 27,096,377</u>

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

The following is a summary and description of the serial bonds outstanding at December 31, 2012:

<u>Issue Date</u>	<u>Original Issue</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Outstanding at December 31, 2012</u>
12/01/91	\$ 3,140,408	06/01/16	6.5%	\$ 210,000
11/15/94	\$ 4,370,000	09/15/14	6.75 to 6.85%	530,000
07/15/97	\$ 991,000	03/15/17	4.5 to 6.25%	125,000
03/09/00	\$ 1,392,501	12/15/20	4.08 to 5.99%	680,000
07/10/00	\$ 1,534,873	07/15/20	4.31 to 5.74%	705,000
07/26/01	\$ 928,654	11/15/21	2.62 to 5.15%	450,000
10/01/02	\$ 3,128,345	10/01/21	3.75%	1,500,000
03/13/03	\$ 1,076,646	10/01/22	1.031 to 4.711%	625,000
03/15/05	\$ 3,390,037	03/15/25	5.1 to 5.25%	2,625,000
06/19/08	\$ 1,150,000	10/01/28	4.27 to 4.66%	955,000
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%	1,295,000
07/01/11	\$ 850,000	06/21/21	.51%	716,295
				<u>\$ 11,973,345</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>
2013	\$ 2,870,626	\$ 377,661	\$ 37,352	\$ 8,949
2014	1,287,237	335,331	32,520	7,717
2015	1,047,984	292,595	20,400	5,772
2016	1,088,696	258,880	21,080	5,338
2017	984,436	224,293	21,420	4,872
Thereafter	<u>4,694,366</u>	<u>755,338</u>	<u>182,894</u>	<u>20,631</u>
	<u>\$ 11,973,345</u>	<u>\$ 2,244,098</u>	<u>\$ 315,666</u>	<u>\$ 53,279</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:

**General Fund**

Due to Cohoes School District	<u>\$ 18,906</u>	Real Estate Taxes
-------------------------------	------------------	-------------------

**Sewer Fund**

Due to Albany County Sewer District	<u>\$ 293,337</u>	Sewage Treatment Charges
-------------------------------------	-------------------	--------------------------

**Long-Term Debt Account Group**

Due to Albany County Sewer District	<u>\$ 315,666</u>	City's Proportionate Share of Long-Term Debt
-------------------------------------	-------------------	--

**8. CAPITAL LEASE PAYABLE**

Capital leases for acquisition of Public Works equipment and Fire Department vehicles of \$62,060 are payable with interest at rates ranging from 4.13% to 5.5% and will be repaid in 2013.

**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 \$1,266,218 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, 2012, 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 \$416,830.

**10. DISABILITY PAYABLE**

General Municipal Law, Section 207A provides for firemen to receive continued salary payments 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, 2012, the present value of the payments the City was obligated to make to two firemen totaled \$357,617 which has been reflected in the long-term debt account group. The related expense for the year ended December 31, 2012 approximated \$117,035.

**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, 2015. Following is a summary of the debt service requirement for due to retirement system:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 83,662	\$ 10,127
2014	87,583	5,846
2015	<u>26,682</u>	<u>1,365</u>
	<u>\$ 197,927</u>	<u>\$ 17,338</u>

**12. POST- EMPLOYMENT BENEFITS PAYABLE**

As of December 31, 2012, the liability for post-employment benefits payable calculated in accordance with Government Accounting Standards Board No. 45 ("GASB 45") is \$28,502,657. The City has elected to amortize this liability over 30 years as permitted by GASB 45, therefore the liability appearing in the December 31, 2012 financial statements is \$10,944,983.

City of Cohoes' annual OPEB Cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB is as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
December 31, 2008	\$ 2,670,329	19.2%	\$ 2,156,984
December 31, 2009	\$ 2,944,822	15.8%	\$ 4,636,881
December 31, 2010	\$ 3,108,799	17.0%	\$ 7,217,820
December 31, 2011	\$ 2,477,884	19.8%	\$ 9,204,704
December 31, 2012	\$ 2,260,279	23.0%	\$ 10,944,983

The funded status and funding progress is as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrual Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll (AAL) ((b-a)/c)</u>
1/1/2008	\$ -	\$ 27,730,087	\$ 27,730,087	N/A	\$ 9,181,795	302.01%
1/1/2009	\$ -	\$ 31,516,165	\$ 31,516,165	N/A	\$ 9,384,740	335.82%
1/1/2010	\$ -	\$ 34,101,483	\$ 34,101,483	N/A	\$ 9,300,720	366.65%
1/1/2011	\$ -	\$ 29,819,880	\$ 29,819,880	N/A	\$ 9,117,083	327.08%
1/1/2012	\$ -	\$ 28,502,657	\$ 28,502,657	N/A	\$ 8,643,031	329.78%

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

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

**Present Value of Future Benefits**

a. Retirees	\$ 10,739,630
b. Active Employees	<u>29,396,976</u>
c. Total	<u>\$ 40,136,606</u>

**Unfunded Actuarial Accrued Liability (UAAL)**

a. Retirees	\$ 10,739,630
b. Fully Eligible Employees	3,247,150
c. Other Active Employees	<u>14,515,877</u>
d. Total	<u>\$ 28,502,657</u>

**Annual Required Contribution (ARC)**

a. Normal Cost	\$ 999,139
b. Supplemental Cost	
i. Funding Liability	28,502,657
ii. Actuarial Assets	-
iii. Unfunded Actuarial Accrued Liability	28,502,657
iv. Amortization Period	30
v. Supplemental Cost	<u>1,411,830</u>
c. Beginning of Year Contribution	2,410,969
d. Compound Interest to Year End	<u>35,897</u>
e. Annual Required Contribution	<u>\$ 2,446,866</u>

**Annual OPEB Expense and Estimated Net OPEB Obligations**

a. Annual Required Contribution	\$ 2,446,866
b. Interest on net OPEB Obligation, Beginning of year	276,141
c. Adjustment to ARC	<u>(462,728)</u>
d. Annual OPEB Cost	2,260,279
e. Net OPEB Obligation, January 1, 2012	9,204,704
f. Estimated Expected Benefit Payments	<u>(520,000)</u>
g. Estimated Net OPEB Obligation, December 31, 2012	<u>\$ 10,944,983</u>

**Actuarial Methods and Assumptions at December 31, 2012**

a. Funding Interest Rate	3%
b. 12/31/2012 Trend Rate	8%
c. Ultimate Trend Rate	5%
d. Fiscal Year Ultimate Trend Rate Reached	12/31/2017
e. Actuarial Cost Method	Projected Unit Credit

**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 \$442,921 in prepaid expenses at December 31, 2012.
- **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 \$2,134 restricted for drug investigations at December 31, 2012.
- **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, 2012.
- **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:

	<b>General Fund</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Library Fund</b>	<b>Capital Projects Fund</b>
Assigned for Encumbrances	\$ 62,724	\$ 7,085	\$ -	\$ -	\$ -
Assigned for Future Retirement Costs	597,927	-	-	-	-
Assigned for Maintenance	382,456	-	-	-	-
Assigned for Ensuing Year’s Budget	250,000	-	-	-	-
Assigned for Special Revenue/Capital Projects	<u>-</u>	<u>506,932</u>	<u>116,789</u>	<u>67,667</u>	<u>362,104</u>
	<u>\$ 1,293,107</u>	<u>\$ 514,017</u>	<u>\$ 116,789</u>	<u>\$ 67,667</u>	<u>\$ 362,104</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	\$ 630,942	\$ 1,140,740	\$ 1,771,682
2011	\$ 687,865	\$ 1,050,806	\$ 1,738,671
2010	\$ 361,841	\$ 955,330	\$ 1,317,171

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, 2012, 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, 2012. Total refuse dumping expenditures for the year ended December 31, 2012 were \$280,230.

*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, 2012 were \$941,212 (\$898,158 sewage treatment and \$43,054 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 \$775,000 at December 31, 2012.



**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
Cohoes Police Benevolent and Protective Association	December 31, 2011
International Association of Fire Fighters	December 31, 2014

*Dispatch Agreement*

The City has entered into an agreement with the County of Albany Sheriff's Office for the purpose of receiving dispatch services at established rates through December 31, 2016. Total dispatcher service expenditures for the year ended December 31, 2012 were \$152,373.

**ADDITIONAL REPORTS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

**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 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**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City of Cohoes, New York, as of and for the year ended December 31, 2012, and the related notes to the financial statements, and have issued our report thereon dated April 3, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Cohoes, New York's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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. Accordingly, we do not express an opinion on the effectiveness of the City of Cohoes, New York's internal control.

*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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City of Cohoes, New York's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Cohoes, New York's financial statements are free from 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*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Cohoes, New York's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

Latham, New York  
April 3, 2013