

CITY OF COHOES, NEW YORK
REGULATORY BASIS FINANCIAL STATEMENTS
DECEMBER 31, 2006

CITY OF COHOES, NEW YORK

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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: CUSACKCO@NYCAP.RR.COM

WWW.CUSACKCPA.COM

JOSEPH D. BATTAGLIA, CPA

KENNETH B. CLAFLIN, CPA

PAUL A. CUDA, CPA

JAMES M. CUSACK, CPA

JASON D. MARRA, CPA

JOHN A. CRISONE

TERRENCE P. GILLOOLEY

JOHN J. TAFILOWSKI

KIMBERLY A. URQUHART

CLIFTON PARK/HALFMOON

(518) 644-7063

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, 2006 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 also 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 also described in Note 1.

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, 2006, and the changes in its financial position for the year then ended.

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 8, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2007 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.

The accompanying schedule of expenditures of federal awards on page 22 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic 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 the preceding paragraphs, 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, 2006, 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.

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 13, 2007

CITY OF COHOES, NEW YORK
REGULATORY BASIS BALANCE SHEETS
DECEMBER 31, 2006

	Governmental Fund Types						Fiduciary	Account Group	Memorandum Only	
	General	Water	Sewer	Library	Community Development	Capital Projects	Trust and Agency	Long Term Debt	Total Primary Government December 31, 2006	Total Primary Government December 31, 2005
Assets										
Cash and temporary investments	\$ 1,247,594	\$ 2,617	\$ 2,207	\$ 21,185	\$ 77,202	\$ 2,609,212	\$ 43,411	\$ -	\$ 4,003,428	\$ 3,642,034
Taxes receivable	4,280,499	-	-	-	-	209,906	-	-	4,490,405	4,156,362
Due from other governments	1,630,206	-	-	-	-	10,072	-	-	1,640,278	1,586,061
Due from other funds	-	-	-	-	-	437,554	-	-	437,554	82,487
Prepaid expenditures	205,401	14,365	8,787	-	-	-	-	-	228,553	242,710
Restricted assets	6,763	-	-	-	-	-	-	-	6,763	91,695
Other receivables	6,648	896,148	840,435	-	-	21,400	-	-	1,764,631	2,357,339
Provisions to be made in future budgets	-	-	-	-	-	-	-	18,211,531	18,211,531	19,337,950
Total assets	\$ 7,377,111	\$ 913,130	\$ 851,429	\$ 21,185	\$ 77,202	\$ 3,288,144	\$ 43,411	\$ 18,211,531	\$ 30,783,143	\$ 31,496,638
Liabilities and Fund Equity										
Liabilities:										
Accounts payable	\$ 141,390	\$ 13,110	\$ 4,787	\$ 624	\$ -	\$ 366,129	\$ 28	\$ -	\$ 526,068	\$ 345,992
Accrued liabilities	816,697	16,135	8,163	5,322	16,048	-	43,383	-	905,748	671,167
Due to other governments	4,380,871	-	312,803	-	61,154	-	-	524,304	5,279,132	4,602,124
Due to retirement system	-	-	-	-	-	-	-	633,644	633,644	705,099
Due to other funds	437,554	-	-	-	-	-	-	-	437,554	82,487
Compensated absences	103,226	293	-	504	-	-	-	1,611,127	1,715,150	1,785,433
Disability payable	-	-	-	-	-	-	-	845,781	845,781	903,712
Deferred revenues	18,970	-	-	-	-	-	-	-	18,970	6,644
Workers compensation claims	-	-	-	-	-	-	-	917,636	917,636	989,506
Capital leases	-	-	-	-	-	-	-	495,002	495,002	547,169
Bonds payable	-	-	-	-	-	-	-	13,184,037	13,184,037	14,234,037
Total liabilities	5,898,708	29,538	325,753	6,450	77,202	366,129	43,411	18,211,531	24,958,722	24,873,370
Fund Equity:										
Fund balances:										
Revenue for encumbrances	9,250	-	-	-	-	-	-	-	9,250	11,446
Reserve for capital projects	-	-	-	-	-	2,823,922	-	-	2,823,922	3,602,451
Reserve for drug investigation	6,763	-	-	-	-	-	-	-	6,763	4,470
Reserve for prepaid expenses	205,401	14,365	8,787	-	-	-	-	-	228,553	242,710
Reserve for retirement	633,644	-	-	-	-	-	-	-	633,644	705,099
Undesignated	623,345	869,227	516,889	14,735	-	98,093	-	-	2,122,289	2,057,092
Fund balances	1,478,403	883,592	525,676	14,735	-	2,922,015	-	-	5,824,421	6,623,268
Commitments and Contingencies										
Total liabilities and fund equity	\$ 7,377,111	\$ 913,130	\$ 851,429	\$ 21,185	\$ 77,202	\$ 3,288,144	\$ 43,411	\$ 18,211,531	\$ 30,783,143	\$ 31,496,638

CITY OF COHOES, NEW YORK
REGULATORY BASIS STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006

	Governmental Fund Types					Memorandum Only	
	General	Water	Sewer	Library	Capital Projects	Total Primary Government December 31, 2006	Total Primary Government December 31, 2005
Revenue							
Real property taxes	\$ 5,752,837	\$ -	\$ -	\$ -	\$ 233,906	\$ 5,986,743	\$ 5,855,432
Real property tax items	720,037	-	-	-	-	720,037	596,986
Non property tax items	5,208,414	-	-	-	-	5,208,414	4,978,463
Departmental income	168,857	1,441,378	1,715,078	2,608	37,967	3,365,888	3,247,342
Intergovernmental charges	-	20,037	-	-	-	20,037	36,275
Use of money and property	139,436	116,796	-	1,083	99,454	356,769	258,655
Licenses and permits	230,541	-	-	-	-	230,541	173,356
Fines and forfeitures	181,101	-	-	-	-	181,101	212,360
Sale of property and compensation for loss	130,756	-	-	2,163	-	132,919	169,729
Miscellaneous local sources	181,196	-	-	119	-	181,315	668,300
State aid	3,404,646	-	-	5,945	16,892	3,427,483	3,703,893
Federal aid	59,415	-	-	-	65,043	124,458	469,807
Total revenue	<u>16,177,236</u>	<u>1,578,211</u>	<u>1,715,078</u>	<u>11,918</u>	<u>453,262</u>	<u>19,935,705</u>	<u>20,370,598</u>
Expenditures							
General governmental support	2,298,908	111,094	108,170	-	5,806	2,523,978	2,494,797
Public safety and health	6,000,688	-	-	-	301,019	6,301,707	5,808,100
Transportation	1,110,865	-	-	-	496,270	1,607,135	2,441,967
Culture and recreation	245,389	-	-	179,371	112,749	537,509	426,508
Home and community services	1,136,077	790,586	1,429,105	-	521,902	3,877,670	3,507,927
Employee benefits	3,371,713	235,403	142,322	31,583	-	3,781,021	3,751,176
Debt service (principal and interest)	1,069,125	737,310	299,097	-	-	2,105,532	1,924,165
Total expenditures	<u>15,232,765</u>	<u>1,874,393</u>	<u>1,978,694</u>	<u>210,954</u>	<u>1,437,746</u>	<u>20,734,552</u>	<u>20,354,640</u>
Excess of revenue over (under) expenditures	<u>944,471</u>	<u>(296,182)</u>	<u>(263,616)</u>	<u>(199,036)</u>	<u>(984,484)</u>	<u>(798,847)</u>	<u>15,958</u>
Other financing sources (uses)							
Bond proceeds	-	-	-	-	-	-	3,606,481
Operating transfers in	-	300,000	-	204,983	300,000	804,983	1,257,870
Operating transfers out	(804,983)	-	-	-	-	(804,983)	(1,257,870)
Total of other financing sources (uses)	<u>(804,983)</u>	<u>-</u>	<u>-</u>	<u>204,983</u>	<u>-</u>	<u>-</u>	<u>3,606,481</u>
Excess of revenues and other sources over (under) expenditures and other uses	139,488	3,818	(263,616)	5,947	(684,484)	(798,847)	3,662,439
Fund balance at beginning of year	<u>1,338,915</u>	<u>879,774</u>	<u>789,292</u>	<u>8,788</u>	<u>3,606,499</u>	<u>6,623,268</u>	<u>3,000,829</u>
Fund balance at end of year	<u>\$ 1,478,403</u>	<u>\$ 883,592</u>	<u>\$ 525,676</u>	<u>\$ 14,735</u>	<u>\$ 2,922,015</u>	<u>\$ 5,824,421</u>	<u>\$ 6,623,268</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, 2006

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Actual and Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue				
Real property taxes	\$ 5,736,568	\$ 5,736,568	\$ 5,752,837	\$ 16,269
Real property tax items	523,000	726,700	720,037	(6,663)
Non-property tax items	4,955,000	5,132,130	5,208,414	76,284
Departmental income	261,500	201,500	168,857	(32,643)
Use of money and property	98,000	122,000	139,436	17,436
Licenses and permits	155,500	208,500	230,541	22,041
Fines and forfeitures	250,000	250,000	181,101	(68,899)
Sale of property and compensation for loss	147,500	147,500	130,756	(16,744)
Miscellaneous local sources	90,000	156,369	181,196	24,827
State aid	2,894,453	3,076,953	3,404,646	327,693
Federal aid	-	59,415	59,415	-
Total revenue	<u>15,111,521</u>	<u>15,817,635</u>	<u>16,177,236</u>	<u>359,601</u>
Expenditures				
General government support	2,219,035	2,333,233	2,308,158	25,075
Public safety and health	5,789,694	6,069,626	6,000,688	68,938
Transportation	1,061,082	1,116,357	1,110,865	5,492
Culture and recreation	236,731	256,481	245,389	11,092
Home and community services	975,616	1,141,082	1,136,077	5,005
Employee benefits	3,522,650	3,660,795	3,371,713	289,082
Debt services (principal and interest)	1,101,730	1,069,500	1,069,125	375
Total expenditures	<u>14,906,538</u>	<u>15,647,074</u>	<u>15,242,015</u>	<u>405,059</u>
Excess of revenue over expenditures	<u>204,983</u>	<u>170,561</u>	<u>935,221</u>	<u>764,660</u>
Other financing uses				
Operating transfers out	<u>204,983</u>	<u>804,983</u>	<u>804,983</u>	<u>-</u>
Total other financing uses	<u>204,983</u>	<u>804,983</u>	<u>804,983</u>	<u>-</u>
Excess of revenue over expenditures and other financing uses	<u>\$ -</u>	<u>\$ (634,422)</u>	<u>\$ 130,238</u>	<u>\$ 764,660</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, 2006

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Actual and Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue				
Departmental income	\$ 1,748,119	\$ 1,770,978	\$ 1,441,378	\$ (329,600)
Intergovernmental charges	30,000	30,000	20,037	(9,963)
Use of money and property	<u>50,000</u>	<u>90,000</u>	<u>116,796</u>	<u>26,796</u>
Total revenue	<u>1,828,119</u>	<u>1,890,978</u>	<u>1,578,211</u>	<u>(312,767)</u>
Expenditures				
General governmental support	39,985	112,509	111,094	1,415
Home and community services	785,983	812,005	790,586	21,419
Employee benefits	285,260	237,705	235,403	2,302
Debt service (principal and interest)	<u>716,891</u>	<u>737,310</u>	<u>737,310</u>	<u>-</u>
Total expenditures	<u>1,828,119</u>	<u>1,899,529</u>	<u>1,874,393</u>	<u>25,136</u>
Deficiency of revenue over expenditures	<u>\$ -</u>	<u>\$ (8,551)</u>	<u>\$ (296,182)</u>	<u>\$ (287,631)</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, 2006

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue				
Departmental income	\$ 1,725,672	\$ 1,768,174	\$ 1,715,078	\$ (53,096)
Total revenue	<u>1,725,672</u>	<u>1,768,174</u>	<u>1,715,078</u>	<u>(53,096)</u>
Expenditures				
General governmental support	39,985	112,628	108,170	4,458
Home and community services	1,220,802	1,177,509	1,429,105	(251,596)
Employee benefits	208,290	178,940	142,322	36,618
Debt service (principal and interest)	<u>256,595</u>	<u>299,097</u>	<u>299,097</u>	<u>-</u>
Total expenditures	<u>1,725,672</u>	<u>1,768,174</u>	<u>1,978,694</u>	<u>(210,520)</u>
Deficiency of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (263,616)</u>	<u>\$ (263,616)</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, 2006

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Actual and Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue				
Departmental income	\$ 2,500	\$ 2,500	\$ 2,608	\$ 108
Use of money and property	750	750	1,083	333
Sale of property and compensation for loss	1,900	1,900	2,163	263
Miscellaneous local sources	100	100	119	19
State aid	<u>5,200</u>	<u>5,200</u>	<u>5,945</u>	<u>745</u>
Total revenue	<u>10,450</u>	<u>10,450</u>	<u>11,918</u>	<u>1,468</u>
Expenditures				
Culture and recreation	184,733	182,951	179,371	3,580
Employee benefits	<u>30,700</u>	<u>32,482</u>	<u>31,583</u>	<u>899</u>
Total expenditures	<u>215,433</u>	<u>215,433</u>	<u>210,954</u>	<u>4,479</u>
Excess (Deficiency) of revenue over expenditures	<u>(204,983)</u>	<u>(204,983)</u>	<u>(199,036)</u>	<u>5,947</u>
Other financing sources				
Operating transfers in	<u>204,983</u>	<u>204,983</u>	<u>204,983</u>	<u>-</u>
Total other financing sources	<u>204,983</u>	<u>204,983</u>	<u>204,983</u>	<u>-</u>
Excess of revenue and other sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,947</u>	<u>\$ 5,947</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, except as discussed in the Independent Auditor’s 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 auditing the 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 15,000 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.

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.

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.
- Special Grant Fund - used to account for Community Development Block Grants.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation - Fund Accounting (Continued)

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.

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, 2006 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation - Fund Accounting (Continued)

Excluded from the Financial Reporting Entity (Continued)

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 dated February 26, 2007 is available for the Corporation’s December 31, 2006 financial statements which are accounted for under the accrual basis of accounting.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 submits 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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

I. Post Employment Benefits

In addition to the retirement benefits described in Note 13, 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 retired employees share in the cost by contributing approximately \$10,500 monthly to the City. The City recognized the cost of providing benefits for the year ended December 31, 2006 by recording its costs for the benefits for approximately 85 currently enrolled retirees and family members as an expenditure in 2006. The net amount of this expenditure totaled approximately \$470,000 for 2006.

J. Expenditure Allocation

In 2005 the City changed its methodology of expenditure allocation providing for the allocation of certain general governmental expenses directly to the water and sewer funds.

K. Total Columns

Total columns on 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.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Home and community services in the sewer fund were overexpended by \$251,596 as a result of changes from Albany County Sewer District being much greater than budgeted.

3. CASH AND INVESTMENTS

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 2006, cash and investments were either insured by Federal Depository Insurance or collateralized by assets of the City's agent in the City's name.

4. TAXES RECEIVABLE

The City has entered into an agreement with the City of Cohoes School District in which for a fee of \$10,350, the City bills, collects and remits to the School District its real estate taxes. As of December 31, 2006, taxes receivable of \$4,280,499 and \$209,906 represented uncollected school taxes and demolition tax liens, respectively.

5. 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, 2006 interfund receivables and payables arising from these transactions were as follows:

	<u>Amount Receivable</u>	<u>Amount Payable</u>
General Fund	\$ -	\$ 437,554
Capital Projects Fund	<u>437,554</u>	<u>-</u>
	<u>\$ 437,554</u>	<u>\$ 437,554</u>

6. LONG-TERM INDEBTEDNESS

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

	Balance January 1, <u>2006</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2006</u>
Serial Bonds	\$ 14,234,037	\$ -	\$ 1,050,000	\$ 13,184,037
Due to Albany County	247,851	293,622	17,169	524,304
Due to Retirement System	705,099	-	71,455	633,644
Compensated Absences	1,710,576	-	99,449	1,611,127
Disability Payable	903,712	-	57,931	845,781
Workers Compensation Claims	989,506	-	71,870	917,636
Capital Leases	<u>547,169</u>	<u>24,222</u>	<u>76,389</u>	<u>495,002</u>
	<u>\$ 19,337,950</u>	<u>\$ 317,844</u>	<u>\$ 1,444,263</u>	<u>\$ 18,211,531</u>

Due to Albany County was increased by \$293,622 for the City's portion of additional Albany County Sewer District debt.

The following is a summary and description of the serial bonds outstanding at December 31, 2006:

Issue Date	Original <u>Issue</u>	<u>Maturity</u>	Interest <u>Rate</u>	<u>Outstanding at December 31, 2006</u>
04/01/78	\$ 1,179,350	04/01/07	6.9%	\$ 25,000
12/01/91	\$ 2,440,000	11/01/09	6.3%	175,000
12/01/91	\$ 3,140,408	06/01/16	6.5%	760,000
07/15/92	\$ 2,602,000	06/15/15	5.7 % to 5.875%	350,000
11/15/94	\$ 4,370,000	09/15/14	6.75% to 6.85%	1,745,000
07/15/97	\$ 991,000	03/15/17	4.5 to 6.25%	340,000
12/11/98	\$ 304,000	07/15/12	5.8%	124,000
03/09/00	\$ 1,392,501	12/15/20	4.08 to 5.99%	1,070,000
07/10/00	\$ 1,534,873	09/15/14	4.31 to 5.74%	1,150,000
07/26/01	\$ 928,654	11/15/21	2.62 to 5.15%	720,000
10/01/02	\$ 3,128,345	10/01/21	3.5%	2,430,000
03/13/03	\$ 1,076,646	10/01/22	1.031 to 4.711%	905,000
03/15/05	\$ 3,390,037	03/15/25	5.1 to 5.25%	3,390,037
				<u>\$ 13,184,037</u>

6. LONG-TERM INDEBTEDNESS (CONTINUED)

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>
2007	\$ 1,010,037	\$ 611,321	\$ 36,556	\$ 14,256
2008	920,000	563,643	37,573	13,253
2009	951,000	518,397	37,775	12,296
2010	921,000	471,286	38,592	11,181
2011	946,000	426,904	36,208	10,117
Thereafter	<u>8,436,000</u>	<u>2,192,776</u>	<u>337,600</u>	<u>62,186</u>
	<u>\$ 13,184,037</u>	<u>\$ 4,784,327</u>	<u>\$ 524,304</u>	<u>\$ 123,289</u>

7. DUE TO OTHER GOVERNMENTS

Due to other governments consists of the following:

General Fund

Due to the City of Cohoes School District \$ 4,380,871 Real Estate Taxes (see Note 4)

Sewer Fund

Due to Albany County Sewer District \$ 312,803 Sewage Treatment Charges

Community Development Fund

Due to HUD \$ 61,154 HUD Loans and Program Income

Long-Term Debt Account Group

Due to Albany County Sewer District \$ 524,304 City's Proportionate Share of Long-Term Debt

8. CAPITAL LEASE PAYABLE

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

2007	\$ 91,556
2008	91,556
2009	82,945
2010	82,945
2011	82,945
Thereafter	<u>146,319</u>
Total	578,266
Less amount representing interest	<u>83,264</u>
Present value of future minimum lease payments	<u>\$ 495,002</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 \$917,636 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, 2006, 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 \$278,053.

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, 2006, the present value of the payments the City was obligated to make to six firemen totaled \$845,781 which has been reflected in the long-term debt account group. The related expense for the year ended December 31, 2006 approximated \$102,000.

11. DUE TO RETIREMENT SYSTEM

Due to retirement system consists of incentive payments (\$12,644) and amortization of a portion of the state fiscal year 2004-2005 and 2005-2006 retirement bill (\$421,684 and \$199,316, respectively) due in ten equal annual installments of \$93,789 including interest at 5%. Following is a summary of debt service requirement for due to retirement system:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 74,661	\$ 31,772
2008	65,190	28,599
2009	68,526	25,263
2010	72,032	21,757
2011	75,717	18,072
Thereafter	<u>277,518</u>	<u>31,536</u>
	<u>\$ 633,644</u>	<u>\$ 156,999</u>

12. RESERVED FUND BALANCE

Reserve for capital projects consists of the following:

Infrastructure/City Hall Roof	\$	474,303
Water Meters		131,540
Equipment Bond - 2002		52,068
Water Projects		57,599
Sewer Projects		150,000
Parks/Pool		110,597
Firehouse		100,000
Equipment Bond - 2005		<u>1,747,815</u>
		<u>\$ 2,823,922</u>

Reserve for drug investigation is reserved as expenditures must be for a restricted use.

Reserve for prepaid expenses is an amount reserved for prepaid expenses which are not considered available current financial resources.

Reserve for retirement is an amount reserved to offset the related long-term debt for past retirement expenses paid with bonding.

13. RETIREMENT PLAN

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. 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>
2006	\$ 366,953	\$ 653,687	\$ 1,020,640
2005	\$ 456,610	\$ 601,533	\$ 1,058,143
2004	\$ 478,845	\$ 673,651	\$ 1,152,466

13. RETIREMENT PLAN (CONTINUED)

The City of Cohoes' contributions made to the System were equal to 100 percent of the contributions for 2006. A \$841,699 and \$649,077 contribution was made for 2005 and 2004, respectively, and \$216,444 and \$503,389 was bonded for 2005 and 2004 to be repaid over 10 years in accordance with Chapter 260 of the Laws of the State of New York, as discussed below.

On May 14, 2003, Chapter 49 of the Laws of 2003 of the State of New York was enacted which made the following changes in the Systems:

- Requires minimum contributions by employers of 4.5% of payroll every year, including years in which the investment performance would make a lower contribution possible.
- Changes the cycle of annual billing such that the contribution for a given fiscal year will be based on the value of the pension fund on the prior April 1st (e.g., billing due February 2005 would be based on the pension value as of March 31, 2004).

The law requires participating employers to make payments on a current basis, while bonding or amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 2005 through 2007. The City of Cohoes elected to make partial payment of their retirement bill (\$841,699 and \$649,077) and amortize the remainder (\$216,444 and \$503,389) in 2005 and 2004, respectively.

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.

14. 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.

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.

14. COMMITMENTS AND CONTINGENCIES (CONTINUED)

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, 2006, 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, 2009. Total refuse dumping expenditures for the year ended December 31, 2006 were \$343,661.

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, 2006 were \$1,016,351 (973,849 sewage treatment and \$42,502 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 \$685,000.

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:

<u>Bargaining Unit</u>	<u>Contract Expiration Date</u>
Civil Service Employees Association - DPW	December 31, 2010
Civil Service Employees Association - Clerical	December 31, 2006
C.S.E.A. Public Safety Dispatchers	December 31, 2008
Cohoes Police Benevolent and Protective Association	December 31, 2009
International Association of Fire Fighters	December 31, 2004

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

CITY OF COHOES, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 DECEMBER 31, 2006

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>		
Community Development Block Grant	14.219	\$ 8,400
Passed through to the Cohoes Local Development Corporation:		
2004 Community Development Block Grant (Project #259PF73-04)	14.219	181,791
2005 Community Development Block Grant (Project #259CO777-05)	14.219	303,226
Passed through the New York State Housing Trust Fund Corporation and then to the Cohoes Local Development Corporation:		
2004 Home Investment Partnership Program (SHARS ID #20040147)	14.239	26,613
Western Gateway Grant (Project #259TA263-04)	14.219	<u>11,860</u>
Total U.S. Department of Housing and Urban Development		<u>531,890</u>
<u>U.S. Department of Justice</u>		
Law Enforcement Block Grant Program	16.592	<u>59,415</u>
<u>U.S. Department of Transportation</u>		
Highway Planning and Construction Transportation Capital Grant	20.205	<u>56,643</u>
Total Federal Awards		<u>\$ 647,948</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, 2006. 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	\$ 59,415
Capital Projects Fund	<u>65,043</u>
	124,458
Subrecipient - Cohoes Local Development Corporation	<u>523,490</u>
Total Federal Awards	<u><u>\$ 647,948</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: CUSACKCO@NYCAP.RR.COM
WWW.CUSACKCPA.COM

JOSEPH D. BATTAGLIA, CPA
KENNETH B. CLAFLIN, CPA
PAUL A. CUDA, CPA
JAMES M. CUSACK, CPA
JASON D. MARRA, CPA
JOHN A. CRIScone
TERRENCE P. GILLOOLEY
JOHN J. TAFILOWSKI
KIMBERLY A. URQUHART

CLIFTON PARK/HALFMOON
(518) 644-7063

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

**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 financial statements of the City of Cohoes, New York as of and for the year ended December 30, 2006 and have issued our report thereon dated March 13, 2007. 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.

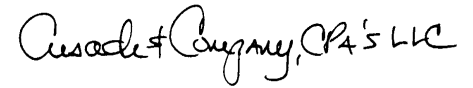
Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Cohoes, New York internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance

As part of obtaining reasonable assurance about whether the City of Cohoes, New York 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 13, 2007

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

JOSEPH D. BATTAGLIA, CPA
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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, 2006. 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 requirements referred to above that are applicable to its major federal program for the year ended December 31, 2006.

Internal Control Over Compliance

The 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 requirements that could have a direct and material effect on a major federal program in order to determine our 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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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 13, 2007

THE CITY OF COHOES, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2006

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Qualified

Internal control over financial reporting:

Material weakness(es) identified?	___ yes	___ X no
Reportable condition(s) identified that are not considered to be material weakness(es)?	___ yes	___ X no
Noncompliance material to financial statements noted?	___ yes	___ X no

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified?	___ yes	___ X no
Reportable condition(s) identified that are not considered to be material weakness(es)?	___ yes	___ X none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? ___ yes ___ **X** no

Identification of major programs.

<u>CFDA NUMBER(S)</u>	<u>NAME OF FEDERAL PROGRAM OR CLUSTER</u>
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14.219	Community Development Block Grant
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Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? ___ yes ___ **X** no

SECTION II - FINANCIAL STATEMENT FINDINGS

No findings or matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings or matters were reported.