

**COHOES CITY
SCHOOL DISTRICT
FINANCIAL STATEMENTS
JUNE 30, 2016**

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Marie E. Stark, C.P.A.
mstark@wsbcpas.net

Bryan T. Basila, C.P.A.
basila@wsbcpas.net

STARK & BASILA
Certified Public Accountants, P.C.

132 Mohawk Street
PO Box 260
Cohoes, New York
12047

INDEPENDENT AUDITOR'S REPORT

Board of Education
Cohoes City School District
7 Bevan Street
Cohoes, NY 12047

Dear Board Member:

We have audited the accompanying financial statements of the governmental activities of Cohoes City School District as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these 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 from 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Cohoes City School District, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and supplementary schedule information on pages 3-11 and 20-25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

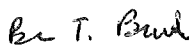
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cohoes City School District's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2016 on our consideration of the Cohoes City School District'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 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 Cohoes City School District's internal control over financial reporting and compliance.

Very truly yours,
STARK & BASILA
Certified Public Accountants, PC


BRYAN T. BASILA, CPA

Dated: September 23, 2016

COHOES CITY SCHOOL DISTRICT MANAGEMENT AND DISCUSSION ANALYSIS FOR THE YEAR ENDED JUNE 30, 2016

The following is a discussion and analysis of the Cohoes City School District's financial performance for the fiscal year ended June 30, 2016. The section is a summary of the School District's financial activities based on the currently known facts, decisions or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the year ended June 30, 2016 are as follows:

- In total, net position increased \$3,909,362. Net position of governmental activities, other than school lunch, increased \$3,986,073. Net position of school lunch decreased \$76,711.
- General revenues accounted for \$38,124,459 in revenue or 91.3% of all revenues. Program specific revenues, in the form of charges for services, sales, grants, and contributions, accounted for \$3,647,228 or 8.7% of total revenues of \$41,771,687.

The District had \$37,862,325 in expenses related to governmental activities; only \$3,647,228 of these expenses were offset by program specific charges for services and sales, grants, and contributions. General revenues (primarily property taxes, state and federal aid) \$38,124,459 were adequate to provide for these programs.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are district-wide (government-wide) financial statements – the Statement of Net Position and the Statement of Activities and Changes in Net Position. These provide both long-term and short-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail than the government-wide statements.
- The governmental funds statements tell how general District services were financed in the short term as well as what remains for future spending.
- Fiduciary fund statements provide information about the relationships in which the District acts solely as a trustee or agent for the benefit of others, including the employees of the District.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year

**COHOES CITY SCHOOL DISTRICT
MANAGEMENT AND DISCUSSION ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

Figure A-1 summarizes the major features of the district's financial statements, including the portion of the district's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-1: Major Features of the District-Wide and Fund Financial Statements

		Fund Financial Statements	
	District-wide Statements	Governmental Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required Financial Statements	<ul style="list-style-type: none"> Statement of net position Statement of activities and changes in net position 	<ul style="list-style-type: none"> Balance Sheet Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of Asset/Deferred outflows of resources/ Liability/Deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow Information	All revenues and expenses During year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid.

COHOES CITY SCHOOL DISTRICT MANAGEMENT AND DISCUSSION ANALYSIS FOR THE YEAR ENDED JUNE 30, 2016

District-wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities and changes in net position regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how it has changed. Net Position - the difference between the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources - is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional non-financial factors, such as changes in the District's property tax base, condition of the school buildings and facilities, and the performance of the students.

In the district-wide financial statements, the District's activities are shown as Governmental activities. Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and State formula aid finance most of these activities.

Net Position of the governmental activities differs from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources are expended to purchase or build assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation is not calculated if it does not provide or reduce current financial resources. Finally, capital assets and long-term debt are both accounted for in account groups and do not affect the fund balances.

Government-wide statements are reported utilizing an economic resources measurement focus and full accrual basis of accounting that involves the following steps to format the Statement of Net Position:

- Capitalize current outlays for capital assets;
- Report long-term debt as a liability;
- Depreciate capital assets and allocate the depreciation;
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting; and
- Allocate net position balances as follows:
 - 1) Net Position invested in capital assets, net of related debt;
 - 2) Restricted net position are those with constraints placed on the use by external sources (creditors, grantors, contributors, or laws or regulations of governments) or imposed by law through constitutional provisions or enabling legislation; and
 - 3) Unrestricted net position is net position that do not meet any of the above restrictions.

COHOES CITY SCHOOL DISTRICT MANAGEMENT AND DISCUSSION ANALYSIS FOR THE YEAR ENDED JUNE 30, 2016

Fund Financial Statements

The District's fund financial statements provide more detailed information about the District's funds. Funds are accounting devices that the District uses to keep track of specific revenue sources and spending on particular programs.

- Some funds have been established by the laws of the State of New York and by bond covenants
- The District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as Federal grants).

The District has two kinds of funds:

Governmental funds – Most of the District's activities are included in governmental funds, which generally focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities and Changes in Net Position) and governmental funds is reconciled in the financial statements.

Fiduciary funds – the District is the trustee, or fiduciary, for assets that belong to others, such as scholarship funds and student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance operations. This report should be used to support the District's own programs and is developed using the economic resources measurement focus and the accrual basis of accounting, except for the recognition of certain liabilities of defined benefit pension plans and certain post employment healthcare plans.

**COHOES CITY SCHOOL DISTRICT
MANAGEMENT AND DISCUSSION ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's total net position was \$41,828,983 at June 30, 2016.

Table A-3
Condensed Statement of Net Position -
Governmental Activities

	Fiscal Year 2016	Fiscal Year 2015	Percent Change
Current and other assets	\$14,182,512	\$ 14,888,428	(4.7)
NonCurrent Assets	\$76,835,477	\$ 78,297,001	(1.9)
Total Assets	\$91,017,989	\$ 93,185,429	(2.3)
Deferred Outflows of Resources	\$ 1,769,507	\$ 115,313	1,434.5
Total Assets and Deferred Outflows Of Resources	\$92,787,496	\$ 93,300,742	(0.6)
Current and other liabilities	\$ 6,050,420	\$ 6,743,145	(10.3)
Long-Term Liabilities	\$37,460,701	\$ 38,011,578	(1.5)
Total Liabilities	\$43,511,121	\$ 44,754,723	(2.8)
Deferred Inflows of Resources	\$ 3,538,030	\$ 6,717,036	(47.3)
Total Liabilities and Deferred Inflows Of Resources	\$47,049,151	\$ 51,471,759	(8.6)
Net Position			
Invested in capital assets, Net of related debt	\$41,579,240	\$ 39,449,733	5.4
Restricted	\$ 5,765,496	\$ 6,133,630	(6.0)
Unrestricted	\$(1,606,391)	\$ (3,754,380)	57.2
Total Net Position	\$45,738,345	\$ 41,828,983	9.4

Most of the District's net position is invested in capital assets (buildings, land and equipment). The remaining unrestricted net position is a combination of assigned, unassigned and nonspendable amounts. The restricted balances are amounts set-aside to fund future purchases, debt payments, tax certioraris, retirement contributions, unemployment insurance benefits, workers compensation benefits or capital projects as planned by the district.

**COHOES CITY SCHOOL DISTRICT
MANAGEMENT AND DISCUSSION ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

Table A-4
Fiscal Year Ended June 30, 2016
Changes in Net Position
Governmental Activities Only

	Fiscal Year 2016	Fiscal Year 2015	Percent Change
Revenues			
Program Revenues			
Charges for Services	\$ 466,000	\$ 499,585	6.7
Operating Grants	\$ 3,181,228	\$ 2,903,916	9.6
Capital Grants	\$ -0-	\$ -0-	0.0
General Revenues			
Property Taxes	\$16,110,413	\$15,791,296	2.0
State Aid	\$20,847,107	\$21,345,249	(2.3)
Investment Earnings	\$ 16,116	\$ 111,036	(85.5)
Other	\$ 1,150,823	\$ 1,438,978	(20.0)
Total Revenues	\$41,771,687	\$42,090,060	(0.8)
Expenses			
Instruction	\$20,928,552	\$20,030,335	4.5
Administrative & Business	\$ 1,439,562	\$ 1,362,917	5.6
Operation & Maintenance	\$ 2,422,529	\$ 2,013,561	20.3
Pupil Transportation	\$ 1,110,289	\$ 1,274,992	(12.9)
Employee Benefits	\$ 8,406,656	\$ 8,831,768	(4.8)
Depreciation expense	\$ 1,542,235	\$ 1,457,775	5.8
Other Expense	\$ -0-	\$ -0-	0.0
Food Services	\$ 1,381,932	\$ 1,164,486	18.7
Interest Expense	\$ 630,570	\$ 700,134	(9.9)
Total Expenses	\$37,862,325	\$36,835,968	2.8
Increase (decrease) in net position	\$ 3,909,362	\$ 5,254,092	(25.6)

The District's fiscal year 2015 – 2016 revenues totaled \$41,771,687. Property taxes and state aid accounted for most of the District's revenue by contributing 38.5% and 49.9%, respectively, of every dollar raised. The remainder came from fees charged for services, operating grants, federal sources, school lunch sales, and other miscellaneous sources.

The total cost of all programs and services totaled \$37,862,325 for the fiscal year 2015 – 2016. These expenses (84.0%) are predominantly support to general instruction and caring for (pupil services) and transporting students. The District's administrative and business activities accounted for 3.8% of total costs.

Net position increased by \$3,909,362.

**COHOES CITY SCHOOL DISTRICT
MANAGEMENT AND DISCUSSION ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

Governmental Activities

Revenues for the District's governmental activities totaled \$41,771,687 while total expenses equaled \$37,862,325. Therefore, the increase in net position for governmental activities was \$3,909,362 in the fiscal year 2015 – 2016.

Table A-7 presents the cost of nine major District activities: Instruction, Administration & Business, Operation & Maintenance, Pupil Transportation, Employee Benefits, Depreciation, Community Service, Food Service, and Interest. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of the functions.

**Table A-7
Fiscal Year Ended June 30, 2016
Net Cost of Governmental Activities**

<u>Category</u>	<u>Total Cost</u>	<u>Net Cost</u>
Instruction	\$ 20,928,552	\$ 18,680,868
Administration & Business	\$ 1,439,562	\$ 1,405,211
Operation & Maintenance	\$ 2,422,529	\$ 2,422,529
Pupil Transportation	\$ 1,110,289	\$ 1,050,317
Employee Benefits	\$ 8,406,656	\$ 8,406,656
Depreciation	\$ 1,542,235	\$ 1,542,235
Community Service	\$ -0-	\$ -0-
Food Service	\$ 1,381,932	\$ 76,711
Interest	\$ 630,570	\$ 630,570
Total	<u>\$ 37,862,325</u>	<u>\$ 34,215,097</u>

- The cost of all governmental activities this year was \$37,862,325.
- The users of the District's programs (\$466,000) financed some of the cost.
- The federal and state governments subsidized certain programs with grants (\$3,181,228).
- Most of the District's net costs (\$34,215,097) were financed by taxpayers and state aid.

COHOES CITY SCHOOL DISTRICT MANAGEMENT AND DISCUSSION ANALYSIS FOR THE YEAR ENDED JUNE 30, 2016

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Variances between years for the governmental fund financial statements are not the same as variances between years for the District-wide financial statements. The District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Based on this presentation, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and current payments for debt.

There are no significant variances reflected in the governmental fund financial statements for the fiscal year 2015 – 2016

At June 30, 2016, the District governmental funds reported a combined fund balance of \$11,556,582 which is an increase of \$27,675.

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

At June 30, 2016, the District had \$67,449,390 invested in a broad range of capital assets, including land, buildings and furniture and equipment. This amount represents a net decrease (including additions, deletions and depreciation) of \$1,059,322 or 1.6% from last year.

Table A-8
Governmental Activities
Capital assets – net of depreciation

	June 30, 2016	June 30, 2015
Land	\$ 1,470,419	\$ 1,470,419
Buildings	\$ 42,909,692	\$ 44,287,909
Construction-In-Progress	\$ 22,497,964	\$ 22,271,100
Furniture & Equipment	\$ 571,315	\$ 479,284
Total	<u>\$ 67,449,390</u>	<u>\$ 68,508,712</u>

See Notes in the notes to financial statement for changes.

DEBT ADMINISTRATION

At year end, the District had \$26,645,000 in general obligation and other long-term debt outstanding. More detailed information about the District's long-term liabilities is presented in Notes to the financial statements.

Table A-9
Outstanding Long-Term Debt

Category	June 30, 2016	June 30, 2015
General Obligation Bonds	\$ 26,645,000	\$ 29,915,000
Other General Obligation Debt	\$ -0-	\$ -0-
Total	<u>\$ 26,645,000</u>	<u>\$ 29,915,000</u>

During the year, the District paid \$3,270,000 towards its long-term debt obligations and borrowed \$-0-.

**COHOES CITY SCHOOL DISTRICT
MANAGEMENT AND DISCUSSION ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

FACTORS BEARING ON DISTRICT'S FUTURE

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared & audited, the District was aware of the following existing circumstance that could affect its financial health in the future:

- District contributions to the Teachers Retirement System decreased this fiscal year as a result of a rate adjustment. This adjustment is a reflection of improved market performance within the pension industry. It should be noted that this market is unpredictable and this trend will likely reverse over time.
- Affordable Care Act Legislation places increased uncertainty in health care costs. Additionally, reporting & compliance requirements have increased for schools.

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors & creditors with a general overview of the School District's finances & to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Stacy Mackey, School Business Official, Administration Center, 7 Bevan Street, Cohoes, NY 12047.

Cohoes City School District
Statement of Net Position
June 30, 2016

ASSETS	
Current Assets	
Cash	
Unrestricted	\$ 7,428,802
Restricted	2,650,752
Investments	
Unrestricted	
Restricted	
Receivables	
Taxes	677,486
Due from fiduciary funds	1,695,270
State and Federal Aid	937,298
Due from other governments	561,946
Other	209,925
Inventories	21,033
Total Current Assets	<u>14,182,512</u>
Noncurrent Assets	
Capital Assets	94,474,157
Less: Accumulated Depreciation	<u>(27,024,767)</u>
Capital Assets, net	67,449,390
Net Pension Asset - proportionate share	9,386,087
Total Noncurrent Assets	<u>76,835,477</u>
Total Assets	<u>91,017,989</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	<u>1,769,507</u>
Total Deferred outflows of resources	<u>1,769,507</u>
TOTAL ASSETS, DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 92,787,496</u></u>
LIABILITIES	
Current Liabilities	
Accounts payable	\$ -
Accrued Liabilities	4,885
Due to fiduciary	1,045
Due to other governments	352
Bond interest and matured bonds	104,490
Notes Payable	
Tax anticipation	
Revenue anticipation	
Bond anticipation	
Unearned credits	
Overpayments and collections in advance	
Planned balance	
Unearned revenues	58,814
Due and payable within one year	
Bonds payable	3,320,000
Installment purchase debt payable	
Due to teachers' retirement system	1,951,264
Due to employees' retirement system	170,609
Compensated absences payable	438,961
Other postemployment benefits payable	
Judgment and claims payable	
Total Current Liabilities	<u>6,050,420</u>
Noncurrent Liabilities	
Due and payable after one year	
Bonds payable	23,325,000
Installment purchase debt payable	
Due to teachers' retirement system	
Due to employees' retirement system	
Compensated absences payable	
Other postemployment benefits payable	12,169,985
Net pension liability - proportionate share	1,965,716
Judgment and claims payable	
Total Noncurrent Liabilities	<u>37,460,701</u>
Total Liabilities	<u>43,511,121</u>
DEFERRED INFLOWS OF RESOURCES	
Pensions	3,538,030
Deferred revenues	-
Total deferred inflows of resources	<u>3,538,030</u>
NET POSITION	
Investment in capital assets, net of related debt	41,579,240
Restricted	5,765,496
Unrestricted (deficit)	<u>(1,606,391)</u>
Total Net Position	<u>45,738,345</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u><u>\$ 92,787,496</u></u>

See independent auditor's report and notes to financial statements

Cohoes City School District
Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2016

	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants	
FUNCTIONS/PROGRAMS					
General Support	\$ 3,862,091	\$ -	\$ -	\$ 34,351	\$ (3,827,740)
Instruction	20,928,552		296,424	1,951,260	(18,680,868)
Pupil Transportation	1,110,289			59,972	(1,050,317)
Community Service	-				-
Employee Benefits	8,406,656			-	(8,406,656)
Debt Service	630,570				(630,570)
Other expenses	-				-
Depreciation - unallocated	1,542,235				(1,542,235)
School Lunch Program	1,381,932		169,576	1,135,645	(76,711)
Total Functions and Programs	<u>\$ 37,862,325</u>	<u>\$ -</u>	<u>\$ 466,000</u>	<u>\$ 3,181,228</u>	<u>(34,215,097)</u>
GENERAL REVENUES					
Real property taxes					12,622,956
Other tax items					3,487,457
Nonproperty taxes					592,286
Use of money and property					16,116
Sale of property and compensation for loss					41,042
Miscellaneous					310,638
Interfund revenue					-
State sources					20,847,107
Federal sources					206,857
Total General Revenues					<u>38,124,459</u>
Change in Net Position					3,909,362
Total Net Position - Beginning of year					<u>41,828,983</u>
Total Net Position - End of year					<u>\$ 45,738,345</u>

See independent auditor's report and notes to financial statements

Cohoes City School District
Balance Sheet - Governmental Funds
June 30, 2016

	General	Special Aid	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
ASSETS						
Cash						
Unrestricted	\$ 6,166,306	\$ 319,250	\$ 115,335	\$ -	\$ 827,911	\$ 7,428,802
Restricted	2,650,752					2,650,752
Investments						-
Unrestricted						-
Restricted						-
Receivables						-
Taxes	677,486					677,486
Due from other funds	2,388,783		120,169	2,984,649	9,456	5,503,057
State and Federal Aid	479,234	378,733	79,331			937,298
Due from other governments	561,946					561,946
Other	209,925	-	-			209,925
Inventories			21,033			21,033
Deferred expenditures	-					-
Capital Assets, net						-
Total Assets	<u>\$ 13,134,432</u>	<u>\$ 697,983</u>	<u>\$ 335,868</u>	<u>\$ 2,984,649</u>	<u>\$ 837,367</u>	<u>\$ 17,990,299</u>
LIABILITIES						
Payables						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Liabilities	-		4,885			4,885
Due to other funds	3,115,320	639,169	-		54,343	3,808,832
Due to other governments			352			352
Due to teachers' retirement system	1,951,264					1,951,264
Due to employees' retirement system	170,609					170,609
Compensated absences payable	402,612		36,349			438,961
Judgment and claims payable						-
Bond interest and matured bonds						-
Notes Payable						-
Tax anticipation						-
Revenue anticipation						-
Bond anticipation						-
Unearned credits						-
Overpayments and collections in advance						-
Unearned revenues	-	58,814				58,814
Planned balance						-
Total Liabilities	<u>5,639,805</u>	<u>697,983</u>	<u>41,586</u>	<u>-</u>	<u>54,343</u>	<u>6,433,717</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred revenues	-	-	-	-	-	-
Sale of future revenue	-	-	-	-	-	-
Total Deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE						
Nonspendable			-			-
Restricted	2,780,847			2,984,649	-	5,765,496
Committed	-					-
Assigned	1,169,666	-	294,282		783,024	2,246,972
Unassigned	3,544,114	-	-	-	-	3,544,114
Total Fund Balance	<u>7,494,627</u>	<u>-</u>	<u>294,282</u>	<u>2,984,649</u>	<u>783,024</u>	<u>11,556,582</u>
Total Liabilities and Fund Balances	<u>\$ 13,134,432</u>	<u>\$ 697,983</u>	<u>\$ 335,868</u>	<u>\$ 2,984,649</u>	<u>\$ 837,367</u>	<u>\$ 17,990,299</u>

See independent auditor's report and notes to financial statements

Cohoes City School District
Statement of Revenues, Expenditures
and Changes in Fund Equity - Governmental Funds
For the Year Ended June 30, 2016

	General	Special Aid	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
Revenues						
Real property taxes	\$ 12,622,956	\$ -	\$ -	\$ -	\$ -	\$ 12,622,956
Other tax items	3,487,457					3,487,457
Nonproperty taxes	592,286					592,286
Charges for services	296,424					296,424
Use of money and property	15,616		-	500		16,116
Sale of Property and Compensation for Loss	18,276				22,766	41,042
Miscellaneous	309,577	17,601	1,061	-		328,239
Interfund revenue	41,904					41,904
State Sources	20,847,107	569,309	32,932			21,449,348
Medicaid Reimbursement						-
Federal sources	206,857	1,458,673	1,021,598			2,687,128
Surplus food			81,115			81,115
Sales - school lunch			169,576			169,576
Total Revenues	38,438,460	2,045,583	1,306,282	500	22,766	41,813,591
EXPENDITURES						
General Support	\$ 3,997,868	41,904		-		4,039,772
Instruction	19,055,945	1,992,879				21,048,824
Pupil Transportation	1,050,317	59,972				1,110,289
Community Service	-					-
Employee benefits	10,068,531		127,001			10,195,532
Debt service						-
Principal	3,270,000			-		3,270,000
Interest	639,704					639,704
Cost of Sales			1,254,931			1,254,931
Other expenditures				-		-
Capital Outlay					226,864	226,864
Total expenditures	38,082,365	2,094,755	1,381,932	-	226,864	41,785,916
Excess (Deficiency) of Revenues Over Expenditures	356,095	(49,172)	(75,650)	500	(204,098)	27,675
OTHER FINANCING SOURCES AND USES						
Proceeds from debt	-	-	-	-	-	-
Operating transfers in	500,000	49,172	-	-	-	549,172
Operating transfers (out)	(49,172)	-	-	(500,000)	-	(549,172)
Total Other Sources (Uses)	450,828	49,172	-	(500,000)	-	-
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other (Uses)	806,923	-	(75,650)	(499,500)	(204,098)	27,675
Fund Balances - Beginning of year	6,687,704	-	369,932	3,484,149	987,122	11,528,907
Fund Balances - End of year	\$ 7,494,627	\$ -	\$ 294,282	\$ 2,984,649	\$ 783,024	\$ 11,556,582

See independent auditor's report and notes to financial statements

Cohoes City School District
Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2016

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Cash	\$ 10,079,554	\$ -	\$ -	\$ 10,079,554
Accounts Receivable	1,824,709			1,824,709
Due from other funds	5,503,057		(5,503,057)	-
Due from fiduciary funds			1,695,270	1,695,270
Due from other governments	561,946			561,946
Inventories	21,033			21,033
Deferred expenditures	-			-
Net pension asset - proportionate share		9,386,087		9,386,087
Land, buildings and equipment (net)		67,449,390		67,449,390
Total Assets	17,990,299	76,835,477	(3,807,787)	91,017,989
DEFERRED OUTFLOWS OF RESOURCES				
Pension		1,769,507		1,769,507
Total Deferred Outflows of Resources	-	1,769,507	-	1,769,507
Total Assets and Deferred Outflows of Resources	\$ 17,990,299	\$ 78,604,984	\$ (3,807,787)	\$ 92,787,496
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	4,885			4,885
Bonds payable		26,645,000		26,645,000
Revenue anticipation notes payable				-
Bond anticipation notes payable				-
Bond interest and matured bonds		104,490		104,490
Due to other funds	3,808,832		(3,807,787)	1,045
Due to other governments	352			352
Due to teachers' retirement system	1,951,264			1,951,264
Due to employees' retirement system	170,609			170,609
Unearned Revenues	58,814			58,814
Compensated absences	438,961			438,961
Installment purchase debt payable				-
Postemployment benefits		12,169,985		12,169,985
Net pension liability - proportionate share		1,965,716		1,965,716
Judgement and Claims Payable				-
Total Liabilities	6,433,717	40,885,191	(3,807,787)	43,511,121
DEFERRED INFLOWS OF RESOURCES				
Pension		3,538,030		3,538,030
Total Deferred Inflows of Resources	-	3,538,030	-	3,538,030
FUND EQUITY\NET POSITION				
Total Fund Equity\Net Position	11,556,582	34,181,763	-	45,738,345
Total Liabilities, deferred inflows of resources, and fund balance\net position	\$ 17,990,299	\$ 78,604,984	\$ (3,807,787)	\$ 92,787,496

See independent auditor's report and notes to financial statements

Cohoes City School District
Reconciliation of Governmental funds Revenues, Expenditures, and Changes in
Fund Equity to the Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2016

	Total Governmental Funds	Long-term Revenue, Expenses	Capital Related Items	Eliminations and Reclassifications	Long-term Debt Transactions	Statement of Activities Totals
REVENUES						
Real property taxes	\$ 12,622,956	\$ -	\$ -	\$ -	\$ -	\$ 12,622,956
Other tax items	3,487,457					3,487,457
Nonproperty taxes	592,286					592,286
Charges for services	296,424					296,424
Use of money and property	16,116					16,116
Sale of property and compensation for loss	41,042					41,042
Miscellaneous	328,239					328,239
Interfund revenue	41,904			(41,904)		-
State sources	21,449,348					21,449,348
Medicaid reimbursement	-					-
Federal sources	2,687,128					2,687,128
Surplus food	81,115					81,115
Sales - school lunch	169,576					169,576
Total Revenues	41,813,591	-	-	(41,904)	-	41,771,687
EXPENDITURES\EXPENSES						
General support	4,039,772		(135,777)	(41,904)		3,862,091
Instruction	21,048,824		(120,272)			20,928,552
Pupil transportation	1,110,289					1,110,289
Community service	-					-
Employee benefits	10,195,532			(127,001)	(1,661,875)	8,406,656
Debt service	3,909,704	(9,134)			(3,270,000)	630,570
Cost of sales	1,254,931			(1,254,931)		-
School Lunch Program				1,381,932		1,381,932
Other expenditures	-					-
Depreciation - unallocated			1,542,235			1,542,235
Capital outlay	226,864		(226,864)			-
Total Expenditures	41,785,916	(9,134)	1,059,322	(41,904)	(4,931,875)	37,862,325
Excess (Deficiency) of Revenues Over Expenditures	27,675	9,134	(1,059,322)	-	4,931,875	3,909,362
OTHER SOURCES AND USES						
Proceeds from debt	-				-	-
Operating transfers in	549,172			(549,172)		-
Operating transfers (out)	(549,172)			549,172		-
Total Other Sources (Uses)	-	-	-	-	-	-
Net Change for the Year	\$ 27,675	\$ 9,134	\$ (1,059,322)	\$ -	\$ 4,931,875	\$ 3,909,362

See independent auditor's report and notes to financial statements

Cohoes City School District
Statement of Fiduciary Net Position
June 30, 2016

	Private Purpose Trusts	Agency
	<hr/>	<hr/>
ASSETS		
Cash	\$ 573,989	\$ 1,727,603
Due from governmental funds	-	1,045
Other		-
	<hr/>	<hr/>
Total Assets	<u>\$ 573,989</u>	<u>\$ 1,728,648</u>
LIABILITIES		
Due to governmental funds	\$ -	\$ 1,695,270
Extraclassroom activity balances		33,256
Other liabilities		122
	<hr/>	<hr/>
Total Liabilities	<u>-</u>	<u>\$ 1,728,648</u>
NET POSITION		
Reserved for scholarships	<u>\$ 573,989</u>	

See independent auditor's report and notes to financial statements

Cohoes City School District
Statement of Changes in Fiduciary Net Position
For The Year Ended June 30, 2016

	<u>Private Purpose Trusts</u>
ADDITIONS	
Contributions	\$ -
Investment Earnings	
Interest	<u>214</u>
Total Additions	<u>214</u>
 DEDUCTIONS	
Scholarships and awards	2,750
Change in Net Position	(2,536)
Net Position - Beginning of year	<u>576,525</u>
Net Position - End of year	<u><u>\$ 573,989</u></u>

See independent auditor's report and notes to financial statements

Cohoes City School District
Schedule of Change from Original Budget to Revised Budget
And the Real Property Tax Limit
For the Year Ended June 30, 2016

CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET

Adopted Budget	\$ 40,290,105
Add: Prior Year Encumbrances	506,365
Original Budget	<u>40,796,470</u>
Budget Revisions:	<u>34,711</u>
Revised Budget	<u><u>\$ 40,831,181</u></u>

See Accompanying Notes to Financial Statements

SECTION 1318 OF REAL PROPERTY TAX LIMIT CALCULATION

2016-17 voter approved expenditure budget \$ 41,425,588

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:

Unrestricted fund balance	
Committed fund balance	\$ -
Assigned fund balance	1,169,666
Unassigned fund balance	3,544,114
Total unrestricted fund balance	<u><u>\$ 4,713,780</u></u>
Less:	
Appropriated fund balance	\$ 613,541
Encumbrances included in committed and assigned fund balance	556,125
Total adjustments	<u><u>\$ 1,169,666</u></u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law: \$ 3,544,114

Actual percentage 8.6%

See Paragraph on supplementary schedules included in the Independent Auditor's Report

Supplemental Schedule #2

Cohoes City School District
Schedule of Revenues Compared
to Budget - General Fund
For the Year Ended June 30, 2016

REVENUES	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
Local Sources				
Real Property Taxes	\$ 12,621,505	\$ 12,621,505	\$ 12,622,956	\$ 1,451
Other Tax Items	3,410,772	3,410,772	3,487,457	76,685
Nonproperty Taxes	660,530	660,530	592,286	(68,244)
Charges for Services	167,600	167,600	296,424	128,824
Use of Money and Property	15,000	15,000	15,616	616
Sale of Property and Compensation for Loss	32,000	32,000	18,276	(13,724)
Miscellaneous	200,000	234,711	309,577	74,866
Interfund Revenues	45,000	45,000	41,904	(3,096)
Total Local Sources	17,152,407	17,187,118	17,384,496	197,378
State Sources	21,478,232	21,478,232	20,847,107	(631,125)
Federal Sources	205,000	205,000	206,857	1,857
Total Revenues	38,835,639	38,870,350	38,438,460	(431,890)
Other Sources				
Operating Transfers In	500,000	500,000	500,000	-
Proceeds of Long-term Debt				-
TOTAL REVENUES AND OTHER SOURCES	39,335,639	39,370,350	\$ 38,938,460	\$ (431,890)
Designated Fund Balance and Encumbrances Carried Forward From Prior Year	954,466	1,460,831		
Appropriated Reserve Revenues				
Total Revenues, Appropriated Reserves and Designated Fund Balance	<u>\$ 40,290,105</u>	<u>\$ 40,831,181</u>		

See Paragraph on Supplementary Schedules Included in independent auditor's report

Supplemental Schedule #3

Cohoes City School District
Schedule of Expenditures, Other Uses and Encumbrances
Compared to Budget - General Fund
For the Year Ended June 30, 2016

EXPENDITURES	Original Budget	Revised Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
General Support					
Board of Education	\$ 37,660	\$ 39,260	\$ 35,544	\$ 1,278	\$ 2,438
Central Administration	189,851	196,925	196,204	-	721
Finance	559,762	885,745	786,519	19,033	80,193
Staff	467,486	347,000	319,057	18,162	9,781
Central Services	3,077,478	2,826,543	2,422,529	139,604	264,410
Special Items	393,659	268,985	238,015	10,000	20,970
Total General Support	4,725,896	4,564,458	3,997,868	188,077	378,513
Instructional					
Instruction, Administration & Improvement	1,447,663	1,462,576	1,432,608	1,160	28,808
Teaching - Regular School	9,688,292	9,556,503	9,348,720	64,354	143,429
Programs for Children With Handicapping Conditions	4,753,214	5,352,785	4,698,307	113,810	540,668
Occupational Education	530,373	541,246	540,744	-	502
Teaching - Special Schools	483,643	324,681	317,490	840	6,351
Instructional Media	669,992	1,031,520	1,003,704	403	27,413
Pupil Services	1,903,521	1,780,864	1,714,372	37,208	29,284
Total Instruction	19,476,698	20,050,175	19,055,945	217,775	776,455
Pupil Transportation	1,174,254	1,323,732	1,050,317	150,273	123,142
Community Service	-	-	-	-	-
Employee Benefits	10,954,489	10,933,876	10,068,531	-	865,345
Debt Service					
Principal	3,270,000	3,270,000	3,270,000	-	-
Interest	639,768	639,768	639,704	-	64
Total Debt Service	3,909,768	3,909,768	3,909,704	-	64
Total Expenditures	40,241,105	40,782,009	38,082,365	556,125	2,143,519
Other Uses					
Operating Transfers Out	49,000	49,172	49,172	-	-
Total Expenditures & Other Uses	\$ 40,290,105	\$ 40,831,181	\$ 38,131,537	\$ 556,125	\$ 2,143,519

See Paragraph on Supplementary Schedules Included in independent auditor's report

Supplemental Schedule #4

Cohoes City School District
Schedule of Project Expenditures
Capital Projects Fund
For the Year Ended June 30, 2016

Project Title	Original Budget	Revised Budget	Expenditures		Unexpended Balance	Proceeds of Obligations	State Aid	Local Sources	Total	Fund Balance June 30, 2016
			Prior Years	Current Years						
Capital Project #2										
Reconstruction - 2008 SED#s: 006-018 001-016, 002-014, 005-015, 010-008	22,500,000	22,500,000	21,643,187	81,171	21,724,358	22,007,000	492,208	-	22,499,208	774,850
Capital Project #3										
Solar Project - SED# 001-019, 006-020	583,126	583,126	568,171	-	568,171	-	568,758	-	568,758	587
Middle School Reconstruction SED#s: 001-021	220,194	220,194	89,680	145,693	235,373	-	-	242,960	242,960	7,587
Totals	23,303,320	23,303,320	22,301,038	226,864	22,527,902	22,007,000	1,060,966	242,960	23,310,926	783,024

See Paragraph on supplementary Schedules Included in Auditors' Report

Cohoes City School District
Schedule of Funding Progress -
Other Post Employment Benefits Plan
For the Year Ended June 30, 2016

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (in thousands) (b)	Unfunded AAL (UAAL) (in thousands) (b-a)	Funded Ratio (a/b)	Covered Payroll (in thousands) (c)	UAAL as a percentage of Covered Payroll ((b-a)/c)
July 1, 2011	\$ -	\$ 43,198	\$ 43,198	0.00%	\$ 17,477	247.17%
July 1, 2012	\$ -	\$ 45,274	\$ 45,274	0.00%	\$ 16,947	267.15%
July 1, 2013	\$ -	\$ 47,038	\$ 47,038	0.00%	\$ 16,718	281.36%
July 1, 2014	\$ -	\$ 48,427	\$ 48,427	0.00%	\$ 17,523	276.36%
July 1, 2015	\$ -	\$ 50,177	\$ 50,177	0.00%	\$ 18,171	276.14%

See paragraph on supplementary schedules included in the independent auditor's report

Supplemental Schedule #6

Cohoes City School District
Investment in Capital Assets, Net of Related Debt
For the Year Ended June 30, 2016

Capital assets, net		\$	67,449,390
Additions:			
Unamortized bond issuance costs			
Discounts on bonds payable			
Other:			
			<hr/>
Total Additions			<hr/> -
Deductions:			
Bond anticipation notes proceeds used for capital assets-			
Short-term portion of bonds payable	3,320,000		
Long-Term portion of bonds payable	23,325,000		
Less: unspent bond proceeds	(774,850)		
Short-term portion of capital leases			
Long-term portion of capital leases			
Other short or long-term debt related to capital assets			
Other:			
			<hr/>
Total Deductions	25,870,150	(25,870,150)	
Investment in capital assets, net of related debt		\$	<u><u>41,579,240</u></u>

See paragraph on supplementary schedules included in the independent auditor's report

**COHOES CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Note 1 – Summary of Certain Significant Accounting Policies:

The financial statements for the Cohoes City School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as apply to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Certain significant accounting principles and policies utilized by the District are described below:

A) Reporting Entity:

The Cohoes City School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, The Financial Reporting Entity, as amended by GASB Statement 39, Component Units. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statement to be misleading or incomplete.

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief description of certain entities included in the District's reporting entity:

i) Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the end of this report. The District accounts for assets held as an agent for various student organizations in an agency fund.

**COHOES CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

B) Joint Venture:

The District is a component district in Capital Region Board of Cooperative Educational Services. A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs, which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

BOCES are organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provision of §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n (4)(b)(7) of the New York State General Municipal Law.

A BOCES' budget is comprised of separate budgets for administrative, program and capital costs. Each component district's share of administrative and capital cost is determined by resident public school district enrollment, as defined in the New York State Education Law, §1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

During the year, the District was billed \$3,338,491 for BOCES administrative and Program costs.

Participating Districts issue debt on behalf of BOCES. During the year, the District issued \$-0- of serial bonds on behalf of BOCES. As of year-end, the District had outstanding BOCES debt of \$-0-.

The District's share of BOCES aid amounted to \$1,248,767.

Financial statements for the BOCES are available from the BOCES administrative office.

C) Basis of Presentation:

i) District-Wide Statements:

The Statement of Net Position and the Statement of Activities and Changes in Net Position present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

**COHOES CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

The Statement of Activities and Changes in Net Position presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas

ii) Fund Financial Statements:

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

Special Revenue Funds: These funds account for the proceeds of specific revenue sources, such as federal and State grants, that are legally restricted to expenditures for specified purposes, school lunch operations, and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties. Inventory of purchased food is stated at cost, determined on the first in – first out basis.

Capital Projects Funds: These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

Debt Service Fund: This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities. When a capital asset is sold and all or a portion of the bonds used to finance the capital asset are outstanding, this fund must be used to account for the proceeds from the sale of the capital assets up to the balance of related bonds outstanding.

Fiduciary Funds: Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the District, and are not available to be used.

**COHOES CITY SCHOOL DISTRICT
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There are two classes of fiduciary funds:

Private purpose trust funds: These funds are used to account for trust arrangements in which principal and income benefits annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

Agency funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds and for payroll or employee withholding.

D) Measurement Focus and Basis of Accounting:

Accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

**COHOES CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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E) Cash and Investments:

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. . Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts.

Investments are stated at fair value.

F) Property Taxes:

Real property taxes are levied annually by the Board of Education no later than September 1, and became a lien on July 1, 2015. Taxes were collected in two installments commencing during the period September 1, 2015 to March 31, 2016.

The City of Cohoes enforces uncollected real property taxes. An amount representing all uncollected real property taxes must be transmitted by the City to the District within two years from the return of unpaid taxes to the city. Real property taxes receivable expected to be collectible within 60 days of year-end, less similar amounts collected during this period in the preceding year are recognized as revenue. Otherwise, deferred revenues offset real property taxes receivable.

G) Accounts Receivable:

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

H) Inventories and Prepaid Items:

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value, which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the district-wide and fund financial statements. These items are reported as assets on the statement of net position or balance sheet using the consumption method.

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A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

I) Interfund Transactions:

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid with one year. Permanent transfers of funds include the transfer of expenditure and revenues to provide financing or other services.

In the district-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

Refer to Notes for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

J) Capital Assets:

Capital assets are reported at actual cost for acquisitions in which the cost could be determined. For assets in which the actual cost could not be determined, estimated historical costs based on appraisals conducted by independent third-party professionals were used. Donated assets are reported at estimated fair market value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statement are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 2,500	Straight-Line	50 yrs
Building Improvements	2,500	Straight-Line	50 yrs
Site improvements	2,500	Straight-Line	20 yrs
Furniture and equipment	2,500	Straight-Line	5-20 yrs

K) Vested Employee Benefits:

Compensated absences:

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Compensated absences consist of unpaid accumulated annual sick leave, vacation:

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

Consistent with GASB Statement 16, Accounting for Compensated Absences, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the district-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

In the funds statements only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.

L) Other Benefits:

District employees participate in the New York State Employees' Retirement System and the New York State Teachers' Retirement System.

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

M) Unearned Revenue:

The District reports unearned revenues on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned revenue arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

**COHOES CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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N) Deferred Outflows and Inflows of Resources:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has three items that qualify for reporting in this category. First is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. Lastly is the District contribution to the pension systems (TRS and ERS Systems) subsequent to the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue – property taxes. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense.

PENSION OBLIGATIONS

New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems).

PLAN DESCRIPTIONS AND BENEFITS PROVIDED

Teachers' Retirement System (TRS)

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10 member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in

**COHOES CITY SCHOOL DISTRICT
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TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the System, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

Employees' Retirement System (ERS)

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or 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 after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law.

Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

Contributions	ERS	TRS
2016	\$ 579,517	\$ 1,744,782
2015	\$ 564,779	\$ 2,462,297
2014	\$ 614,360	\$ 2,108,654

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ERS has provided additional disclosures through entities that elected to participate in Chapter 260, 57, and 105.

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At June 30, 2016, the District reported the following asset/(liability) for its proportionate share of the net pension asset /(liability) for each of the Systems. The net pension asset/(liability) were measured as of March 31, 2016 for ERS and June 30, 2015 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Actuarial valuation date	03/31/16	06/30/15
Net pension asset/(liability)	\$(1,965,716)	\$ 9,386,087
District's portion of Plan's total net pension asset/(liability)	0.090365%	0.090365%

For the year ended June 30, 2016, the District's recognized pension expense of \$694,321 for ERS and the actuarial value \$(1,263,212) for TRS. At June 30, 2015 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected And actual experience	\$ 9,933	\$ -0-	\$ 223,003	\$ 260,129
Changes of assumptions	\$ 524,197	\$ -0-	\$ -0-	\$ -0-
Net differences between projected and actual earnings on pension plan investments	\$1,166,170	\$ -0-	\$ -0-	\$ 2,966,991
Changes in proportion and differences between the District's and proportionate share of contributions	\$ 55,432	\$ 13,775	\$ -0-	\$ 77,907
District's contributions subsequent To the measurement date	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Total	<u>\$1,755,732</u>	<u>\$ 13,775</u>	<u>\$ 223,003</u>	<u>\$ 3,305,027</u>

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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	<u>ERS</u>	<u>TRS</u>
Year Ended:		
2016	\$ 24,931	\$ (1,204,339)
2017	24,931	(1,204,339)
2018	24,931	(1,204,339)
2019	24,931	485,788
2020	-0-	(40,060)
Thereafter	-0-	(123,961)

ACTUARIAL ASSUMPTIONS

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement Date	March 31, 2016	June 30, 2015
Actuarial valuation date	April 1, 2015	June 30, 2014
Interest Rate	7.5%	8.0%
Salary Scale	4.9%	4.01% - 10.91%
Decrement tables	4/1/05 -03/31/10	07/01/05-06/30/10
	System Experience	System Experience
Inflation Rate	2.7%	3.0%

For ERS, annuitant mortality rates are based on April 1, 2005 – March 31, 2011 System's experience with adjustments for mortality improvements based on MP-2014. For TRS, annuitant mortality rates are based on July 1, 2005 – June 30, 2010 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale AA.

For ERS, the actuarial assumptions used in the April 1, 2011 valuation are based on the results of an actuarial experience study for the period April 1, 2005 – March 31, 2010. For TRS, the actuarial assumptions used in the June 30, 2013 valuation are based on the results of an actuarial experience study for the period July 1, 2005 – June 30, 2010.

The long term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

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Measurement date	ERS March 31, 2016	TRS June 30, 2015
Asset Type		
Domestic Equity	38%	37%
International Equity	13%	18%
Real Estate	8%	10%
Alternative Investments		7%
Domestic Fixed Income Securities		17%
Global Fixed Income Securities		2%
Mortgages		8%
Short-Term		1%
Private Equity	10%	
Absolute Return Strategies	3%	
Opportunistic Portfolio	3%	
Real Assets	3%	
Bonds and Mortgages	18%	
Cash	2%	
Inflation Indexed Bonds	2%	

DISCOUNT RATE

The discount rate used to calculate the total pension liability was 7.5% for ERS and 8.0% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

SENSITIVITY OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO THE DISCOUNT RATE ASSUMPTION

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0% for ERS and 8.0% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1 percentage point lower (6.0% for ERS and 7.0% for TRS) or 1 percentage point higher (8.0% for ERS and 9.0% for TRS) than the current rate:

ERS	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Employer's proportionate share of the net pension asset (liability)	\$ (4,432,546)	\$ (1,965,716)	\$ 118,651
TRS	1% Decrease (7.0%)	Current Assumption (8.0%)	1% Increase (9.0%)
Employer's proportionate share of the net pension asset (liability)	\$ (640,252)	\$ 9,386,087	\$ 17,936,449

**COHOES CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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PENSION PLAN FIDUCIARY NET POSITION

The components of the current-year net pension asset/(liability) of the employers as of the respective valuation dates, were as follows:

	(Dollars in Thousands)		
	ERS	TRS	Total
Valuation date	March 31, 2016	June 30, 2015	
Employers' total pension asset/(liability)	\$(16,050,279)	\$ 10,386,813	\$(5,663,466)
Plan Net Position	\$ 156,253,265	\$ 109,718,917	\$ 265,972,182
Employers' net pension asset/(liability)	\$ (1,965)	\$ 9,386	\$ 7,421
Ratio of plan net position to the Employers' total pension asset/(liability)	0.0122472%	0.090365%	0.131033%

PAYABLES TO THE PENSION PLAN

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2016 represent the projected employer contribution for the period of April 1, 2016 through June 30, 2016 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2016 amounted to \$170,609.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2016 are paid to the System in September, October and November 2016 through a state aid intercept. Accrued retirement contributions as of June 30, 2016 represent employee and employer contributions for the fiscal year ended June 30, 2016 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2016 amounted to \$1,951,264.

O) Restricted Resources:

When an expense is incurred for purposes for which other restricted and unrestricted net position are available, the District's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these Notes.

P) Short-Term Debt:

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RAN's and TAN's represent a liability that will be extinguished by the use of expendable, available resources of the fund.

**COHOES CITY SCHOOL DISTRICT
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The District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

The District may issue Bond Anticipation Notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BAN's issued for capital purposes be converted to long-term financing within five years after the original issue date.

The District may issue deficiency notes up to an amount not to exceed 5% of the amount of that same year's annual budget in any fund or funds arising from revenues being less than the amount estimated in the budget for that fiscal year. The deficiency notes may mature no later than the close of the fiscal year following the fiscal year in which they were issued, if notes were authorized and issued after the adoption of the budget for the fiscal year following the year in which they were issued.

Q) Accrued Liabilities and Long-Term Obligations:

Payables, accrued liabilities and long-term obligations are reported in the district-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, and compensated absences that will be paid from governmental funds, are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

R) Equity Classifications:

District-wide statements:

In the district-wide statements there are three classes of net position:

Invested in capital assets, net of related debt – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

**COHOES CITY SCHOOL DISTRICT
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Restricted net position – reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – reports all other net position that do not meet the definition of the above two classifications and are deemed to be available for general use by the District.

Funds statements:

In the fund basis statements there are five classifications of fund balance:

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. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$-0-.

Restricted – includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General fund are classified as restricted fund balance. The School District has established the following restricted fund balances:

Capital

According to Education law §3651, must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve, the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form of the required legal notice for the vote on establishing the funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education law. This reserve is accounted for in the General Fund under restricted Fund Balance.

Debt Service

According to General Municipal Law §6-1, the Mandatory Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of School District property or capital improvement.

**COHOES CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Employee Benefit Accrued Liability

According to general Municipal Law §6-p, must be used for the payment of accrued employee benefit due to an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.

Insurance

According to General Municipal Law §6-n, must be used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action and funded by budgetary appropriations or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval.

Liability Claims and Property Loss

According to Education Law §1709(8)(c) , must be used to pay for liability claims and property loss incurred. Separate funds for liability claims and property loss are required and these reserves may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. This type of reserve fund may be utilized only by school districts, except city school districts with a population greater than 125,000.

Repairs

According to General Municipal Law §6-d, must be used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education without voter approval may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations.

If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years.

Retirement Contributions

According to General Municipal Law §6-r, must be used for financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board.

**COHOES CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Tax Certiorari

According to Education Law §3651.1-a, Must be used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the general Fund on or before the first day of the fourth fiscal year after deposit of these monies.

Uncollected Taxes in a City School District

According to Education Law §3651[1-b], must be used to cover uncollected real property taxes for a given tax fiscal year in city school districts provided the city or county is not required to pay to the treasurer of a city school district the amount of unpaid taxes during the fiscal year for which they are levied. Is created by resolution of the governing board, without voter approval, provided that the ratio of the amount of such reserve to the total principal amount of the district's tax levy for the fiscal year is not less than the ratio of the principal amount of the school district taxes as levied for the last completed fiscal year but not received by the district before the end of that fiscal year, to the total principal amount of the tax levy for the last completed fiscal year. Source of funds generally is through budgetary appropriations. If the city or county is not required to pay to the treasurer of a city school district unpaid taxes pursuant to section 1332 of the Real Property Tax Law, the board of education of the city school district shall establish a reserve pursuant to this subdivision, provided that such reserve shall not be less than the amount of taxes for the fiscal year for which the budget is being prepared which are estimated to be unpaid during such fiscal year under the Real Property Tax Law. This reserve is accounted for in the General Fund under Restricted Fund Balance.

Unemployment Insurance

According to General Municipal Law §6-m, must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the School District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund.

**COHOES CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Worker's Compensation

According to General Municipal Law §6-j, must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund balance in all funds other than the General Fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

Restricted fund balance includes the following:

General Fund:	
Capital	\$ 39,092
Debt Service	-0-
Employee Benefit Accrued Liability	1,065,296
Insurance	-0-
Liability Claims and Property Loss	-0-
Repairs	-0-
Retirement Contributions	1,081,134
Tax Certiorari	495,261
Uncollected Taxes in a City School District	-0-
Unemployment Insurance	100,064
Workers' Compensation	-0-
Capital Fund	-0-
Debt Service Fund	2,984,649
Special Aid Fund	-0-
School Lunch Fund	-0-
	<hr/>
Total Restricted Funds	<u>\$ 5,765,496</u>

Committed – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the school districts highest level of decision making authority, i.e., the Board of Education. The School District has not committed fund balances as of June 30, 2016.

**COHOES CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Assigned – includes amounts that are constrained by the school district's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General Fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to \$556,125.

Unassigned – includes all other General Fund net position that does not meet the definition of the above four classifications and are deemed to be available for general use by the School District.

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the School District's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

Order of Use of Fund Balance:

The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purpose are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as restricted fund balance. In the General Fund, committed fund balance is determined and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

S) Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

Note 2 – Explanation of certain differences between governmental fund statements and District-wide statements:

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the District-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities and Changes in Net Position, compared with the current financial resources focus of the governmental funds.

**COHOES CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

A) Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities:

Total fund balances of governmental funds differ from net position of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

B) Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities and Changes in Net Position:

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities and Changes in Net Position fall into one of three broad categories.

i) Long-term Revenue Differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities and Changes in Net Position reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities and Changes in Net Position.

ii) Capital Related Differences:

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities and Changes in Net Position, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities and Changes in Net Position.

iii) Long-term Debt Transaction Differences:

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities and Changes in Net Position as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

iv) Pension differences:

Pension differences occur as a result of changes in the District's proportion of the collective net pension asset/liability and differences between the District's contributions and its proportionate share of the total contributions to the pension systems.

**COHOES CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Note 3 – Stewardship, Compliance and Accountability:

Budgets:

The District Administration prepares a proposed budget for approval by the Board of Education for the following governmental funds for which legal appropriated budgets are adopted:

General Fund

The voters of the District approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program line item level.

Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists, which was not determined at the time the budget was adopted. The following supplemental appropriations occurred during the year:

Donations	<u>\$ 34,710</u>
Total	<u>\$ 34,710</u>

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. The budget and actual comparison for the Special Revenue Funds reflects budgeted and actual amounts for funds with legally authorized (appropriated) budgets.

Encumbrances:

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as reservations of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

The District's unreserved undesignated fund balance was in excess of the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year.

**COHOES CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Note 4 – Cash – Custodial Credit, Concentration of Credit:

Cash:

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. While the District does not have a specific policy for custodial credit risk, New York State statutes govern the District's investment policies, as discussed previously in these Notes.

The District's aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year-end, collateralized as follows:

Uncollateralized	\$ -0-
Collateralized with securities held by the pledging financial institutions, or its trust department or agent, but not in the District's name	\$ 13,007,134

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$2,650,752 within the governmental funds and \$2,382,721 in the fiduciary funds.

The District does not typically purchase investments for long enough duration to cause it to believe that it is exposed to any material interest rate risk.

The District does not purchase investments denominated in a foreign currency, and is not exposed to foreign currency risk.

Note 5 – Investments:

The District had no security Investments during the year.

**COHOES CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Note 6 – Capital Assets:

Capital asset balances and activity for the year ended June 30, 2016 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclass</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets that are not depreciated:				
Land	\$ 1,470,419	\$ -0-	\$ -0-	\$ 1,470,419
Construction in progress	22,271,100	226,864	-0-	22,497,964
Total nondepreciable historical cost	<u>23,741,519</u>	<u>226,864</u>	<u>-0-</u>	<u>23,968,383</u>
Capital Assets that are depreciated:				
Buildings	68,160,208	-0-	-0-	68,160,208
Furniture and Equipment	4,081,444	256,049	(1,991,927)	2,345,566
Total depreciable historical cost	<u>72,241,652</u>	<u>256,049</u>	<u>(1,991,927)</u>	<u>70,505,774</u>
Less accumulated depreciation				
Buildings	23,872,299	1,378,217	-0-	25,250,516
Furniture and Equipment	3,602,160	164,018	(1,991,927)	1,774,251
Total Accumulated depreciation	<u>27,474,459</u>	<u>1,542,235</u>	<u>(1,991,927)</u>	<u>27,024,767</u>
Total depreciable historical Cost, net	<u>\$68,508,712</u>	<u>\$ (1,059,322)</u>	<u>\$ -0-</u>	<u>\$67,449,390</u>

Depreciation expense was not charged to a specific governmental function.

Note 7 – Short-Term Debt:

Transactions in short-term debt for the year are summarized below:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
BAN	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Total	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Interest on short-term debt for the year was composed of:

Interest paid	\$ -0-
Less interest accrued in the prior year	-0-
Plus interest accrued in the current year	-0-
Total expense	<u>\$ -0-</u>

**COHOES CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Note 8 – Long-term Debt:

Long-term liability balances and activity for the year are summarized below:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Government activities:					
Bonds and notes payable:					
General obligation debt:					
<u>Serial Bonds:</u>					
District-Wide Reconstruction	\$ 3,015,000	\$ -0-	\$ 335,000	\$ 3,015,000	\$ 335,000
District-Wide Reconstruction	9,000,000	-0-	1,000,000	8,000,000	1,000,000
District-Wide Reconstruction	13,770,000	-0-	1,360,000	12,410,000	1,400,000
District-Wide Reconstruction	3,330,000	-0-	320,000	3,010,000	325,000
Refunding Bond	800,000	-0-	255,000	545,000	260,000
 Total bonds & notes payable	 \$29,915,000	 \$ -0-	 \$ 3,270,000	 \$26,645,000	 \$ 3,320,000
 Other Liabilities:					
Pension – Proportionate Share	\$ 413,170	\$ 1,552,546	\$ -0-	\$ 1,965,716	\$ -0-
Postemployment Benefits	10,953,408	1,216,577	-0-	12,169,985	-0-
 Long term liabilities	 \$41,281,578	 \$ 2,769,123	 \$ 3,270,000	 \$40,780,701	 \$ 3,320,000

Other liabilities are disclosed as net activities in the schedule above.

The following is a summary of the maturity of long-term indebtedness:

<u>Description of Issue</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>
<u>Serial Bonds</u>			
D.W. Reconstruction	2009	2024	0.89%
D.W. Reconstruction	2009	2024	0.50%
D.W. Reconstruction	2011	2025	0.80%
Refunding Bonds	2013	2018	3.00%
 <u>Installment Purchase Debt</u>			
EPC	2002	2014	3.00%

The following is a summary of debt service requirements:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended June 30,			
2016	3,320,000	580,776	3,900,776
2017	3,380,000	522,344	3,902,344
2018	3,145,000	454,788	3,599,788
2019	3,195,000	384,967	3,579,967
2020	3,265,000	316,970	3,581,970
2021 & thereafter	10,340,000	568,505	10,908,505
 Totals	 \$26,645,000	 \$2,828,350	 \$29,473,350

**COHOES CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

In prior years, the District defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements.

Interest on long-term debt for the year was composed of:

Interest paid	\$ 639,704
Less interest accrued in the prior year	113,624
Plus interest accrued in the current year	104,490
Total Expense	<u>\$ 630,570</u>

Note 9 – Interfund Transactions – Governmental Funds:

Interfund balances at June 30, 2016, are as follows:

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 2,388,783	\$ 3,115,320	\$ 500,000	\$ 49,172
Special Aid Funds	-0-	639,169	49,172	-0-
School Lunch Fund	120,169	-0-	-0-	-0-
Debt Service Fund	2,984,649	-0-	-0-	500,000
Capital Funds	9,456	54,343	-0-	-0-
Total Government Funds	<u>\$ 5,503,057</u>	<u>\$ 3,808,832</u>	<u>\$ 549,172</u>	<u>\$ 549,172</u>
Fiduciary Agency Fund	<u>\$ 1,045</u>	<u>\$ 1,695,270</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Totals	<u>\$ 5,504,102</u>	<u>\$ 5,504,102</u>	<u>\$ 549,172</u>	<u>\$ 549,172</u>

Note 10 – Pension Plans:

General information:

The District participates in the New York State Employees' Retirement System (NYSERS) and the New York State Teachers' Retirement System (NYSTRS). These are cost-sharing multiple employer public employee retirement systems. The Systems offer a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

Provisions and administration:

The New York State Teachers' Retirement Board administers NYSTRS. The System provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

**COHOES CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NYSERS provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law govern obligations of employers and employees to contribute, and benefits to employees. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York 12244.

Funding policies:

The Systems are noncontributory for the employee who joined prior to July 27, 1976. For employees who joined the Systems after July 27, 1976, and prior to January 1, 2010, employees contribute 3% to 3.5% of their salary. With the exception of ERS tier V and VI employees, employees in the system more than 10 years are no longer required to contribute. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For NYSERS, the Comptroller certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

The District is required to contribute at an actuarially determined rate. The District contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

	<u>NYSTRS</u>	<u>NYSERS</u>
2015 – 2016	\$ 1,774,782	\$ 579,517
2014 – 2015	\$ 2,462,297	\$ 564,779
2013 – 2014	\$ 2,108,654	\$ 614,360

Since 1989, the NYSERS billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation required participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 1988 and 1989 over a 17-year period, with an 8.5% interest factor added. Local governments were given the option to prepay this liability. The total unpaid liability at the end of the year was \$-0-.

Note 11 – Post-Employment Benefits:

The District provides post employment health insurance coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the District's contractual agreements.

The District implemented GASB Statement #45, Accounting and Financial Reporting by employers for Postemployment Benefits Other than Pensions, in the school year ended June 30, 2009. This required the District to calculate and record a net other post-employment benefit obligation at year-end. The net other post-employment benefit obligation is basically the cumulative difference between the actuarially required contribution and the actual contributions made.

**COHOES CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Currently, 229 retired employees have elected to use accumulated sick pay to finance health insurance payments under the District's group plans. The District pays various percentages towards the cost of retiree's medical benefits based on the contracts with the different labor organizations. The District contributes towards the cost of eligible spouses during the retiree's lifetime. The spouse is required to pay the 100% of the cost of the benefits following the death of the retiree.

The District recognizes the cost of providing health insurance annually as expenditures in the General Fund of the funds financial statements as payments are made. For the year ended June 30, 2016, the District recognized \$2,315,204 for its share of insurance premiums for currently enrolled retirees.

The District has obtained an actuarial valuation report as of July 1, 2015, which indicates that the total liability for other post-employment benefits is \$12,169,985.

Plan Type: The District provides medical and dental benefits to its eligible retirees. The benefits are provided through fully insured plans that are sponsored by a regional health insurance consortium.

Funding: The District does not have legal authority to fund the future OPEB liability. The District can only maintain a pay as you go policy for the OPEB liability.

Annual OPEB cost and Net OPEB Obligation: the District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), and amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Annual required contribution	\$ 3,394,366
Interest on net OPEB obligation	547,670
Adjustment to annual required contribution	<u>(410,255)</u>
Annual OPEB cost (expense)	3,531,781
Contributions made	<u>2,315,204</u>
Increase in net OPEB obligation	1,216,577
Net OPEB obligation – beginning of year	<u>10,953,408</u>
Net OPEB obligation – end of year	<u><u>\$ 12,169,985</u></u>

**COHOES CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for June 30, 2016 and the two preceding years were as follows (dollar amounts in thousands):

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2016	\$ 3,531,781	65.6%	\$12,169,985
6/30/2015	\$ 3,394,653	63.4%	\$10,953,408
6/30/2014	\$ 3,374,339	52.4%	\$ 9,711,734

Funded Status and Funding Progress: As of July 1, 2015, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$50,176,770, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$50,176,770. The covered payroll (annual payroll of active employees covered by the plan) was \$18,170,673 and the ratio of UAL to the covered payroll was 276.1%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2015, actuarial valuation the projected unit credit cost method was used. The actuarial assumptions included a 5% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9.5% initially, reduced by decrements to an ultimate rate of 5% after 9 years. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2015, was 30 years.

**COHOES CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Note 12 – Risk management:

The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

Note 13 – Contingent liabilities:

The District has received grants, which are subject to audit by agencies of the State and federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior audits, the District's administration believes disallowances, if any, will be immaterial.

Note 14 – Subsequent Events

The District has evaluated subsequent events through September 23, 2016, which is the date these financial statements were available to be issued.

**COHOES CITY SCHOOL DISTRICT
MANAGEMENT LETTER
FISCAL YEAR ENDED JUNE 30, 2016**

Our examination of your financial statements is designed to express an opinion as to the fairness of presentation of those statements. During the course of our examination, certain practices or procedures came to our attention, which requires comment.

Internal Control System

The system of control currently in use is generally adequate.

Previous Year Findings (June 30, 2015)

General Fund

The unreserved fund balance at June 30, 2015 is in excess of the four percent permitted under Section 1318 of the Real Property Tax Law.

Current Year Findings (June 30, 2016)

General Fund

The unreserved fund balance at June 30, 2016 is in excess of the four percent permitted under Section 1318 of the Real Property Tax Law.

Extra Classroom

Our test disclosed instances in which a payment was made without an indication that goods had been received, one disbursement was paid from a statement and one disbursement did not have supporting documentation. Invoices should have the necessary paper work filed with them before they are paid. Invoices should have the remittance voucher attached, be signed received by the club advisor and authorized by the club advisor and student treasurer. The invoice should be marked paid in order to avoid duplicate payments.

The Cohoes Green Team does not have enough available funds to meet its liabilities. All clubs should be able to operate without the support of other clubs or the District.

Dated: September 23, 2016

Marie E. Stark, C.P.A.
mstark@wsbcpas.net

Bryan T. Basila, C.P.A.
basila@wsbcpas.net



STARK & BASILA
Certified Public Accountants, P.C.

132 Mohawk Street
PO Box 260
Cohoes, New York
12047

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

The Board of Education
Cohoes City School District
7 Bevan Street
Cohoes, NY 12047

Dear Board Member:

We have audited, in accordance with the 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, the financial statements of the governmental activities of Cohoes City School District for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Cohoes City School District's basic financial statements, and have issued our report thereon dated September 23, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cohoes City School District's internal control over financial reporting 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 Cohoes City School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Cohoes City School District'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 District'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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 Cohoes City School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

We noted certain matters we have reported to management of Cohoes City School District in a separate letter dated September 23, 2016.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the audit committee, management and others within the organization and is not intended to be and should not be used by anyone other than the specified parties.

Very truly yours,
STARK & BASILA
Certified Public Accountants, PC



BRYAN T. BASILA, CPA

Dated: September 23, 2016

Marie E. Stark, C.P.A.
mstark@wsbcpas.net

Bryan T. Basila, C.P.A.
basila@wsbcpas.net



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**Independent Auditor's Report on Compliance for Each Major Program And Internal Control
Over Compliance Required by OMB Circular A-133**

The Board of Education
Cohoes City School District
7 Bevan Street
Cohoes, NY 12047

Dear Board Member:

Report on Compliance for Each Major Federal Program

We have audited Cohoes City School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Cohoes City School District's major federal programs for the year ended June 30, 2016. Cohoes City School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Cohoes City School District's management is responsible for compliance with federal statutes, regulations, and terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Cohoes City School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance 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 Cohoes City School District'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 on compliance for each major federal program. However, our audit does not provide a legal determination of Cohoes City School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Cohoes City School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of Cohoes City School District, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Cohoes City School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Cohoes City School District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Very truly yours,
STARK & BASILA
Certified Public Accountants, PC



BRYAN T. BASILA, CPA

Dated: September 23, 2016

**COHOES CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2016**

Section I - Summary of Auditor's Results (June 30, 2016)

Financial Statement

Type of Auditor's Report Issued:

Unmodified

Internal Control over Financial Reporting:

- Material weaknesses identified?
- Significant deficiencies identified that are not considered to be material weaknesses

___ Yes X No

___ Yes X Not reported

Noncompliance material to financial statements noted?

___ Yes X No

Federal Awards

Internal control over major programs?

- Material weaknesses identified?
- Significant deficiencies identified that are not considered to be material weaknesses?

___ Yes X No

___ Yes X None reported

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

Unmodified

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:

ESEA – Title I
School Breakfast Program
National School Lunch Program
Summer Food Service Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low risk auditee?

X Yes ___ No

**COHOES CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2016**

Section II - Financial Statement Findings

There is nothing to be reported under this schedule.

Section III - Federal Award Findings and Questioned Costs

There is nothing to be reported under this schedule.

**COHOES CITY SCHOOL DISTRICT
SUPPLEMENTAL SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2016**

Federal Grantor/ Pass Through

<u>Grantor/ Program Title US Dept of Education Pass-Through NYS Dept of Education</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Federal Expenditures</u>
<u>Special Education Cluster:</u>			
IDEA - Section 611	84.027	032-16-0020	529,667
IDEA - Section 619	84.173	033-16-0020	34,515
Total Special Education Cluster			<u>564,182</u>
ESEA - Title I	84.010	021-16-0025	667,107
ESEA - Title I, School Improvement	84.010	011-16-2542	9,092
ESEA - Title IIA	84.367	147-15-0025	149,862
Total			<u>826,061</u>
Total US Department of Education			<u>1,390,243</u>
<u>US Dept of Agriculture Pass-Through from New York State Education Department Child Nutrition Cluster:</u>			
Summer Food Service Program	10.559		20,965
School Breakfast Program	10.553		295,196
National School Lunch Program	10.555		<u>786,552</u>
Total Child Nutrition Cluster			1,102,713
CN Equipment Assistance Grant	10.579	005-15-0012	68,430
Total US Department of Agriculture			<u>1,171,143</u>
Total Federal Assistance Programs			<u><u>2,561,386</u></u>

**COHOES CITY SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

Note 1 – Summary of Certain Significant Accounting Policies:

The accompanying schedule of expenditures of Federal awards presents the activity of federal award programs administered by the District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. Certain of the District's federal award programs have been charged with indirect costs, based upon a rate established by New York State.

Matching costs (the District's share of certain program costs) are not included in the reported expenditures. The basis of accounting varies by federal program consistent with underlying regulations pertaining to each program. The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

Note 2 – Other Disclosures:

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value, and is covered by the District's casualty insurance policies.

There were no loans or loan guarantees outstanding at year-end.

costs (the District's share of certain program costs) are not included in the reported expenditures.

**COHOES CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2016**

Section I - Summary of Auditor's Results (June 30, 2015)

Financial Statement

Type of Auditor's Report Issued:

Unmodified

Internal Control over Financial Reporting:

- Material weaknesses identified?
- Significant deficiencies identified that are not considered to be material weaknesses

 Yes X No

 Yes X Not reported

Noncompliance material to financial statements noted?

 Yes X No

Federal Awards

Internal control over major programs?

- Material weaknesses identified?
- Significant deficiencies identified that are not considered to be material weaknesses?

 Yes X No

 Yes X None reported

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

Unmodified

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:

Special Education – Grants to States (IDEA, Part B)
Special Education – Preschool Grants (IDEA Preschool)

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as low risk auditee?

 X Yes No

**COHOES CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2016**

Section II - Financial Statement Findings

There is nothing to be reported under this schedule.

Section III - Federal Award Findings and Questioned Costs

There is nothing to be reported under this schedule.

Marie E. Stark, C.P.A.
mstark@wsbcpas.net

Bryan T. Basila, C.P.A.
basila@wsbcpas.net



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12047

Independent Auditor's Opinion of Extraclassroom Activity Fund

The Board of Education
Cohoes City School District
7 Bevan Street
Cohoes, NY 12047

Dear Board Member:

We have audited the accompanying statement of cash receipts and disbursements of the Extraclassroom Activity of the Cohoes City School District for the year ended June 30, 2016.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting, this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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.

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash and fund balances of the Extraclassroom Activity Fund, of the Cohoes City School District as of June 30, 2016 arising from the cash transactions, cash collected and disbursements made and changes in fund balance during the year then ended, on a basis consistent with that of the preceding year.

Basis of Accounting

The financial statement is prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Very truly yours,
STARK & BASILA
Certified Public Accountants, PC

B. T. Basila
BRYAN T. BASILA, CPA

Dated: September 23, 2016

COHOES CITY DISTRICT
EXTRACLASSROOM FUND
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD ENDING JUNE 30, 2016

<u>Account Name</u>	<u>Opening Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Balance</u>
<u>HIGH SCHOOL</u>				
Class of 2014	-	-	-	-
Class of 2015	5,027	-	5,027	-
Class of 2016	533	22,076	22,609	-
Class of 2017	819	5,947	495	6,271
Class of 2018	592	1,717	1,205	1,104
Class of 2019	-	1,100	419	681
Honor Society	1,093	1,550	1,637	1,006
Community Service Club	853	-	-	853
Yearbook	800	6,535	7,294	41
Student Council	4,921	3,944	4,013	4,852
Musical	2,606	6,028	5,249	3,385
Varsity	-	175	-	175
Ski Club	538	6,857	7,349	46
Band	229	338	550	17
Character Ed Club	10	-	-	10
Cooking Club	38	-	-	38
Student Scholars	949	2,014	2,045	918
Cheerleading	100	-	-	100
<u>MIDDLE SCHOOL</u>				
Jr. Honor Society	444	-	145	299
Student Council	3,845	12,671	12,590	3,926
Yearbook	-	-	-	-
8th Grade Activity	756	2,999	2,976	779
Green Team	291	1,686	2,016	(39)
Musical	9,795	1,784	2,785	8,794
Band/Chorus	-	-	-	-
<u>VAN SCHAICK</u>				
Student Council	-	-	-	-
Totals	34,239	77,421	78,404	33,256

See independent auditor's report and notes to financial statements