

**COHOES CITY SCHOOL DISTRICT  
FINANCIAL REPORT  
JUNE 30, 2019**

# COHOES CITY SCHOOL DISTRICT

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## INDEPENDENT AUDITOR'S REPORT

To the President and Members  
of the Board of Education of the  
Cohoes City School District

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

We have audited the accompanying financial statements of the governmental activities and each major fund of the Cohoes City School District (the District) as of and for the year ended June 30, 2019, 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 and each major fund of the Cohoes City School District as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Correction of Error*

As discussed in Note 5 to the financial statements the District incorrectly recorded amounts in the prior years related to an advanced refunding, deferred inflows, compensated absences, interfund transfers, accumulated depreciation and bonds payable. Accordingly, an adjustment has been made to fund equity in the general fund, school lunch fund, debt service fund, as well as net position in the district-wide financial statements at July 1, 2018. Our opinion is not modified with respect to that matter.

### *Required Supplemental Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages A1-A12, budgetary comparison information on pages C1 and C2, schedule of changes in total OPEB liability on page C3, schedules of proportionate share of net pension liability (asset) on page C4 and schedules of District contributions on page C5 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 supplemental 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.

### *Supplemental Schedules*

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 supplemental information on pages D1 - D3 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards on pages F3-F4 is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations 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 supplemental information and schedule of expenditures of federal awards are the responsibility of management and were 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 supplemental information and schedule of expenditures of federal awards are 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 October 23, 2019, on our consideration of the 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 the District's internal control over financial reporting and compliance.

*Marvin and Company, P.C.*

Latham, NY  
October 23, 2019

# COHOES CITY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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*The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2019. The section is a summary of the School District's financial activities based on 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

- The District experienced a decrease of \$2,963,412 in total net position during the year. This is a result of an increase in District expenses (instructional program & employee benefits) as well as deferred outflows and inflows for TRS, ERS and other postemployment benefits.
- GASB 75 requires that a long-term liability be accrued for other post-employment benefits. The amount of this accrual for the year ended Cohoes City School District is \$100,848,717 an increase of \$23,288,571 from the prior year due to changes in assumptions and actual experience.
- The District created a TRS reserve in the amount of \$300,000, funded from unappropriated fund balance.
- In May 2019, voters authorized \$1,000,000 for the Cohoes Middle School roof & the Harmony Hill boiler capital reserve expenditures. The District funded the capital reserve (established in 2018) in the amount of \$1,000,000, from unappropriated fund balance.
- In May 2019, the 2019-2020 budget proposal was approved, applying fund balance of \$317,077 from 2018-2019.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: Management's Discussion and Analysis (MD&A) (this section), the basic financial statements, and the required supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide* financial statements that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the District-wide statements. The fund's financial statements concentrate on the District's most significant funds with all major funds listed in separate columns.
- The *governmental funds statements* tell how basic services, such as regular and special education, were financed in the *short-term*, as well as what remains for future spending.

# COHOES CITY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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### OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others.

The financial statements also include notes that provide additional information about the financial statements and the balances reported.

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.

Table A-1 shows how the various sections of this annual report are arranged and related to one another.

**Table A-1 Organization of the District's Annual Financial Report**

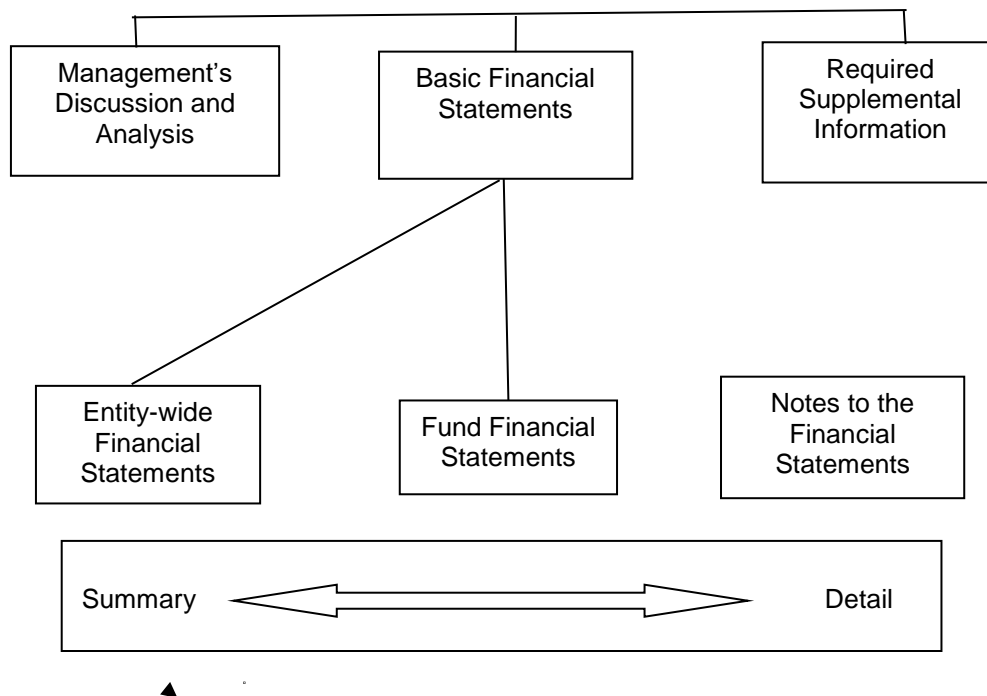


Table A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities that they cover and the types of information that they contain. The remainder of this overview section highlights the structure and contents of each statement.



# COHOES CITY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE FISCAL YEAR ENDED JUNE 30, 2019

### OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

**Table A-2 Major Features of the School District-wide and Fund Financial Statements**

	District-wide	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The daily operating activities of the District, such as instruction and special education.	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"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenue, expenditures, and changes in fund equity</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of changes in net position</li> </ul>
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 and deferred outflow/liability and deferred inflow information	All assets, deferred outflows, liabilities, and deferred inflows both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets or long-term liabilities included.	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can.
Type of Inflow/outflow information	All revenue and expenses during the year, regardless of when cash is received or paid.	Revenue 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.

### 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 and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's *net position* and how they have changed. Net position – the difference between the District's assets and liabilities – 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.
- For assessment of the overall health of the District, additional nonfinancial factors such as changes in the property tax bases and the condition of buildings and other facilities should be considered.

# COHOES CITY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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### OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

#### District-Wide Statements (Continued)

Net position of the governmental activities differ from governmental fund balance because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources, (dollars), are expended to purchase or build such assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. Principal and interest payments are considered expenditures when paid. Depreciation is not calculated.

Capital assets and long-term debt are accounted for in account groups and do not affect the fund balance.

District-wide statements use an economic resources measurement focus and full accrual basis of accounting that involves the following steps to prepare 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 to the proper function.
- Calculate revenue and expenditures using the economic resources measurement focus and the full accrual basis of accounting.
- Allocate net position as follows:
  - Investment in capital assets, net of related debt.
  - Restricted net position has constraints placed on use by external sources or imposed by law.
  - Unrestricted net position is net position that does not meet any of the above restrictions.

#### Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. The funds have been established by the State of New York.

The District has two kinds of funds:

- **Governmental Funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the general fund, special aid fund, school lunch fund, capital projects fund, and the debt service fund. Required financial statements are the balance sheet and the statement of revenue, expenditures, and changes in fund balance.

## COHOES CITY SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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#### OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

##### Fund Financial Statements (Continued)

- **Fiduciary Funds:** The District is the trustee, or fiduciary, for assets that belong to others. 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 its operations. Fiduciary fund reporting focuses on net position and changes in net position.

#### FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's net position as of June 30, 2019, are as detailed in Tables A-3 and A-4.

**Table A-3 Condensed Statement of Net position (In Thousands of Dollars)**

	<b>Fiscal Year 2019</b>	<b>Fiscal Year 2018</b>	<b>Percent Change</b>
Current and other assets	\$ 11,328	\$ 20,720	(45)
Noncurrent assets	<u>57,161</u>	<u>63,924</u>	(11)
Total assets	<u>\$ 68,489</u>	<u>\$ 84,644</u>	(19)
Deferred outflows of resources	<u>29,102</u>	<u>8,616</u>	238
Current liabilities	\$ 5,749	\$ 13,611	(58)
Long-term liabilities	<u>117,547</u>	<u>94,066</u>	25
Total liabilities	<u>\$ 123,296</u>	<u>\$ 107,677</u>	15
Deferred inflows of resources	<u>5,548</u>	<u>6,708</u>	(17)
Net position			
Net investment in capital assets	\$ 38,909	\$ 36,593	6
Restricted	5,797	12,841	(55)
Unrestricted	<u>(75,960)</u>	<u>(70,559)</u>	7
Total net position	<u>\$ 31,254</u>	<u>\$ 21,125</u>	48

During 2019, the District's assets and deferred outflows increased by approximately \$4,331,000 (See Table A-3) primarily as a result of the change in OPEB and pension resources.

Deferred outflows of resources relate primarily to ERS, TRS, OPEB and the deferred loss on refunding.

The increase in liabilities can be attributed primarily to the OPEB payable.

# COHOES CITY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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### FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

#### Changes in Net position

The District's fiscal year 2019 revenue totaled \$45,402,341 (See Table A-4). Property taxes and New York State aid accounted for the majority of revenue by contributing 38% and 51%, respectively, of the total revenue raised (see Table A-5). The remainder of revenue came from fees for services, use of money and property, operating grants, and other miscellaneous sources.

The total cost of all programs and services totaled \$48,365,753 for 2019. These expenses (85%) are predominately for the education, supervision, and transportation of students (see Table A-6). The District's administrative and business activities accounted for 3% of total costs.

Net position decreased during the year by \$2,963,412.

**Table A-4      Changes in Net position from Operating Results (In Thousands of Dollars)**

	<b><u>Fiscal Year 2019</u></b>	<b><u>Fiscal Year 2018</u></b>	<b><u>Percent Change</u></b>
Revenue			
Charges for services	\$ 193	\$ 236	(18)
Operating grants	4,032	3,697	9
Capital grants	133	0	100
General revenue			
Real property taxes	17,222	16,398	5
Other tax items	0	0	0
Use of money and property	0	0	0
State sources	23,099	22,387	3
Investment earnings	17	23	(26)
Other income	706	2,194	(68)
Total revenue	<u>45,402</u>	<u>44,935</u>	1
Expenses			
Instruction	25,129	23,181	8
Administrative & business	1,358	1,564	(13)
Operation & maintenance	2,596	2,418	7
Pupil transportation	1,618	1,519	7
Employee Benefits	13,937	11,463	22
Depreciation expense	2,161	2,831	(24)
Other expense	0	0	0
Food services	1,335	1,140	17
Interest expense	231	737	(69)
Total expenses	<u>48,365</u>	<u>44,853</u>	8
Decrease in net position	<u>\$ (2,963)</u>	<u>\$ 82</u>	(3,713)

## COHOES CITY SCHOOL DISTRICT

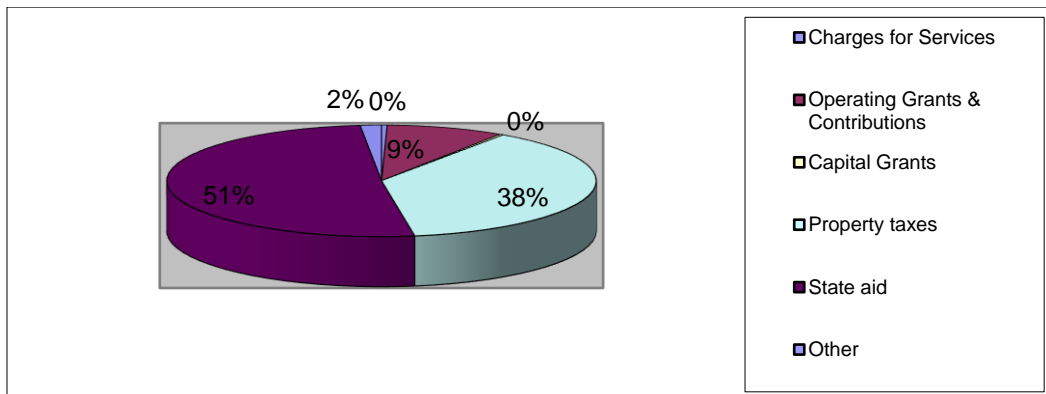
### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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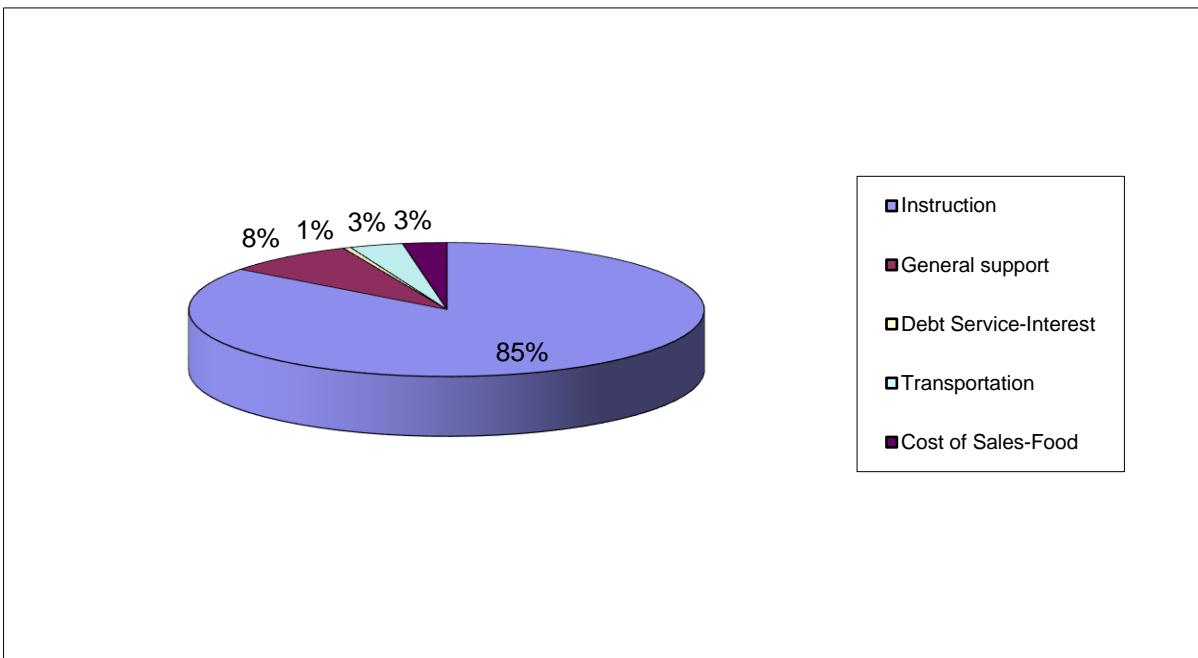
#### FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

The increase in instruction expenses can be explained by increased enrollment in Charter Schools, substitute services & employee benefits. School lunch program expenses increased from the prior year due to higher costs for contract services.

**Table A-5: Revenue Sources for 2019**



**Table A-6: Expense Sources for 2019**



## COHOES CITY SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE FISCAL YEAR ENDED JUNE 30, 2019

---

#### FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

##### Governmental Activities

Revenue for the District's governmental activities totaled \$45,402,341 while total expenses were \$48,365,753. Accordingly, net position decreased by \$2,963,412.

Table A-7 presents the cost of several of the District's major activities. The table also shows each activity's net cost (total cost less fees generated by the activity and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

**Table A-7 Net Cost of Governmental Activities (In Thousands of Dollars)**

	<b>Total Cost of Services <u>2019</u></b>	<b>Net Cost of Services <u>2019</u></b>	<b>Total Cost of Services <u>2018</u></b>	<b>Net Cost of Services <u>2018</u></b>
Instruction	\$ 25,129	\$ 22,305	\$ 23,181	\$ 20,740
Administrative & business	1,358	1,358	1,564	1,529
Operation & maintenance	2,596	2,596	2,418	2,418
Pupil transportation	1,618	1,618	1,519	1,439
Employee Benefits	13,937	13,937	11,463	11,449
Depreciation expense	2,161	2,161	2,831	2,831
Other expense	0	(133)	0	0
Food services	1,335	(66)	1,140	(222)
Interest expense	<u>231</u>	<u>231</u>	<u>737</u>	<u>737</u>
Decrease in net position	<u>\$ 48,365</u>	<u>\$ 44,008</u>	<u>\$ 44,853</u>	<u>\$ 40,921</u>

- The cost of all governmental activities for the year was \$44,007,979.
- The users of the District's programs financed \$192,781 of the costs.
- The federal and state government financed \$4,164,993 of the costs.
- Most of the District's net costs of \$41,044,567 were financed by taxpayers and state and federal aid.

#### FINANCIAL ANALYSIS OF THE SCHOOL 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. Under this method of presentation, governmental funds do not include long-term liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include proceeds from the issuance of debt, the current payments for capital assets, and the current payments for debt.

## **Governmental Funds Highlights**

The following is a brief description of the activity in the governmental funds for 2019:

*General Fund:* Expenditures exceeded revenues by \$1,167,830 in the 2018-2019 year. The increase in the general fund expenditures were primarily due to unfavorable variances in instructional program expenditures which included unanticipated increases in Charter School enrollment. Additionally, actual substitute expenses exceeded projections.

*Special Aid Fund:* By the purpose of the fund, special aid does not generate a fund balance. Revenue received is expended. Approximately \$2,701,000 was received for state and federal grants in this fund.

*School Lunch Fund:* The school lunch fund ended 2018-2019 fiscal year with an operating deficit of \$52,713.

*Capital Projects Fund:* \$132,844 was expended for capital projects for the year ended June 30, 2019. Completed project balances totaling \$703,807 were transferred to the debt service fund, leaving the capital project fund ending the 2018-2019 fiscal year with a balance of \$537.

*Debt Service Fund:* The debt service fund ended the year with a \$2,185,947 fund balance.

## COHOES CITY SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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#### FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS (Continued)

##### General Fund Budgetary Highlights

This section presents an analysis of significant variances between original and final budget amounts and between final budget amounts and actual results for the general fund.

##### Results vs. Budget (In Thousands of Dollars)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>En- cumbrances</u>	<u>Variance (Actual/ Budget)</u>
Revenue					
Local sources	\$ 17,843	\$ 17,874	\$ 17,482	\$ -	(393)
State sources	22,824	22,824	23,070	-	246
Federal sources	580	580	467	-	(113)
Transfers in	1,162	1,162	643	-	(518)
Total	<u>42,409</u>	<u>42,440</u>	<u>41,662</u>	<u>-</u>	<u>(779)</u>
Expenditures					
General support	5,329	4,252	4,077	119	57
Instruction	22,104	23,117	22,755	198	164
Transportation	1,715	1,773	1,531	13	229
Employee benefits	12,162	10,661	10,745	10	(94)
Debt service	2,107	3,646	3,646	-	-
Transfers out	49	49	77	-	(28)
Total	<u>43,466</u>	<u>43,498</u>	<u>42,830</u>	<u>340</u>	<u>328</u>
Revenue over (under) expenditures	<u>\$ (1,057)</u>	<u>\$ (1,057)</u>	<u>\$ (1,168)</u>		

The general fund is the only fund for which a budget is legally adopted.

The District's 2018-2019 actual revenue was less than its budgeted revenue by approximately \$778,600 due to unfavorable local source results and reduced inter-fund transfer activity (ERS reserve).



## COHOES CITY SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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#### FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS (Continued)

The District's 2018-2019 expenditures, including encumbrances, were under expended by approximately \$328,000 due to careful monitoring and control of general fund expenditures.

The District has met its target to have \$317,077 in fund balance available on June 30, 2019 to support the 2019-2020 budget.

#### CAPITAL ASSETS

As of June 30, 2019, the District had \$55,505,636 invested in buildings, computers, and other educational equipment.

**Table A-8 Capital Assets (In Thousands of Dollars), net of accumulated depreciation**

	<b>Fiscal Year <u>2019</u></b>	<b>Fiscal Year <u>2018</u></b>
Land	\$ 1,470	\$ 1,470
Construction in progress	0	0
Buildings and improvements	53,218	60,963
Furniture, equipment, and vehicles	818	811
Total	<u>\$ 55,506</u>	<u>\$ 63,244</u>

#### DEBT ADMINISTRATION

##### Long-Term Liabilities

As of June 30, 2019, the District had \$16,110,000 in long-term debt. Detailed information about the District's long-term debt is included in the notes to the financial statements.

**Table A-9 Outstanding Long-Term Debt (In Thousands of Dollars)**

	<b>Fiscal Year <u>2019</u></b>	<b>Fiscal Year <u>2018</u></b>
General obligation bonds	\$ 16,110	\$ 27,355
Other general obligation debt	0	0
Total	<u>\$ 16,110</u>	<u>\$ 27,355</u>

## **COHOES CITY SCHOOL DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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#### **FACTORS BEARING ON THE DISTRICT'S FUTURE**

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

The District has begun planning for the "Building Future Ready" capital project initiative. The project shall include capital construction improvements to meet the future needs of the community. The Capital Reserve Fund that was authorized by voters in May 2018, will help to offset the cost of future project. A district-wide capital project is anticipated to be presented to the voters in May, 2021.

The District continues to be dependent on State Aid & grant funding. Changes within the State's economy could result in an adverse impact on the finances of the District.

#### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact:

Stacy Mackey, School Business Official  
Cohoes City School District  
21 Page Avenue  
Cohoes, NY 12047  
Office: (518) 237-0100

**COHOES CITY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2019**

**ASSETS**

Current Assets:	
Cash - Unrestricted	\$ 1,066,969
Cash - Restricted	5,797,251
Accounts Receivable	96,843
Taxes Receivable	622,587
Due From Fiduciary Funds	806,405
State and Federal Aid Receivable	2,020,472
Due From Other Governments	874,014
Inventories	37,681
Prepaid Expenditures	6,250
Capital Assets, net	55,505,636
Net Pension Asset, Proportionate Share	1,654,852
Total Assets	<u>68,488,960</u>
Deferred Outflows of Resources	
Loss on Refunding	195,573
Other Post Employment Benefits	19,563,796
Pensions	9,342,362
Total Deferred Outflows of Resources	<u>29,101,731</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 97,590,691</u>

**LIABILITIES**

Current Liabilities:	
Accounts Payable	\$ 431,906
Accrued Liabilities	5,761
Accrued Interest Payable	80,536
Due to Teachers' Retirement System	1,791,886
Due to Employees' Retirement System	117,787
Refundable Advances	38,174
Long-Term Liabilities - Due and Payable Within One Year	
Bonds	3,070,000
Unamortized Bond Premium	213,676
Term Liabilities - Due and Payable After One Year	
Bonds	13,040,000
Unamortized Bond Premium	467,751
Compensated Absences	2,314,287
Other Post Employment Benefits Payable	100,848,717
Net Pension Liability, Proportionate Share	875,378
Total Liabilities	<u>123,295,859</u>
Deferred Inflows of Resources	
Other Post Employment Benefits	2,996,771
Pensions	2,551,665
Total Deferred Inflows of Resources	<u>5,548,436</u>

**NET POSITION**

Net Investment in Capital Assets	39,123,458
Restricted	5,797,251
Unrestricted	<u>(76,174,313)</u>
Total Net Position	<u>(31,253,604)</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 97,590,691</u>

See accompanying notes to financial statements.

B1.

**COHOES CITY SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2019**

		<u>Program Revenues</u>			<u>Net (Expense)</u>
	<u>Expenses</u>	<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants</u>	<u>Grants</u>	<u>Changes in</u>
					<u>Net Position</u>
<b>FUNCTIONS/PROGRAMS</b>					
General support	\$ 3,954,460	\$ -	\$ -	\$ -	\$ (3,954,460)
Instruction	25,129,369	88,044	2,735,856	-	(22,305,469)
Pupil transportation	1,617,923	-	-	-	(1,617,923)
Employee benefits	13,936,516	-	-	-	(13,936,516)
Debt service - interest	230,741	-	-	-	(230,741)
Depreciation - unallocated	2,161,294	-	-	-	(2,161,294)
Capital outlay	-	-	-	132,844	132,844
School lunch program	1,335,450	104,737	1,296,293	-	65,580
	<u>48,365,753</u>	<u>192,781</u>	<u>4,032,149</u>	<u>132,844</u>	<u>(44,007,979)</u>
Total Functions and Programs	\$	\$	\$	\$	
<b>GENERAL REVENUES</b>					
Real property taxes					17,222,104
Use of money and property					16,622
Sale of property and compensation for loss					20,593
State sources					23,099,473
Federal sources					437,051
Miscellaneous					248,724
					<u>41,044,567</u>
Total General Revenues					
Change in Net Position					<u>(2,963,412)</u>
Total Net Position - Beginning of Year, as Originally Reported					(21,125,045)
Prior Period Adjustment					<u>(7,165,147)</u>
Total Net Position - Beginning of Year, as Restated					<u>(28,290,192)</u>
Total Net Position - End of Year					<u>\$ (31,253,604)</u>

See accompanying notes to financial statements.

**COHOES CITY SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2019**

	<b>General Fund</b>	<b>Special Aid Fund</b>	<b>School Lunch Fund</b>	<b>Capital Projects Fund</b>	<b>Debt Service Fund</b>	<b>Total Governmental Funds</b>
<b>Assets</b>						
Cash - Unrestricted	\$ 77,221	\$ 9,845	\$ 1,796	\$ 867,589	\$ 110,518	\$ 1,066,969
Cash - Restricted	3,611,304	-	-	-	2,185,947	5,797,251
State and Federal Receivable, net	679,915	1,097,225	110,488	132,844	-	2,020,472
Due From Other Governments	873,934	-	80	-	-	874,014
Due From Other Funds	9,966,102	73,267	591,016	132,844	-	10,763,229
Other Receivables	96,843	-	-	-	-	96,843
Taxes Receivable	622,587	-	-	-	-	622,587
Inventories	-	-	37,681	-	-	37,681
Prepaid Expenditures	-	6,250	-	-	-	6,250
<b>Total Assets</b>	<b>\$ 15,927,906</b>	<b>\$ 1,186,587</b>	<b>\$ 741,061</b>	<b>\$ 1,133,277</b>	<b>\$ 2,296,465</b>	<b>\$ 21,285,296</b>
<b>Liabilities</b>						
Accounts Payable	\$ 346,131	\$ 12,687	\$ 73,088	\$ -	\$ -	\$ 431,906
Accrued Liabilities	-	-	5,761	-	-	5,761
Due to Other Funds	7,572,426	1,141,140	-	1,132,740	110,518	9,956,824
Due to Other Governments	-	-	-	-	-	-
Due to Teachers' Retirement System	1,791,886	-	-	-	-	1,791,886
Due to Employees' Retirement System	117,787	-	-	-	-	117,787
Refundable Advances	-	32,760	5,414	-	-	38,174
<b>Total Liabilities</b>	<b>9,828,230</b>	<b>1,186,587</b>	<b>84,263</b>	<b>1,132,740</b>	<b>110,518</b>	<b>12,342,338</b>
<b>Deferred Inflows of Resources</b>	<b>583,679</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>583,679</b>
<b>Total Deferred Inflows of Resources</b>	<b>583,679</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>583,679</b>
<b>Fund Equity (Deficiency)</b>						
Fund Equity (Deficiency):						
Non-spendable	-	6,250	37,681	-	-	43,931
Restricted	3,611,304	-	-	-	2,185,947	5,797,251
Committed	-	-	-	-	-	-
Assigned	657,045	-	619,117	537	-	1,276,699
Unassigned	1,247,648	(6,250)	-	-	-	1,241,398
<b>Total Fund Equity (Deficiency)</b>	<b>5,515,997</b>	<b>-</b>	<b>656,798</b>	<b>537</b>	<b>2,185,947</b>	<b>8,359,279</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Equity (Deficiency)</b>	<b>\$ 15,927,906</b>	<b>\$ 1,186,587</b>	<b>\$ 741,061</b>	<b>\$ 1,133,277</b>	<b>\$ 2,296,465</b>	<b>\$ 21,285,296</b>

Amounts reported for governmental activities in the statement of net position are different due to the following:

Fund equity of the governmental funds	\$ 8,359,279
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	55,505,636
Property tax revenues are recorded as revenue when levied under the accrual basis and when "available" under the modified accrual basis	583,679
Accrued interest expense is reported under the accrual basis	(80,536)
Net Pension Asset	1,654,852
Net Pension Liability	(875,378)
Net Deferred inflows related to net pension asset/liability and OPEB adjustments	28,906,158
Net Deferred outflows related to net pension asset/liability and OPEB adjustments	(5,548,436)
Net Deferred loss on refunding and unamortized bond premium	(272,178)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	
Bonds payable	(16,110,000)
Other postemployment benefits payable	(100,848,717)
Compensated absences	(2,314,287)
<b>Net Position of Governmental Activities</b>	<b>\$ (31,039,928)</b>

**COHOES CITY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>General Fund</b>	<b>Special Aid Fund</b>	<b>School Lunch Fund</b>	<b>Capital Projects Fund</b>	<b>Debt Service Fund</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>						
Real Property Taxes and Tax Items	\$ 17,109,442	\$ -	\$ -	\$ -	\$ -	\$ 17,109,442
Charges for Services	88,044	-	-	-	-	88,044
Use of Money and Property	15,014	-	-	537	1,071	16,622
Sale of property and compensation for loss	20,593	-	-	-	-	20,593
Miscellaneous	248,724	34,336	513	-	-	283,573
State Sources	23,069,473	1,342,908	32,651	132,844	-	24,577,876
Federal Sources	467,051	1,358,612	1,263,129	-	-	3,088,792
Sales	-	-	104,737	-	-	104,737
<b>Total Revenues</b>	<b>41,018,341</b>	<b>2,735,856</b>	<b>1,401,030</b>	<b>133,381</b>	<b>1,071</b>	<b>45,289,679</b>
<b>Expenditures</b>						
General Support	4,076,568	3,683	-	-	-	4,080,251
Instruction	22,754,884	2,588,534	-	-	-	25,343,418
Pupil Transportation	1,530,694	87,229	-	-	-	1,617,923
Employee Benefits	10,744,518	129,587	121,684	-	-	10,995,789
Debt Service	3,646,368	-	-	-	-	3,646,368
Cost of Sales	-	-	1,335,450	-	-	1,335,450
Capital Outlay	-	-	-	132,844	-	132,844
<b>Total Expenditures</b>	<b>42,753,032</b>	<b>2,809,033</b>	<b>1,457,134</b>	<b>132,844</b>	<b>-</b>	<b>47,152,043</b>
Excess (Deficiency) of Revenues Over Expenditures	(1,734,691)	(73,177)	(56,104)	537	1,071	(1,862,364)
<b>Other Sources and (Uses)</b>						
Interfund Transfers, net	566,861	73,177	3,391	(703,807)	60,378	-
<b>Total Other Sources (Uses)</b>	<b>566,861</b>	<b>73,177</b>	<b>3,391</b>	<b>(703,807)</b>	<b>60,378</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other (Uses)</b>	<b>(1,167,830)</b>	<b>-</b>	<b>(52,713)</b>	<b>(703,270)</b>	<b>61,449</b>	<b>(1,862,364)</b>
Fund Equity, Beginning of Year, as Originally Reported	6,840,376	-	666,824	703,807	10,336,439	18,547,446
Prior Period Adjustment	(156,549)	-	42,687	-	(8,211,941)	(8,325,803)
Fund Equity, Beginning of Year, as Restated	6,683,827	-	709,511	703,807	2,124,498	10,221,643
<b>Fund Equity, End of Year</b>	<b>\$ 5,515,997</b>	<b>\$ -</b>	<b>\$ 656,798</b>	<b>\$ 537</b>	<b>\$ 2,185,947</b>	<b>\$ 8,359,279</b>

See accompanying notes to financial statements.

B4.

**COHOES CITY SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND EQUITY OF THE GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2019**

Net changes in fund balance - total governmental funds		\$ (1,862,364)
Capital outlays for the purchase of capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their useful lives as depreciation expense in the statement of activities.		
	Depreciation expense \$ (2,161,294)	
	Capital outlays <u>472,684</u>	(1,688,610)
Interest is recognized as an expense in the governmental funds when paid. For governmental activities, interest expense is recognized as it accrues. The decrease in accrued interest during 2018/19 results in less expense.		113,174
Unearned revenue recognized when availability period is met for governmental activities. However, recognized in the prior year under full accrual.		112,662
Repayments of long-term debt are recorded as expenditures in the governmental funds but are recorded as liabilities in the statement of activities.		3,150,000
Bond premium is revenue and deferred losses are expenses in the governmental funds but are recorded as liabilities and assets in the statement of activities and subsequently amortized.		152,453
Certain expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
	Other Post Employment Benefits \$ (3,223,695)	
	Compensated Absences (39,067)	
	Adjustments for net pension liability - ERS (133,437)	
	Adjustments for net pension asset - TRS <u>455,472</u>	<u>(2,940,727)</u>
Change in net position - governmental activities		\$ <u><u>(2,963,412)</u></u>

**COHOES CITY SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION - FIDUCIARY FUNDS**  
**JUNE 30, 2019**

	<u>Agency</u>	<u>Private Purpose Trusts</u>
<b>ASSETS</b>		
Cash - unrestricted	\$ 806,527	\$ -
Cash - restricted	<u>43,008</u>	<u>566,267</u>
Total Assets	<u>\$ 849,535</u>	<u>\$ 566,267</u>
<b>LIABILITIES</b>		
Extraclassroom activity balances	\$ 43,008	\$ -
Due to other funds	806,405	-
Other liabilities	<u>122</u>	<u>-</u>
Total Liabilities	<u>\$ 849,535</u>	<u>\$ -</u>
<b>NET POSITION</b>		
Reserved for scholarships		<u>\$ 566,267</u>

**STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Private Purpose Trusts</u>
<b>ADDITIONS</b>	
Gifts and contributions	\$ -
Investment earnings	<u>848</u>
Total Additions	<u>848</u>
<b>DEDUCTIONS</b>	
Scholarships and awards	<u>5,000</u>
Change in Net Position	(4,152)
Net Position - Beginning of year	<u>570,419</u>
Net Position - End of year	<u>\$ 566,267</u>



**COHOES CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of the Cohoes City School District ("the District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB) which is the standards-setting body for establishing governmental accounting and financial reporting principles.

**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 consisting of 7 members. 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 statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District and its component unit. 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 review of an entity included in the District's reporting entity within its Fiduciary funds:

The Extraclassroom Activity Funds

The extraclassroom activity funds of the District represents 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 District's business office, located at 21 Page Avenue, Cohoes, New York.

**B. Joint Venture**

The Cohoes City School District is a component district in the Capital Region Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share 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.

**COHOES CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***B. Joint Venture***

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

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

During the year ended June 30, 2019, the Cohoes City School District was billed \$3,921,011 for BOCES administrative and program costs. The District's share of BOCES Aid amounted to \$1,623,307. Financial statements for the BOCES are available from the BOCES administrative office.

***C. Basis of Presentation***

***District-wide statements***

The Statement of Net Position and the Statement of Activities 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.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to the 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.

***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.

**COHOES CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***C. Basis of Presentation***

***I. Governmental Funds***

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 Aid Fund

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 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.

School Lunch Fund

Used to account for transactions of the District's lunch and breakfast programs.

Capital Projects Fund

The Capital Projects Fund is used to account for and report financial resources to be used for the acquisition, construction or renovation of major capital facilities and equipment.

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 capital assets up to the balance of related bonds outstanding.

***II. Fiduciary Funds***

This fund is used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee and 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.

There are two classes of fiduciary funds:

a. 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.

**COHOES CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***C. Basis of Presentation***

***II. Fiduciary Funds***

***b. 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 withholdings.

***D. Basis of Accounting/Measurement Focus***

***General Information***

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 financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are 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, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within ninety days after the end of the fiscal year, except for real property taxes, which are considered to be available if collected within sixty days of the fiscal year end.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, other post-employment benefits, pension, 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.

***E. Refundable Advances***

Refundable advances arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for refundable advances is removed and revenue is recognized.

**COHOES CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***F. Property Taxes***

***I. Calendar***

Real property taxes are levied annually by the Board of Education no later than September 1, and became a lien on July 2, 2018. Taxes were collected in two installments commencing during the period September 1, 2018 to March 31, 2019.

***II. Enforcement***

Uncollected real property taxes are subsequently enforced by the City of Cohoes, in which the District is located. An amount representing uncollected real property taxes 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 collected within sixty days subsequent to June 30, 2019, less similar amounts collected during this period in the preceding year, are recognized as revenue; otherwise taxes receivable are offset by deferred inflows of resources.

***G. Restricted Resources***

When an expense is incurred for purposes for which both 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.

***H. Budgetary Procedures and Budgetary Accounting***

***I. Budget Policies***

The budget policies are as follows:

- a. The District administration prepares a proposed budget for approval by the Board of Education for the General Fund.
- b. The proposed appropriation budget for the General Fund is approved by the voters within the District.
- c. Appropriations are adopted at the line item level.
- d. Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not located in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. The following supplemental appropriations occurred during the year:

From Additional Revenues	
Donations	<u>\$ 31,506</u>

**COHOES CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***H. Budgetary Procedures and Budgetary Accounting***

***I. Budget Policies***

- e. 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.
- f. Budgets are established and used for individual capital project fund expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

***II. 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 restrictions or assignments 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.

***III. Budget Basis of Accounting***

Under GASB Statement No. 34, budgetary comparison information is required to be presented for the general fund and each major special revenue fund with a legally adopted budget. The District is not legally required to adopt a budget for its special revenue funds. Therefore, budget comparison information for special revenue funds is not included in the District's financial statements.

***I. 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 the date of acquisition.

The District investment policies are governed by State statutes. District monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the U.S. Treasury and U.S. 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 Federal Deposit 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 School Districts. Investments are stated at fair value.

**COHOES CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***J. 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.

***K. Inventories and Prepaid Items***

Inventories of food and supplies 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.

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. 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.

A portion of the fund balance in the amount of these non-liquid assets has been identified as not available for other subsequent expenditures.

***L. Interfund Transfers***

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 Note 2.A.II. for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

***M. Equity Classifications***

District-wide statements:

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

**COHOES CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***M. Equity Classifications***

Net investment in capital assets - consists of net capital assets (cost less accumulated depreciation) plus deferred loss on bond issuance and unspent bond proceeds reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets and unamortized bond premium.

Restricted - reports net position when constraints placed on the assets or deferred outflows 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 - reports the balance of 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.

Fund statements:

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

**Non-spendable** - 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 \$37,681 and prepaid expenditures in the Special Aid Fund of \$6,250.

**Restricted** - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of all other governments; or imposed by law through constitutional provisions or enabling legislation. The District has established the following restricted fund balances:

Reserve for Debt

This reserve was established according to General Municipal Law §6-l, and 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 unexpended bond proceeds.

Employee Benefit Accrued Liability

According to General Municipal Law §6-p, must be used for the payment of accrued employee benefits 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.

Capital Reserve

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 for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be place on the ballot are set forth in §3651 of the Education Law.



**COHOES CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***M. Equity Classifications***

Workers' Compensation

According to General Municipal Law §6-j, these reserve funds must be used to pay compensation and benefits, medical, hospital, or other expenses authorized by Article 2 of the Workers' Compensation Law and to pay the expenses of administering a self-insurance workers' compensation 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 year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal years' budget.

Retirement System Contributions

According to General Municipal Law Section 6-r, must be used for financing retirement contributions including employee and teachers retirement. 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. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System (TRS). During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r. \$300,048 was reserved for TRS and \$915,597 was reserved for ERS.

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.

Unemployment

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 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  
JUNE 30, 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***M. Equity Classifications***

Restricted fund equity includes the following:

General Fund:	
Workers' Compensation	\$ 449,733
Unemployment Insurance	55,420
Employees' Retirement System	915,597
Teachers' Retirement System	300,048
Employee Benefit Accrued Liability	554,978
Capital Reserve	1,000,000
Tax Certiorari Reserve	335,528
Debt Service Fund:	
Debt Service	<u>2,185,947</u>
	<u>\$ 5,797,251</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 District has no committed fund balances as of June 30, 2019.

**Assigned** - Includes amounts that are constrained by the district's intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted as the end of the fiscal year. Fund balance of the school lunch fund of \$619,117 and fund balance of the capital projects fund of \$537 is considered assigned. All encumbrances of the General Fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to \$339,968. Appropriated fund balance in the General Fund amounted to \$317,077.

**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.

Purpose of Encumbrances:

General Fund	
General Support	\$ 118,964
Instruction	197,837
Pupil Transportation	13,339
Employee Benefits	<u>9,828</u>
	<u>\$ 339,968</u>

**COHOES CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***M. Equity Classifications***

**Unassigned** - Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the District. Deficit fund balances in governmental funds are classified as unassigned. In funds other than the General Fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

NYS Real Property Tax Law Section 1318 limits the amount of unexpended surplus funds a District can retain to no more than 4% of the 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. The District did not exceed the 4% limit at June 30, 2019.

**Net Position/Fund Balance**

**Net Position Flow Assumption:** Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the district-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

**Fund Balance Flow Assumption:** Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

**Order of Use of Fund Balance**

The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance (to the extent appropriated), 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 purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as either assigned or restricted fund balance. In the General Fund, committed fund balance is determined next then assigned. The remaining amounts are reported as unassigned.

***N. Postemployment Benefits***

In addition to providing the retirement benefits described in Note 2.B.I, the District provides postemployment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contract negotiated between the District and its employee groups as governed by Board of Education Policy. Substantially all of these 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 postemployment benefits is shared between the District and the retired employee. See Note 4.

**COHOES CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***O. Capital Assets***

Capital assets are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Donated assets are reported at estimated fair market value at the time received.

Land and construction in process are not depreciated. Capitalization thresholds (the dollar 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 statements are as follows:

	<b><u>Capitalization Threshold</u></b>	<b><u>Depreciation Method</u></b>	<b><u>Estimated Useful Life In Years</u></b>
Buildings	\$ 500	SL	40
Building improvements	500	SL	40
Site improvements	500	SL	40
Furniture and equipment	500	SL	5-7

***P. 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 District has four items that qualify for reporting in this category. First is the deferred charge on refunding reported in the Statement of Net Position. A deferred charge on refunding results from the difference in carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or refunding debt. The second item is related to pensions reported in the 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 proportionate share of total contributions to the pension systems not included in pension expense. The third item is the District contributions to the pension systems (TRS and ERS systems) and OPEB subsequent to the measurement date. The fourth item relates to the OPEB reporting in the district wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

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 two items that qualify for reporting in this category. The first 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 proportionate share of the collective net pension liability (TRS and 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. The second item is related to the OPEB report in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

**COHOES CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***P. Deferred Outflows and Inflows of Resources***

In the Balance Sheet-Governmental Funds deferred inflow of resources arises when a potential revenue does not meet both the measurable and available criteria for recognition in the current period.

***Q. 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 RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

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 BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

***R. Payables, 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, other postemployment benefits payable, compensated absences and pension costs 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.

***S. 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, compared with the current financial resources focus of the governmental funds.

- a. Total fund balance of governmental funds vs. net position of governmental activities:

**COHOES CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**S. *Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements***

Total fund balances of the District's 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, as applied to the reporting of capital assets and long-term liabilities, including pensions.

- b. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities:

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of five broad categories. The amounts shown below represent:

***Long-Term Revenue and Expense Differences***

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities 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.

***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 the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and an asset on the Statement of Net Position and depreciation expense on those items as recorded in the Statement of Activities.

***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 principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

***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  
JUNE 30, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**S. *Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements***

***OPEB Differences***

OPEB differences occur as a result of changes in the District's total OPEB liability and differences between the District's contributions and OPEB expense.

**T. *Use of Estimates***

The preparation of financial statements in conformity with GAAP 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 revenue and expenditures during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of compensated absences, other postemployment benefits, potential contingent liabilities, net pension asset/liability, deferred outflows/inflows and the lives of long-term assets.

**U. *Vested Benefits***

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

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation, or death employees may receive a payment based on unused accumulated sick leave, based on contractual provisions. Unused sick leave for teachers is converted to a dollar amount and can be applied to their share of the premium of health insurance plan at retirement.

Consistent with GASB Statement 16, *Accounting for Compensated Absences*, an accrual for accumulated sick leave is included in the compensated absences liability at year-end. The compensated absences liability is calculated based on the applicable contract rates in effect at year-end.

In the fund 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.

**V. *Implementation of New Accounting Standards***

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2019, the District implemented the following new standard issued by GASB. There was no impact of implementing these new standards.

GASB issued Statement 83, *Certain Asset Retirement Obligations*, effective for the year ending June 30, 2019.

GASB has issued Statement 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*, effective for the year ending June 30, 2019.

**COHOES CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***W. Future Changes in Accounting Standards***

The District will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

GASB has issued Statement 84, *Fiduciary Activities*, effective for the year ending June 30, 2020.

GASB has issued Statement 87, *Leases*, effective for the year ending June 30, 2021.

GASB has issued Statement 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, effective for the year ending June 30, 2021.

GASB has issued Statement 90, *Accounting and Financial Reporting for Majority Equity Interest*, effective for the year ending June 30, 2020.

GASB has issued Statement 91, *Conduit Debt Obligations*, effective for the year ending June 30, 2022.

**2. DETAIL NOTES ON ALL FUNDS**

***A. Assets***

***I. Cash and Investments***

Deposits

Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the District's agent in the District's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the District's name, or (3) uncollateralized. At June 30, 2019, all deposits were fully insured and collateralized.

Restricted Cash

General Fund

Restricted cash of \$3,611,304 at June 30, 2019 consists of \$449,733 restricted for Workers' Compensation Reserve, \$55,420 restricted for Unemployment Reserve, \$554,978 restricted for Employee Benefit Accrued Liability Reserve, \$915,597 restricted for Employees' Retirement System Reserve, \$300,048 restricted for Teachers' Retirement Reserve, \$335,528 restricted for Tax Certiorari Reserve, and \$1,000,000 restricted for Capital Reserve.

Debt Service Fund

Restricted cash of \$2,185,947 is restricted for future debt service payments.

Fiduciary Funds

Restricted cash of \$609,275 at June 30, 2019 consist of \$43,008 restricted for Extraclassroom Activity Funds, and \$566,267 restricted for Scholarships.



**COHOES CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**2. DETAIL NOTES ON ALL FUNDS**

**A. Assets**

***II. Interfund Receivables and Payables***

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Interfund receivable and payable balances at June 30, 2019 are as follows:

	<u><b>Interfund Receivable</b></u>	<u><b>Interfund Payable</b></u>	<u><b>Interfund Revenues</b></u>	<u><b>Interfund Expenditures</b></u>
General Fund	\$ 9,966,102	\$ 7,572,426	\$ 643,429	\$ 76,568
Special Aid Fund	73,267	1,141,140	73,177	-
School Lunch	591,016	-	3,391	-
Debt Service Fund	-	110,518	703,807	643,429
Capital Projects Funds	<u>132,844</u>	<u>1,132,740</u>	<u>-</u>	<u>703,807</u>
Total Government Activities	10,763,229	9,956,824	1,423,804	1,423,804
 Fiduciary Fund	 <u>-</u>	 <u>806,405</u>	 <u>-</u>	 <u>-</u>
Total	<u>\$ 10,763,229</u>	<u>\$10,763,229</u>	<u>\$ 1,423,804</u>	<u>\$ 1,423,804</u>

**COHOES CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**2. DETAIL NOTES ON ALL FUNDS**

**A. Assets**

**III. Capital Assets**

Capital asset balances for the year ended June 30, 2019 are as follows:

	<b><u>Restated Balance July 1, 2018</u></b>	<b><u>Additions</u></b>	<b><u>Retirements/ Reclassific- ations</u></b>	<b><u>Balance June 30, 2019</u></b>
Governmental Activities				
Capital assets that are not depreciated:				
Land	\$ 1,470,419	\$ -	\$ -	\$ 1,470,419
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Nondepreciable Historical Cost	<u>1,470,419</u>	<u>-</u>	<u>-</u>	<u>1,470,419</u>
Capital assets that are depreciated:				
Buildings and improvements	90,737,389	79,173	-	90,816,562
Furniture and equipment	<u>2,935,311</u>	<u>393,511</u>	<u>460,082</u>	<u>2,868,740</u>
Total Depreciable Historical Cost	<u>93,672,700</u>	<u>472,684</u>	<u>460,082</u>	<u>93,685,302</u>
Less accumulated depreciation:				
Buildings and improvements	35,601,886	1,997,321	-	37,599,207
Furniture and equipment	<u>2,346,987</u>	<u>163,973</u>	<u>460,082</u>	<u>2,050,878</u>
Total Accumulated Depreciation	<u>37,948,873</u>	<u>2,161,294</u>	<u>460,082</u>	<u>39,650,085</u>
Total Capital Assets, net	<u>\$ 57,194,246</u>	<u>\$ (1,688,610)</u>	<u>\$ -</u>	<u>\$ 55,505,636</u>

**COHOES CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**2. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

***I. Pension Plans***

*General Information*

The District participates in the New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement System (TRS). Collectively, TRS and ERS are referred to herein as the "Systems". 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.

*Plan Descriptions*

*Teachers' Retirement System*

The TRS is administered by the New York State Teachers' Retirement Board. 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. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in the New York Public Schools and BOCES who elected to participate in 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. The New York State TRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report and additional information 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 NYS/TRS Comprehensive Annual Financial report which can be found on the System's website at [www.nystrs.org](http://www.nystrs.org).

*Employees' Retirement System*

The New York State and Local Employees' Retirement System provides retirement benefits as well as death and disability benefits. This is a cost-sharing multiple-employer retirement system. 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. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State

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**2. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

***I. Pension Plans***

Plan Descriptions

*Employees' Retirement System*

Retirement and Social Security Law (NYSRSSL). 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. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report and additional information may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12208 or found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php).

Contributions

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3% to 3.5% of their salary for the 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. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for TRS.

The District is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

	<u><b>ERS</b></u>	<u><b>TRS</b></u>
2018-19	\$ 452,422	\$ 1,688,950
2017-18	477,129	1,425,053
2016-17	421,984	1,655,368

The District contributions made to the Systems were equal to 100 percent of the contributions required for each year.

Pension Liabilities

At June 30, 2019, 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) was measured as of March 31, 2019 for ERS and June 30, 2018 for TRS. The total net

**COHOES CITY SCHOOL DISTRICT  
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**2. DETAIL NOTES ON ALL FUNDS**

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**I. Pension Plans**

Pension Liabilities

pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation as of that date. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of 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	April 1, 2018	June 30, 2017
Net pension asset/(liability)	\$(875,378)	\$1,654,852
District's portion of the Plan's total net pension asset/(liability)	.0123548%	.0915160%

*Pension Expense (Credit)*

For the year ended June 30, 2019, the District recognized its proportionate share of pension expense of \$573,342 for ERS and \$1,282,700 for TRS.

*Deferred Outflows and Inflows of Resources Related to Pensions*

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>		<b>Deferred Inflows of Resources</b>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experiences	\$ 172,380	\$ 1,236,657	\$ 58,762	\$ 224,007
Changes of assumptions	220,034	5,784,792	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	224,670	1,837,011
Changes in proportion and differences between contributions and proportionate share of contributions	39,358	82,404	11,009	196,206
Contributions subsequent to the measurement date	117,787	1,688,950	-	-
Total	<u>\$ 549,559</u>	<u>\$ 8,792,803</u>	<u>\$ 294,441</u>	<u>\$ 2,257,224</u>

**COHOES CITY SCHOOL DISTRICT  
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**2. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

***I. Pension Plans***

District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/(liability) in the year ended March 31, 2020 for ERS and June 30, 2019 for TRS. Other amounts reported as deferred outflows of resources, and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u><b>ERS</b></u>	<u><b>TRS</b></u>
Year ended:		
2019	\$ -	\$ 1,638,587
2020	199,188	1,106,044
2021	(165,856)	98,640
2022	(12,356)	1,102,145
2023	116,355	746,821
Thereafter	-	154,392

*Actuarial Assumptions*

The total pension asset/(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 asset/(liability) to the measurement date. The actuarial valuation used the following actuarial assumptions:

	<u><b>ERS</b></u>	<u><b>TRS</b></u>
Measurement date	March 31, 2019	June 30, 2018
Actuarial valuation date	April 1, 2018	June 30, 2017
Interest Rate	7.0%	7.25%
Salary Scale	4.2%	1.9% - 4.72%
Decrement tables	April 1, 2010 - March 31, 2015 System's Experience	July 1, 2009 - June 30, 2014 System's Experience
Inflation rate	2.5%	2.25%
Cost of Living Adjustments	1.3% annually	1.5% annually

For ERS, annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014. For TRS, annuitant mortality rates are based on July 1, 2009 - June 30, 2014 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014.

For ERS, the actuarial assumptions used in the April 1, 2018 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2017 valuation are based on the results of an actuarial experience study for the period July 1, 2009 - June 30, 2014.

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**B. Liabilities**

**I. Pension Plans**

*Actuarial Assumptions*

The long term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

The long term expected 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 the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

<b><u>ERS</u></b>	<b><u>Target Allocation</u></b>	<b><u>Long-term expected Real rate of return*</u></b>
	<b><u>2019</u></b>	<b><u>2019</u></b>
Asset Class:		
Domestic equity	36%	4.55%
International equity	14	6.35
Private equity	10	7.50
Real estate	10	5.55
Absolute return strategies (1)	2	3.75
Opportunistic portfolio	3	5.68
Real assets	3	5.29
Bonds and mortgages	17	1.31
Cash	1	(0.25)
Inflation-Indexed bonds	<u>4</u>	1.25
Total	<u>100%</u>	

\* Real rates of return are net of the long-term inflation assumption of 2.5% for 2019.

(1) Excludes equity-oriented and long-only funds. For investment management purposes, these funds are included in domestic equity and international equity.

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***I. Pension Plans***

<b><u>TRS</u></b>	<b><u>Target Allocation</u></b>	<b><u>Long-term expected real rate of return*</u></b>
	<b><u>2018</u></b>	<b><u>2018</u></b>
Asset Class:		
Domestic equities	33 %	5.8
International equities	16	7.3
Global equities	4	6.7
Real estate	11	4.9
Private equities	8	8.9
Domestic fixed income securities	16	1.3
Global fixed income securities	2	0.9
Private debt	1	6.8
Real estate debt	7	2.8
High-yield fixed income securities	1	3.5
Short-term	1	0.3
Total	<u>100</u> %	

\* Real rates of return are net of the long-term inflation assumption of 2.25% for 2018.

***Discount Rate***

The discount rate used to calculate the total pension asset/(liability) was 7.0% for ERS and 7.25% 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 determined. Based upon the assumptions, the System's 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 asset/(liability).

***Sensitivity of the Proportionate Share of the Net Pension Asset/(Liability) to the Discount Rate Assumption***

The following presents the District's proportionate share of the net pension asset/(liability) as of June 30, 2019 calculated using the discount rate of 7% for ERS and 7.25% 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% for ERS and 6.25% for TRS) or 1-percentage point higher (8% for ERS and 8.25% for TRS) than the current rate:



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**2. DETAIL NOTES ON ALL FUNDS**

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**I. Pension Plans**

<b>ERS</b>	<b>1% Decrease (6.0%)</b>	<b>Current Assumption (7.0%)</b>	<b>1% Increase (8.0%)</b>
Employer's proportionate share Of the net pension asset/(liability)	\$ (3,827,290)	\$ (875,378)	\$ 1,604,439
<b>TRS</b>	<b>1% Decrease (6.25%)</b>	<b>Current Assumption (7.25%)</b>	<b>1% Increase (8.25%)</b>
Employer's proportionate share Of the net pension asset/(liability)	\$(11,369,100)	\$1,654,852	\$12,565,304

*Changes of Assumptions*

Changes of assumptions about future economic or demographic factors or other inputs are amortized over a closed period equal to the average of the expected service lives of all employees that are provided with pension benefits.

*Collective Pension Expense*

Collective pension expenses includes certain current period changes in the collective net pension asset/(liability), projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The collective pension expense for the year ended June 30, 2019 is \$594,986 for ERS and \$1,264,198 for TRS.

*Payables to the Pension Plan*

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2019 represent the projected employer contribution for the period of April 1, 2019 through June 30, 2019 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2019 amounted to \$117,787.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2019 are paid to the System in September, October and November 2019 through a state aid intercept. Accrued retirement contributions as of June 30, 2019 represent employee and employer contributions for the fiscal year ended June 30, 2019 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, 2019 amounted to \$1,791,886.

**COHOES CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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**2. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

***I. Pension Plans***

Other Benefits

District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code Sections 403(b) and 457.

***II. Indebtedness***

Short-Term Debt

Bond Anticipation Notes

Notes issued in anticipation of proceeds from the subsequent sale of bonds are recorded as a current liability of the fund that will actually receive the proceeds from the issuance of the bonds. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date. The District had no outstanding Bond Anticipation Notes at June 30, 2019.

Long-Term Debt

Serial Bonds

The District borrows money in order to acquire or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the District. The provision to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

Interest on long-term debt was comprised of:

Interest paid	\$ 496,368
Less interest accrued in the prior year	(193,710)
Plus interest accrued in the current year	80,536
Less amortization of premium and loss on refunding	<u>(152,453)</u>
Total Expense	<u>\$ 230,741</u>

**COHOES CITY SCHOOL DISTRICT  
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**3. DETAIL NOTES ON ALL FUNDS**

**B. Liabilities**

**II. Indebtedness**

Long-Term Obligations

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing sources. Further, unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

Changes

The changes in long-term liability and activity for the year ended June 30, 2019 are summarized as follows:

	<b>Restated Balance <u>July 1,</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Balance June 30,</u></b>
Serial Bonds	\$ 19,260,000	\$ -	\$ 3,150,000	\$ 16,110,000
Plus - Unamortized Bond Premium	895,247	-	213,820	681,427
Less - Deferred Loss on Refunding*	(256,940)	-	(61,367)	(195,573)
Compensated Absences	2,275,220	39,067	-	2,314,287
Other Postemployment Benefits (see Note 4)	<u>77,560,146</u>	<u>25,575,552</u>	<u>2,286,981</u>	<u>100,848,717</u>
Total	<u>\$ 99,733,673</u>	<u>\$ 25,614,619</u>	<u>\$ 5,589,434</u>	<u>\$ 119,758,858</u>

Additions and deletions to compensated absences is shown net since it is impractical to determine these amounts separately.

The above liabilities are liquidated by the general fund.

\* This item is recorded as a deferred outflow on the statement of net position.

**COHOES CITY SCHOOL DISTRICT  
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**2. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

***II. Indebtedness***

Maturity

The following is a summary of maturity of indebtedness:

<u>Description of Issue</u>	<u>Original Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2019</u>
<u>Serial Bonds</u>				
District Wide Reconstruction	2009	2024	0.89%	\$ 1,675,000
District Wide Reconstruction	2009	2024	0.50%	5,000,000
District Wide Reconstruction	2011	2025	0.80%	2,030,000
2017 Refunding Bond	2017	2026	5.00%	<u>7,405,000</u>
Total Serial Bonds				<u>\$ 16,110,000</u>

The following is a summary of maturing debt service requirements for general obligation bonds and notes:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Premium</u>	<u>Total</u>
2020	\$ 3,070,000	\$ 426,398	\$ 213,676	\$ 3,710,074
2021	3,150,000	345,526	173,134	3,668,660
2022	3,220,000	260,865	130,428	3,611,293
2023	3,305,000	172,703	85,701	3,563,404
2024-2027	2,105,000	80,502	38,667	2,224,169
Thereafter	<u>1,260,000</u>	<u>71,760</u>	<u>39,821</u>	<u>1,371,581</u>
Total	<u>\$ 16,110,000</u>	<u>\$ 1,357,754</u>	<u>\$ 681,427</u>	<u>\$ 18,149,181</u>

In prior years, the District defeased certain general obligations 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 accounts assets and the liability for the defeased bonds are not included in the District's financial statements.

***III. Constitutional Debt Limit***

The constitution of the State of New York limits the amount of indebtedness which may be issued by the District. Basically, the District may issue indebtedness to the extent that the aggregate outstanding debt issues which are subject to such limit does not exceed 5% of the full valuation of taxable real estate within the District. At June 30, 2019, the District has exhausted 41% of its constitutional debt limit.

**COHOES CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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**3. COMMITMENTS AND CONTINGENCIES**

***A. Risk Financing and Related Insurance***

The Cohoes City School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, injuries to employees; errors and omissions; and natural disasters. 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.

There are currently pending certiorari proceedings, the results of which could require the payment of future tax refunds by the District if existing assessment rolls are modified based on the outcome of the litigation proceedings. However, the amount of these possible refunds cannot be determined at the present time. Any payments resulting from adverse decisions will be funded in the year the payment is made.

Unemployment

The District does not purchase insurance for the risk of losses for unemployment claims. Instead, the District manages its risks for these losses internally and accounts for them in the District's general fund, including provisions for unexpected and unusual claims.

The activity for the unemployment insurance reserve for the year ended June 30, 2019 is as follows:

	<b><u>Beginning Balance</u></b>	<b><u>Changes in Estimates</u></b>	<b><u>Payments Made</u></b>	<b><u>Ending Balance</u></b>
Unemployment Insurance Reserve	\$ 85,259	\$ (15,000)	\$ 14,839	\$ 55,420

Workers Compensation

The District participates in a risk sharing pool. The Southern Adirondack Public Schools Workers' compensation Plan, to insure workers' compensation claims. This public entity risk pool was created under Article 5. Workers' Compensation Law, to finance liability and related workers' compensation claims. Workers' Compensation benefits are provided by the plan and administration under contract with the plan's consultant.

Health Insurance

The District is a member of the Capital Area Schools Health Insurance Consortium (the "Consortium"), which is a trust formed under New York State Law on May 1, 1994. The Consortium is considered a public entity risk pool which is defined as a cooperative group of governmental entities joining together to finance an exposure, liability or risk, and is tax-exempt under Section 501(c)(9) of the Internal Revenue Code. The Consortium is governed by a trust agreement and a board of trustees who execute the provisions of the Trust, as set forth in the agreement. The Consortium has contracted with Amsure Associates for third party administration.

**COHOES CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**3. COMMITMENTS AND CONTINGENCIES**

***A. Risk Financing and Related Insurance***

Health Insurance

The Consortium was formed to allow its member school districts to obtain health insurance and prescription drug benefits at lower cost through a pooled purchasing arrangement. The Consortium procures group insurance contracts with insurance carriers for medical, prescription drug and dental benefits, in which the Consortium is not liable for any medical, prescription drug or dental claims. However, the Consortium also maintains a self-insured prescription drug plan for which the individual Consortium members are liable for any claims in excess of the balances maintained by the Consortium. As of June 30, 2019, the District's prescription drug plan account balance maintained by the Consortium is approximately \$2.087 million. The Consortium also maintains an account balance for the District of approximately \$.810 million to fund supplemental premium payments that may be required under the retrospective funding arrangement in place for one of the insurance contracts.

The District has chosen to establish a self-funded prescription drug benefit program for all eligible employees. The pharmacy benefit manager, Blue Shield of Northeastern New York, is responsible for the approval, processing and payment of claims, after which they bill the District for reimbursement. The District is also responsible for a monthly administrative fee. The benefit program reports on a fiscal year ending June 30. The program is accounted for in the General Fund of the District. At year-end, the District has a liability of \$-0-. With electronic claims submissions, all incurred claims are reported within two weeks, and have been included within the fiscal year's claims, effectively representing reported and unreported claims which were incurred on or before year-end, but which were not paid by the District as of that date. Claims activity is summarized below:

	<b><u>2018-19</u></b>
Claims and administration fees	\$ 2,305,549
Claim payments	(2,305,549)
Estimated incurred but not reported as of June 30	<u>-</u>
Balance at End of Year	<u><u>\$ -</u></u>

***B. Other Items***

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.

**COHOES CITY SCHOOL DISTRICT  
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**4. POST EMPLOYMENT BENEFITS OBLIGATION PAYABLE**

*Plan Description*

The District administers a defined benefit OPEB plan that provides OPEB benefits to employees of the District governed by contractual agreements. The plan is a single-employer defined benefit plan (the Plan). Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District's Board, subject to applicable collective bargaining and employment agreements, and Board of Education policy. The Plan does not issue a separate financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. No assets are accumulated in trust that meet the criteria in paragraph 4 of Statement No. 75.

*Funding Policy*

The obligations of the Plan members and employers are established by action of the District pursuant to applicable collective bargaining and other employment agreements. Employees contribute varying percentages of the premiums, depending on when retired and their applicable agreement. Employees classified as teachers and principals are required to reach age 55 and have 10 years of service or in some cases meet ERS/TRS service requirements to qualify for other post-employment benefits. Eligibility requirements for support staff having a hire date on or after July 1, 2017 and non-bargaining staff are a 10 year district service requirement and they must meet the service requirements for ERS/TRS. For support staff hired before July 1, 2017 they must meet the ERS/TRS service requirements. The District currently funds the Plan to satisfy current obligations on a pay-as-you-go basis. During the year ended June 30, 2019 approximately \$2,287,000 was paid on behalf of 232 retirees.

*Benefits Provided*

The District provides for continuation of medical benefits for certain retirees and their spouses. The benefit terms are dependent on which contract each employee falls under, retirees and their spouses receive benefits for the lifetime of the retired employee. The specifics of each contract are on file at the District offices and are available upon request.

**COHOES CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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**4. POST EMPLOYMENT BENEFITS OBLIGATION PAYABLE**

*Employees Covered by Benefit Terms* - At June 30, 2019, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	232
Inactive plan members entitled to but not yet receiving benefit payments	0
Active plan members	<u>296</u>
Total Plan Members	<u>528</u>

*Net OPEB Liability*

The District's total OPEB liability of was measured as of June 30, 2019; the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018.

*Actuarial Assumptions and Other Inputs*

The total OPEB liability at June 30, 2019 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.20%
Real wage growth	1.60%
Salary increases	Varied by years of service in retirement system 2.90%-10.00%
Discount Rate	3.51% Bond Buyer General Obligation 20-year Municipal Bond Index
Healthcare cost trend rates	
Pre-Medicare	5.50% for 2018 decreasing to an ultimate rate of 3.84% by 2075.
Medicare	N/A

Mortality rates were based on Pub-2010 Headcount-Weighted table (Teachers for TRS Group and General Employees for the ERS Group) projected fully generationally using Society of Actuaries' Scale MP-2018.

Retirement participation rate assumed that 100% of future retirees eligible for coverage will elect the benefit. Marriage assumption, it was assumed that participants will keep their marital status upon retirement. For current retirees, 35% of male and 20% of female employees are assumed to elect spousal coverage. Actual census information was used. Additionally, a tiered approach based on age and years of service was used to determine retirement rate assumption.

Termination rates are based on tables used by the New York State Teachers' Retirement System and the New York State and Local Retirement System. Rates are tiered based on the percentage of employees who will terminate employment at any given age each year, for reasons other than death or retirement.



**COHOES CITY SCHOOL DISTRICT  
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**4. POST EMPLOYMENT BENEFITS OBLIGATION PAYABLE**

*Changes in the Net OPEB Liability*

Changes in the District's net OPEB liability were as follows:

	<b>Total OPEB Liability <u>[a]</u></b>	<b>Plan Fiduciary Net Position <u>[b]</u></b>	<b>Net OPEB Liability <u>[a] - [b]</u></b>
<b>Balances at June 30, 2018</b>	\$ 77,560,146	\$ -	\$ 77,560,146
Changes for the year:			
Service cost	1,895,745	-	1,895,745
Interest	3,031,110	-	3,031,110
Changes in benefit terms	(1,709,927)	-	(1,709,927)
Difference between expected and actual experience	9,881,785	-	9,881,785
Contributions - employer	-	-	-
Net investment income	-	-	-
Changes of assumptions or other inputs	12,476,839	-	12,476,839
Benefit payments	(2,286,981)	-	(2,286,981)
Administrative expense	-	-	-
Net changes	<u>23,288,571</u>	<u>-</u>	<u>23,288,571</u>
<b>Balances, June 30, 2019</b>	<u>\$ 100,848,717</u>	<u>\$ -</u>	<u>\$ 100,848,717</u>

Changes of benefit terms and assumptions reflect changes in assumptions and other inputs including a change in the discount rate from 3.87% in 2018 to 3.51% in 2019.

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate*

The following presents the District's total OPEB liability, as well as what the District's total OPEB liability would be if it were calculated using discount rate that is 1 percentage point lower (2.51%) or 1 percentage point higher (4.51%) than the current discount rate:

	<b>1% Decrease <u>(2.51%)</u></b>	<b>Discount Rate <u>(3.51%)</u></b>	<b>1% Increase <u>(4.51%)</u></b>
Total OPEB Liability	<u>\$127,780,385</u>	<u>\$100,848,717</u>	<u>\$89,008,402</u>

**COHOES CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**4. POST EMPLOYMENT BENEFITS OBLIGATION PAYABLE**

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates*

The following presents the District's total OPEB liability, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (4.5%) or 1 percentage point higher (6.5%) than the current healthcare cost trend rate:

	<b>1% Decrease (4.50%) Decreasing to <u>2.84%</u></b>	<b>Healthcare Cost Trend Rate (5.50%) Decreasing to <u>3.84%</u></b>	<b>1% Increase (6.50%) Decreasing to <u>4.84%</u></b>
Total OPEB Liability	\$ 85,665,835	\$100,848,717	\$133,278,253

*OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB*

For the year ended June 30, 2019, the District recognized OPEB expense of \$5,510,676. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 8,646,562	\$ -
Amounts recognized in OPEB expense	-	-
Changes of assumptions	<u>10,917,234</u>	<u>(2,996,771)</u>
Total	<u>\$ 19,563,796</u>	<u>\$ (2,996,771)</u>

*OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB*

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year Ending June 30,</b>	
2020	\$ 2,293,748
2021	2,293,748
2022	2,293,748
2023	2,293,748
2024	2,293,748
Thereafter	5,098,285

**COHOES CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**5. PRIOR PERIOD ADJUSTMENT**

During the year ended June 30, 2019 the District noted the refunding of debt was incorrectly recorded in the debt service as income and investments. As a result, a prior period adjustment was recorded in the general fund of \$2,241 increasing beginning of year fund equity. In the debt service fund a prior adjustment was recorded of \$8,251,139 decreasing beginning of year fund equity. The District also identified that the deferred inflows relating to property taxes was not recorded in the prior year. As a result, a prior period adjustment was recorded in the general fund of \$471,017, decreasing beginning of the year fund equity. The District also identified that compensated absences were incorrectly recorded in the general and school lunch funds. As a result, a prior period adjustment was recorded in the general fund of \$336,924 and in the school lunch fund of \$42,687, increasing beginning of the year fund equity. The District also identified a transfer from the capital projects fund to debt service that was not reflected in the prior period. As a result, a prior period adjustment was recorded in the general fund of \$39,198 decreasing beginning fund equity, and in the debt service fund of \$39,198 increasing the beginning fund equity. The District also identified that the beginning fund balance in the general fund did not tie to the prior year financial statements. As a result, a prior period adjustment was recorded in the general fund of \$14,501, increasing beginning fund equity. The District also identified errors in the June 30, 2018 District-wide financial statements, in addition to the items noted above which also impacted the District-wide net position. Compensated absences were under-stated by \$1,895,611, accumulated depreciation was under-stated by \$6,050,136, deferred outflows related to contributions subsequent to the measurement date were under-stated by \$1,558,302, deferred outflows were also understated due to deferred loss on refunding of \$256,940 and the unamortized premium of \$895,247 was not recorded. These adjustments resulted a prior period adjustment in the District-wide statements of \$7,165,147 decreasing beginning of year net-position. These adjustments were a result of the refunding being recorded incorrectly, contributions subsequent to the pensions measurement dates not being recorded, depreciation expenses being calculated incorrectly and compensated absences not being properly recorded.

General Fund	
Deferred inflows	\$ (471,017)
Compensated absences	336,924
Miscellaneous expense	14,501
Missing transfer	(39,198)
Advanced refunding	<u>2,241</u>
Total Prior Period Adjustment	<u>\$ (156,549)</u>
School Lunch Fund	
Compensated Absences	<u>\$ 42,687</u>
Debt Service Fund	
Investments	\$ (8,251,139)
Missing transfer	<u>39,198</u>
Total Prior Period Adjustment	<u>\$ (8,211,941)</u>

**COHOES CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**5. PRIOR PERIOD ADJUSTMENT**

District-Wide	
Accumulated depreciation	\$ (6,050,136)
Deferred loss on refunding	256,940
Deferred outflows of resources	1,558,302
Bonds	8,095,000
Unamortized bond premium	(895,247)
Compensated absences	(2,275,220)
Deferred taxes	471,017
Cumulative effect of funds PPA above	<u>(8,325,803)</u>
Total District-Wide	<u>\$ (7,165,147)</u>

**6. TAX ABATEMENT**

The City enters into various property tax and sales tax (if applicable) abatement programs for the purpose of economic development. No tax abatements were entered into during the year ended June 30, 2019. The District did receive PILOT payments in the amount of \$1,253,849 for the year ended June 30, 2019.

**6. SUBSEQUENT EVENTS**

The District has evaluated subsequent events through \_\_\_\_\_, 2019, which is the date these financial statements were issued. All subsequent events requiring recognition as of June 30, 2019, have been incorporated into these financial statement.

**COHOES CITY SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance with Actual</u>
<b>Revenues</b>				
Local Sources				
Real Property Taxes	\$ 13,585,622	\$ 13,585,622	\$ 13,575,476	\$ (10,146)
Other Tax Items	3,172,000	3,172,000	2,984,727	(187,273)
Nonproperty Taxes	550,200	550,200	549,239	(961)
Charges for Services	179,284	179,284	88,044	(91,240)
Use of Money and Property	18,306	18,306	15,014	(3,292)
Sale of Property and Compensation for Loss	25,150	25,150	20,593	(4,557)
Miscellaneous	312,450	343,956	248,724	(95,232)
Total Local Sources	17,843,012	17,874,518	17,481,817	(392,701)
State Sources	22,823,637	22,823,637	23,069,473	245,836
Federal Sources	580,462	580,462	467,051	(113,411)
<b>Other Sources</b>				
Interfund Transfers	1,161,793	1,161,793	643,429	(518,364)
Total Revenue and Other Sources	42,408,904	42,440,410	<u>\$ 41,661,770</u>	<u>\$ (778,640)</u>
<b>Appropriated Fund Balance</b>				
Prior year's Encumbrances	543,903	543,903		
Appropriated Fund Equity	513,269	513,269		
Total Appropriated Fund Balance	1,057,172	1,057,172		
Total Revenues, Other Sources and Appropriated Fund Balance	<u>\$ 43,466,076</u>	<u>\$ 43,497,582</u>		

**COHOES CITY SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Final Budget Variance with Actual and Encumbrances</u>
<b>Expenditures</b>					
General Support					
Board of Education	\$ 33,867	\$ 38,244	\$ 37,642	\$ 250	\$ 352
Central Administration	203,956	213,953	211,650	2,058	245
Finance	555,622	486,100	460,969	3,797	21,334
Staff	432,888	401,859	395,746	4,062	2,051
Central Services	3,725,942	2,735,425	2,596,226	106,854	32,345
Special Items	376,220	376,279	374,335	1,943	1
Total General Support	5,328,495	4,251,860	4,076,568	118,964	56,328
Instruction					
Instruction, Administration & Improvement	1,570,797	1,689,942	1,687,483	146	2,313
Teaching - Regular School	10,920,590	11,717,545	11,531,446	142,835	43,264
Programs for Students with Disabilities	5,701,710	5,837,252	5,696,361	44,163	96,728
Occupational Education	845,351	603,993	603,993	-	-
Teaching - Special Schools	330,258	232,331	231,097	720	514
Instructional Media	756,884	1,197,530	1,183,593	200	13,737
Pupil Services	1,978,576	1,837,894	1,820,911	9,773	7,210
Total Instruction	22,104,166	23,116,487	22,754,884	197,837	163,766
Pupil Transportation	1,714,929	1,773,248	1,530,694	13,339	229,215
Employee Benefits	12,162,317	10,660,618	10,744,518	9,828	(93,728)
Debt Service Principal	1,670,000	3,150,000	3,150,000	-	-
Debt Service Interest	437,169	496,369	496,368	-	1
Total other	15,984,415	16,080,235	15,921,580	23,167	135,488
Total Expenditures	43,417,076	43,448,582	42,753,032	339,968	355,582
<b>Other Uses</b>					
Interfund Transfer	49,000	49,000	76,568	-	(27,568)
Total Expenditures and Other Uses	\$ 43,466,076	\$ 43,497,582	42,829,600	\$ 339,968	\$ 328,014
<b>Net Change in Fund Balance</b>			\$ (1,167,830)		
Fund balance - beginning, as restated			6,683,827		
Fund balance - ending			\$ 5,515,997		

**COHOES CITY SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY  
JUNE 30, 2019**

	Fiscal Year Ending * <u>2019</u>	Fiscal Year Ending * <u>2018</u>
<b>Total OPEB Liability</b>		
Measurement date	6/30/2019	6/30/2019
Service cost	\$ 1,895,745	\$ 1,985,250
Interest	3,031,110	2,805,766
Changes in benefit terms	(1,709,927)	-
Difference between expected and actual experience in	9,881,785	-
Changes in assumptions and other inputs	12,476,839	(3,998,931)
Benefit payments	<u>(2,286,981)</u>	<u>(3,210,555)</u>
Net Change in Total OPEB Liability	23,288,571	(2,418,470)
Total OPEB Liability - beginning	<u>77,560,146</u>	<u>79,978,616</u>
Total OPEB Liability - ending	<u><u>\$ 100,848,717</u></u>	<u><u>\$ 77,560,146</u></u>
Covered-employee payroll	\$ 21,000,081	\$ 19,245,804
Total OPEB Liability as a percentage of covered-employee payroll	480.2%	403.0%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled this presentation will only include information for those years for which information is available. Additionally the amounts presented were determined as of the measurement date.

**COHOES CITY SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)  
LAST 10 FISCAL YEARS  
FOR THE YEAR ENDED JUNE 30, 2019**

**ERS Pension Plan  
Last 10 Fiscal Years**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the net pension liability (asset)	0.0123548%	0.0122696%	0.0120369%	0.0122472%
Proportionate share of the net pension liability (asset)	\$ 875,378	\$ 395,995	\$ 1,131,010	\$ 1,965,716
Covered-employee payroll	\$ 3,373,320	\$ 3,426,397	\$ 3,375,151	\$ 3,184,612
Proportionate share of the net pension liability (asset) as a percentage of covered-employee payroll	26%	11.56%	33.51%	61.73%
Plan fiduciary net position as a percentage of the total pension liability	96.27%	98.24%	94.70%	90.70%

**TRS Pension Plan  
Last 10 Fiscal Years**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the net pension liability (asset)	0.091516%	0.089457%	0.090911%	0.000904%
Proportionate share of the net pension liability (asset)	\$ (1,654,852)	\$ (679,959)	\$ 973,693	\$ (9,386,087)
Covered-employee payroll	\$ 16,011,697	\$ 15,102,793	\$ 14,236,368	\$ 14,115,318
Proportionate share of the net pension liability (asset) as a percentage of covered-employee payroll	-10.34%	-4.50%	6.84%	-66.50%
Plan fiduciary net position as a percentage of the total pension asset	101.53%	100.66%	99.01%	110.46%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled this presentation will only include information for those years for which information is available. Additionally the amounts presented for each fiscal year were determined as of each plans measurement date as disclosed in the footnotes.



**COHOES CITY SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF DISTRICT CONTRIBUTIONS  
FOR THE YEAR ENDED JUNE 30, 2019**

**ERS Pension Plan  
Last 10 Fiscal Years**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 471,146	\$ 499,124	\$ 495,847	\$ 587,484
Contributions in relation to the contractually required contribution	<u>(471,146)</u>	<u>(499,124)</u>	<u>(495,847)</u>	<u>(587,484)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 3,373,320	\$ 3,426,397	\$ 3,375,151	\$ 3,184,612
Contributions as a percentage of covered-employee payroll	13.97%	14.57%	14.69%	18.45%

**TRS Pension Plan  
Last 10 Fiscal Years**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 1,460,880	\$ 1,661,418	\$ 1,860,173	\$ 2,378,542
Contributions in relation to the contractually required contribution	<u>(1,460,880)</u>	<u>(1,661,418)</u>	<u>(1,860,173)</u>	<u>(2,378,542)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 16,011,697	\$ 15,102,793	\$ 14,236,368	\$ 14,115,318
Contributions as a percentage of covered-employee payroll	9.12%	11.00%	13.07%	16.85%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled this presentation will only include information for those years for which information is available. Additionally the amounts presented for each fiscal year were determined as of each plans measurement date as disclosed in the footnotes.

**COHOES CITY SCHOOL DISTRICT  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES FROM ADOPTED BUDGET TO FINAL BUDGET AND  
SCHEDULE OF SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION  
FOR THE YEAR ENDED JUNE 30, 2019**

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**

Adopted Budget	\$ 42,922,173
Add: Prior year's encumbrances	<u>543,903</u>
Original Budget	43,466,076
Adjustments:	
Donations	<u>31,506</u>
Final Budget	<u><u>\$ 43,497,582</u></u>

**SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION**

2019-20 [subsequent year's] voter-approved expenditure budget	\$ 43,867,736
Maximum allowed (4% of 2019-20 [subsequent year's] budget)	1,754,709
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law*:	

Unrestricted Fund Balance:

Committed Fund Balance	\$ -
Assigned Fund Balance	657,045
Unassigned Fund Balance	<u>1,247,648</u>
Total Unrestricted Fund Balance	<u><u>1,904,693</u></u>

Less:

Appropriated Fund Balance	317,077
Encumbrances included in Committed and Assigned Fund Balance	<u>339,968</u>
Total Adjustments	<u><u>657,045</u></u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 1,247,648</u></u>
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Actual percentage	2.84%
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- \* Per office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions," Updated April 2011 (Originally Issued November 2010), the portion of [General Fund] fund balance subject to Section 1318 of the Real Property Tax law is: unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

COHOES CITY SCHOOL DISTRICT  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2019

PROJECT TITLE	Original Appropriation	Revised Appropriation	Expenditures			Unexpended Balance	Methods of Financing					Fund Balance June 30, 2019
			Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources	Transfer to Debt Service	Total	
Capital Project #2 Reconstruction - 2008 SED #s: 006-018 001-016, 002-014, 005-015, 010-008	\$ 22,500,000	\$ 22,500,000	\$ 21,795,988	\$ -	\$ 21,795,988	\$ 704,012	\$ 22,007,000	\$ 492,208	\$ -	\$ (703,220)	\$ 21,795,988	\$ -
Capital Project #3 Solar Project - SED#s: 001-019, 006-020	583,126	583,126	568,171	-	568,171	14,955	-	568,758	-	(587)	568,171	-
Smart Schools	1,374,517	1,374,517	-	132,844	132,844	1,241,673	-	132,844	537	-	133,381	537
Middle School Reconstruction SED#: 001-021	220,194	220,194	242,960	-	242,960	(22,766)	-	-	242,960	-	242,960	-
Totals	<u>\$ 24,677,837</u>	<u>\$ 24,677,837</u>	<u>\$ 22,607,119</u>	<u>\$ 132,844</u>	<u>\$ 22,739,963</u>	<u>\$ 1,937,874</u>	<u>\$ 22,007,000</u>	<u>\$ 1,193,810</u>	<u>\$ 243,497</u>	<u>\$ (703,807)</u>	<u>\$ 22,740,500</u>	<u>\$ 537</u>

**COHOES CITY SCHOOL DISTRICT  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS  
JUNE 30, 2019**

<b>Capital Assets, Net</b>		\$ 55,505,636
<b>Add:</b>		
Deferred loss on bond issuance	\$ 195,573	195,573
<b>Deduct:</b>		
Short-term portion of bonds payable	(3,070,000)	
Long-term portion of bonds payable	(13,040,000)	
Unamortized bond premium	(467,751)	(16,577,751)
<b>Net Investment in Capital Assets</b>		\$ <u>39,123,458</u>

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the President and Members  
of the Board of Education of  
Cohoes City School District

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 and each major fund of the Cohoes City School District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 23, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency, described in the accompanying schedule of findings and questioned costs as item 2019-001, that we consider to be a material weakness.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2019-002.

## **District's Response to the Findings**

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **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.

*Marvin and Company, P.C.*

Latham, NY  
October 23, 2019

**INDEPENDENT AUDITOR'S REPORT ON  
COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT  
ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

To the President and Members of the Board of Education of the  
Cohoes City School District

**Report on Compliance for Each Major Federal Program**

We have audited the Cohoes City School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The 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**

Management is responsible for compliance with federal statutes, regulations, and the 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 the 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 for 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 the 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 the 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, 2019.

## Report on Internal Control Over Compliance

Management of the 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 the 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 the 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 the 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2019-003 through 2019-007, that we consider to be significant deficiencies.

Cohoes City School District's response to internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Marvin and Company P.C.*

Latham, NY  
October 23, 2019



**COHOES CITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2019**

<b><u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u></b>	<b><u>Federal CFDA Number</u></b>	<b><u>Pass- Through Entity Identifying Number</u></b>	<b><u>Passed Through To Subrecipient</u></b>	<b><u>Total Federal Expenditures</u></b>
<b><u>U.S. Department of Education</u></b>				
Passed Through New York State Education Department:				
Special Education Cluster				
Special Education - Grants to States (IDEA, Part B)	84.027	0032-19-0020	Not Applicable	\$ 559,659
Special Education - Preschool Grants (IDEA Preschool)	84.173	0033-19-0020	Not Applicable	<u>36,928</u>
Total Special Education Cluster				<u>596,587</u>
Title I Grants to Local Educational Agencies	84.010	0021-19-1045	Not Applicable	556,393
Title I Grants to Local Educational Agencies	84.010	0021-18-1045	Not Applicable	12,779
Title I Grants to Local Educational Agencies - School Improvement Grant	84.010	0011-19-2044	Not Applicable	51,028
Title I Grants to Local Educational Agencies - School Improvement Grant	84.010	0011-18-2038	Not Applicable	1,645
Improving Teacher Quality State Grants	84.367	0147-19-0025	Not Applicable	100,970
Title IV Part A-Student Support and Academic Enrichment Program	84.424A	0204-19-0025	Not Applicable	<u>9,210</u>
Total Passed Through New York State Education Department:				<u>1,328,612</u>
Passed Through Lansingburgh Central School District:				
Education for Homeless Children and Youth	84.196	0212-19-3008	Not Applicable	20,000
Education for Homeless Children and Youth	84.196	0212-19-3056	Not Applicable	<u>10,000</u>
Total Passed Through Lansingburgh Central School District:				<u>30,000</u>
Total U.S. Department of Education				<u>1,358,612</u>

**COHOES CITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2019**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Entity Identifying Number</u>	<u>Passed Through To Subrecipient</u>	<u>Total Federal Expenditures</u>
<b><u>U.S. Department of Agriculture</u></b>				
Passed Through New York State Education Department:				
Child Nutrition Cluster				
National School Lunch Program	10.555	Not Applicable	Not Applicable	\$ 820,993
School Breakfast Program	10.553	Not Applicable	Not Applicable	315,110
Summer Food Service Program	10.559	Not Applicable	Not Applicable	27,623
Food Distribution	10.555	Not Applicable	Not Applicable	<u>99,403</u>
Total Child Nutrition Cluster				<u>1,263,129</u>
Total U.S. Department of Agriculture				<u>1,263,129</u>
Total Expenditures of Federal Awards				<u>\$ 2,621,741</u>

**COHOES CITY SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2019**

**1. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of federal award programs administered by the Cohoes City School District (District), which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the District's financial statements. 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 presented in the Schedule 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). This Schedule only presents a selected portion of the operations of the District.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. 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.

The federal expenditures are recognized under the Uniform Guidance.

**3. SCOPE OF AUDIT**

The Cohoes City School District is an independent municipal corporation. All federal grant operations of the District are included in the scope of the single audit.

**4. NON-CASH ASSISTANCE**

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2019, the District received food commodities totaling \$99,403.

**5. INDIRECT COST RATE**

The Cohoes City School District did not elect to use the 10% de minimus cost rate.

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. The District's policy is to charge federal award programs with indirect costs based on a rate established by New York State.

# COHOES CITY SCHOOL DISTRICT SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019

## SECTION I: SUMMARY OF AUDITOR'S RESULTS

### *Financial Statements*

Type of auditor's report issued unmodified

Internal control over financial reporting:

- Material weakness(es) identified?   X   yes        no
- Significant deficiency(ies) identified?        yes   X   none reported

Noncompliance material to financial statements noted?   X   yes        no

### *Federal Awards*

Internal control over major programs:

- Material weakness(es) identified?        yes   X   no
- Significant deficiency(ies) identified?   X   yes        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 2 CFR 200.516(a)?   X   yes        no

Identification of major programs:

CFDA Number(s)	<u>Name of Federal Program or Cluster</u>
84.010	Title I Grants to Local Education Agencies
84.010	Title I Grants to Local Education Agencies – School Improvement Grant

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?   X   yes        no

## SECTION II: FINANCIAL STATEMENT FINDINGS

*Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards:*

### Material Weakness

2019-001      AUDIT ADJUSTMENTS

*Criteria:* To accurately present the financial position of the District, general ledger accounts should be reconciled and monitored throughout the year and at year end by management. The accuracy of financial data is crucial to the budget process and monthly report monitoring.

*Condition:* Several adjusting journal entries were proposed as a result of audit procedures to properly reflect year-end balances.

**COHOES CITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**SECTION II: FINANCIAL STATEMENT FINDINGS**

*Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards:*

**Material Weakness**

**2019-001      AUDIT ADJUSTMENTS**

*Context:* There were transactions that was not properly recorded during the year, these adjustments related to (1) not properly recording the summer handicapped special education revenue local share, (2) not recording an item that should have been recorded as accounts payable for purchased services and the related receivable and revenue, and (3) grant payments received on prior year grants in the current period being recorded as current year revenue and not as a reduction to the federal grant receivable (4) current year grants receivable and revenue were not adjusted to actual based on current year expenditures less payments received in the current year, (5) taxes receivables were not properly accrued and due from state and federal was over accrued, (6) missing accrued liabilities or accounts payable, and (7) a number of items in the prior year financial statements were recorded incorrectly as well.

*Effect:* In the special aid fund, receivables were overstated by \$81,597, accounts payable and deferred revenue were understated by \$87,847, revenue was understated by \$12,864, interfund transfers were understated by \$73,177, expenditures were understated by \$86,041 and prepaids were understated by \$6,250. In the school lunch fund, revenues were understated by \$12,841, deferred revenue was understated by \$5,414, due from other funds was understated by \$21,646, interfund receivables were understated by \$3,391. In the school lunch fund additionally, fund balance was understated by \$42,687 due to improper accrual of compensated absences. In the capital fund, fund balance at the beginning of the year was understated by \$703,807. In the debt service fund, beginning of year fund balance was overstated by \$8,211,941, due from other funds were overstated by \$1,446,619 and interfund revenue was overstated by \$703,807. In the general fund, beginning of year fund balance was overstated by \$156,549, expenditures were understated by \$405,942, due to other funds were understated by \$76,568, accruals were understated by \$400,741, receivables were understated by \$57,025, all revenues were understated by \$15,395. Lastly, entity wide beginning of year fund balance was overstated by \$7,165.147.

*Cause:* The District received guidance previously which caused them to be inaccurately recording certain transactions within their general ledger. Additionally, they relied on their previous auditor to post certain adjustments as part of the audit which we believe is management's responsibility not the responsibility of the auditor.

*Recommendation:* We recommend that management review and monitor account balances at year end more closely and implement a formal closing process for end of year reconciliations and cut-off.

*View of Responsible Officials:* The District has reviewed year end procedures and will make all necessary modifications to ensure accuracy going forward.

**COHOES CITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**SECTION II: FINANCIAL STATEMENT FINDINGS**

Noncompliance Material to the Financial Statements

2019-002      Compliance with Net Cash Resources and Excess Fund Balance for Child Nutrition

*Statement of Condition:* The fund balance in the school lunch fund exceeds the allowable limit by approximately \$230,000.

*Criteria:* According to the code of federal regulations section CFR §210.14 (b) the school food authority shall limit its net cash resources to no more than 3 months worth of average expenditures.

*Cause:* The cumulative effect of expenditures being less than revenue for a number of year.

*Effect of Condition:* The District was not in compliance with federal guidelines.

*Context:* As part of audit procedures, compliance with this federal guideline is reviewed.

*Recommendation:* The District should follow federal guidelines to resolve excess fund balance. The District is required to submit a plan to the Child Nutrition Program Administration detailing how the District will reduce the fund balance to an acceptable level within one year and also what the District will do to ensure than an excess fund balance does not occur in the future.

*Views of responsible officials and planned corrective actions:* The District established a plan and submitted it to the Child Nutrition Program Administration for the 2019 fiscal year, and will again submit a plan on how to spend down the fund balance during the 2020 fiscal year.

**COHOES CITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**SECTION III: FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

*Findings and questioned costs related to Federal awards which are required to be reported in accordance with the Uniform Guidance 2 CFR 200.516(a):*

Significant Deficiencies

2019-003      Title I - Payroll Certifications

*Information on Federal Program:* Title Part I, Grants to Local Educational Agencies (LEAs), CFDA No. 84.010 and Title Part I, Grants to Local Educational Agencies – School Improvement Grant (LEAs), CFDA No. 84.010

*Criteria:* Compliance under Title 2: Grants and Agreements Part 200.430 Compensation-personal services under compliance requirement Allowable Costs/Cost Principles 2. Documentation of Employee Time and Effort.

*Condition:* Our testing of payroll expenditures showed for four employees out of nine tested that the time and effort reports (payroll certifications) being signed by those individuals acknowledging their salaries being allocated to the Federal Programs was not reflective of the time reported on the grants final FS-10F reports or underlying records, in some case wages were reallocated through journal entries.

*Questioned Cost:* None.

*Context:* A selection of the employees of the District charged to the Federal Program were tested for the support and approval of wages charged and payroll certifications. Each employee charged to the program was tested between 2-5 pay periods during the fiscal year.

*Effect:* Payroll certifications were not reflective of the time reported on the grants final FS-10F reports or underlying records.

*Cause:* The District prepares payroll certifications at the beginning of the grant period based on the anticipated allocated time per the grant budget, the payroll certifications are not updated based on actual time worked or position changes occurring during the period.

*Perspective Information:* There were no instances of wages being inappropriately charged collectively to the major program.

*Repeat Finding:* No

*Recommendation:* We recommend that policies and procedures for those individuals whose time and effort of providing special education services be acknowledged by the individual employees whose time is ultimately being paid by the Federal Program occur at month end so they are reflective of actual time worked by each individual.

*Views of the Responsible Officials and Planned Corrective Actions:* Review procedures of the certification and reporting processes will be implemented with our internal audit process.

**COHOES CITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**SECTION III: FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

*Findings and questioned costs related to Federal awards which are required to be reported in accordance with the Uniform Guidance 2 CFR 200.516(a):*

Significant Deficiencies

2019-004      Title I - Allowable Costs

*Information on Federal Program:* Title Part I, Grants to Local Educational Agencies (LEAs), CFDA No. 84.010 and Title Part I, Grants to Local Educational Agencies - School Improvement Grant (LEAs), CFDA No. 84.010

*Criteria:* Compliance under Title 2: Grants and Agreements Part 200.430 Compensation-personal services under (a) General and (i) Allowable Activities, charges to Federal Awards may include reasonable amounts for activities contributing and directly related to work under an agreement.

*Condition:* Our testing of payroll expenditures showed for four employees out of nine tested that the time and effort reports (payroll certifications) being signed by those individuals acknowledging their salaries being allocated to the Federal Programs was not reflective of the time reported on the grants final FS-10F reports or underlying records, in some case this resulted in Title I wages being overstated while School Improvement Grant wages were understated. The overall impact resulted in Title I wages being over reported by \$11,201 while the School Improvement Grant wages were under reported by \$10,752, the net impact on the major program was \$449 as both are reported under the same CFDA number.

*Questioned Cost:* The net impact on the major program was reporting \$449 in costs over the amounts reported in the underlying records.

*Context:* A selection of the hourly and salaried employees of the District charged to the Federal Program were tested for wages charged. All employees with wages charged to the program were tested for at least 2-5 periods during the year. It is important to note these grants are awarded separately and under separate pass-through numbers.

*Effect:* Wages were charged to the grants for individuals that were providing services under different pass-through contracts.

*Cause:* The District did not understand the importance of the time and effort reports being reflective of the actual time worked during the period for each individual employee.

*Perspective Information:* The overall impact on the grants within the major program resulted in a net effect of \$449. Discussions with the District revealed there were other costs that could have been charged to each separate award that could have taken the place of these costs. The District will correct next reimbursement request.

*Repeat Finding:* No



**COHOES CITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**SECTION III: FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

*Findings and questioned costs related to Federal awards which are required to be reported in accordance with the Uniform Guidance 2 CFR 200.516(a):*

Significant Deficiencies

2019-004      Title I - Allowable Costs

*Recommendation:* We recommend that policies and procedures be implemented to review time and effort reports monthly and or semi-annually (depending on what portion of salary charged to the grant) for individuals dedicated to the grant to ensure they are reflective of only actual time worked, and the underlying records are reflective of only the actual time worked being charged to Federal Programs. Additionally, we recommend the claims auditor semi-annually review Federal Programs time and effort payroll certifications against the grants and underlying records, this review should be documented and the findings be reported to the appropriate District personnel to ensure changes have been made and federal charges are supported.

*Views of the Responsible Officials and Planned Corrective Actions:* Review procedures of the certification and reporting processes will be implemented with our internal audit process.

2019-005      Title I - Allowable Costs

*Information on Federal Program:* Title Part I, Grants to Local Educational Agencies (LEAs), CFDA No. 84.010 and Title Part I, Grants to Local Educational Agencies - School Improvement Grant (LEAs), CFDA No. 84.010

*Criteria:* Compliance under Title 2: Grants and Agreements Part 200.430 Compensation-personal services under (a) General and (i) Allowable Activities, charges to Federal Awards may include reasonable amounts for activities contributing and directly related to work under an agreement.

*Condition:* Our testing of payroll expenditures showed for four employees out of nine individuals that were providing services based on their salary step per the applicable contract the amount charged to the grant excluded the wage adjustments for credit hours degree of education and other pay included per applicable contracts.

*Questioned Cost:* None.

*Context:* A selection of the hourly and salaried employees of the District charged to the Federal Program were tested for wages charged. All employees with wages charged to the program was tested for at least 2-5 pay periods during the year.

*Effect:* Additional wages for these four individuals could have been charged to the grant maximizing the grant revenues and expenditures during the reporting period.

*Cause:* The District only charged step salary wages to the programs based on the timing of when the original grant agreements were being submitted for approval to NYSED.

**COHOES CITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**SECTION III: FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

*Findings and questioned costs related to Federal awards which are required to be reported in accordance with the Uniform Guidance 2 CFR 200.516(a):*

**Significant Deficiencies**

2019-005      Title I - Allowable Costs

*Perspective Information:* The potential impact for the District is not maximizing the grant to its fullest based on wages paid to employees for allowable costs under the Federal Program.

*Repeat Finding:* No

*Recommendation:* We recommend that policies and procedures be implemented to review time charged to the Federal Programs based on employee's total wages.

*Views of the Responsible Officials and Planned Corrective Actions:* Review procedures of the certification and reporting processes will be implemented with our internal audit process.

2019-006      Title I - Indirect Cost Rate

*Information on Federal Program:* Title Part I, Grants to Local Educational Agencies (LEAs), CFDA No. 84.010 and Title Part I, Grants to Local Educational Agencies – School Improvement Grant (LEAs), CFDA No. 84.010

*Criteria:* Compliance under Title 2: Grants and Agreements Part 200 Appendix VII, paragraph A.3 Indirect Cost Rate.

*Condition:* The District was approved for an indirect cost rate as per the grant agreement, costs recorded in the general ledger as indirect costs were not reported as indirect costs on the final FS-10F.

*Questioned Cost:* None.

*Context:* For each individual grant included in the major program, costs reported in the general ledger were reconciled to the costs reported in the individual grants final FS-10F.

*Effect:* Our audit procedures disclosed indirect costs have been reported in the underlying records but were not reported on the grants final FS-10F.

*Cause:* Completion of the final FS-10F excluded \$1,028 of indirect costs reported in the general ledger.

*Perspective Information:* The overall impact on the School Improvement Grant was not reporting the full amount of indirect costs that could be claimed per the NYSED approved indirect cost rate.

**COHOES CITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**SECTION III: FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

*Findings and questioned costs related to Federal awards which are required to be reported in accordance with the Uniform Guidance 2 CFR 200.516(a):*

**Significant Deficiencies**

2019-006      Title I - Indirect Cost Rate

*Repeat Finding:* No

*Recommendation:* We recommend that costs claimed as part of the NYSED approved indirect cost rate are appropriately reflect in the FS-10Fs.

*Views of the Responsible Officials and Planned Corrective Actions:* Review procedures of the certification and reporting processes will be implemented with our internal audit process.

2019-007      Title I - Salary Notices

*Information on Federal Program:* Title Part I, Grants to Local Educational Agencies (LEAs), CFDA No. 84.010 and Title Part I, Grants to Local Educational Agencies - School Improvement Grant (LEAs), CFDA No. 84.010

*Criteria:* Compliance under Title 2: Grants and Agreements Part 200.430 Compensation-personal services under (a) General and (i) Allowable Activities, charges to Federal Awards may include reasonable amounts for activities contributing and directly related to work under an agreement.

*Condition:* Salary notices serve as supporting documentation between the District and the employee's rate of pay.

*Questioned Cost:* None.

*Context:* A selection of nine individuals charged to the individual grants within the major program were selected for testing of wages charged and approved salary notices.

*Effect:* Our audit procedures disclosed two instances in which the salary notices were not returned by the employees acknowledging their rate of pay and incremental pay adjustments.

*Cause:* Employees did not return their signed salary notice to the District for file retention.

*Perspective Information:* The District did make multiple attempts to try to obtain the signed salary notice from these employees and documented their attempts by maintaining email documentation in their personnel files.

**COHOES CITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**SECTION III: FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

*Findings and questioned costs related to Federal awards which are required to be reported in accordance with the Uniform Guidance 2 CFR 200.516(a):*

**Significant Deficiencies**

2019-007      Title I - Salary Notices

*Repeat Finding:* No

*Recommendation:* We recommend the District continue to make their best efforts in obtaining the signed salary notices from employees for retention in their personnel file and documentation for agreement with pay.

*Views of the Responsible Officials and Planned Corrective Actions:* Review procedures of the certification and reporting processes will be implemented with our internal audit process.

**Summary Schedule of Prior Audit Findings**

No findings from June 30, 2018 audit.