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July 13, 2016

Office of the State Comptroller  
Division of Local Government  
EB  
& School Accountability  
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NYS Education Department  
Office of Audit Services, Room 524

89 Washington Avenue  
Albany, NY 12234  
[OAS@mail.nysed.gov](mailto:OAS@mail.nysed.gov)

RE: Cohoes City School District Response & Corrective Action Plan of the Budgeting Report,  
Period Covering 7/1/12 – 6/30/15

Ladies and Gentlemen,

Cohoes City School District is in receipt of the Draft Budgeting Report of Examination for the period of July 1, 2012 to June 30, 2015. Please consider this letter as both the response to the audit and the required corrective action plan, as pursuant to General Municipal and NYS Education Law.

On behalf of the Board of Education and administration, we would first like to thank the local field staff of the Comptroller's Office for their professionalism while conducting the audit. The staff was courteous and extremely helpful throughout the process.

The district is pleased that the audit resulted in no findings of a material weakness, operational improprieties, waste or abuse. As a result, the primary focus of the audit was budgeting, which resulted in recommendations regarding budget forecasting, surplus funds and reserves.

Our response to these recommendations are as follows:

**1) Develop a plan that details funding levels and planned uses of reserve funds. Ensure that reserves are properly established prior to funding.**

*District Response and Corrective Action Plan:*

It is the district's practice to substantiate reserve balances when the reserves are established and/or the balance is adjusted. Further, unappropriated fund balance and reserve levels are analyzed during both the budgetary and year-end processes.

The district is actively working to develop a comprehensive five-year financial plan. The financial plan shall be inclusive of planned use and establishment of reserve funds. We anticipate the completion of this plan in the fall of 2016.

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Administration Center, 7 Bevan Street, Cohoes, New York 12047

**2) Use surplus funds as a financing source for funding: one time expenditures, needed reserves or reducing property taxes.**

*District Response & Corrective Action Plan:*

The district has historically utilized operating surpluses to fund much needed reserves such as the tax certiorari and compensated absences reserves.

The district intends to continue to implement a conservative budget approach, supported by tax levies at or below the property tax cap limit. We anticipate that this practice will result in a manageable correction of surplus funds. Additionally, the district also plans to implement a fund balance policy in the 2016-17 school year.

**3) Adopt realistic budgets for expenditures to ensure the tax levy is not higher than required.**

*District Response & Corrective Action Plan:*

The district's practice has been to budget conservatively when estimating specific variable expenditures over which there is limited control. Responsible budgeting requires contingencies for unexpected expenditures in such areas as facilities management, special program and charter school placements and health/pharmacy claims.

The district has consistently adopted tax levies at or below the property tax cap limit. The district implemented a 1% tax levy change in 2016 and a 0% change in 2017.

While the budget results for the years reviewed during the audit period did produce operating surpluses, the overall annual expenditure variances were relatively small. The district has recently made some modifications to our budget practices, including the establishment of a budget committee made up of various stakeholders. We have also moved to a new budget software database, and eliminated the "rollover budget" process. Beginning with the 2016-17 budget, the district implemented the practice of creating a line item budget from the ground up. This has resulted in a more efficient budget development process. These revisions will further enhance budget developments whereby expenditures are identified and appropriate allocations can be made.

In closing, I would like to once again thank the field staff of the Comptroller's Office for their assistance throughout the review. If you have any questions regarding our response, please feel free to contact me.

Respectfully,



Jennifer Spring, Ed.D.  
Superintendent of Schools