

**INCORPORATED VILLAGE OF  
GARDEN CITY, NEW YORK**

**FINANCIAL STATEMENTS**

For the Year Ended May 31, 2017

**INCORPORATED  
VILLAGE  
OF  
GARDEN CITY, NEW YORK**



**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
MAY 31, 2017**

**INCORPORATED VILLAGE OF GARDEN CITY, NEW YORK**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
MAY 31, 2017**



*Prepared by:*

*Finance Department  
Irene Woo, CPA, Treasurer*

**INCORPORATED VILLAGE OF GARDEN CITY**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED MAY 31, 2017**  
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INDEPENDENT AUDITORS' REPORT

Mayor and Board of Trustees  
Incorporated Village of Garden City  
Garden City, New York

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Incorporated Village of Garden City, New York, (the "Village") as of and for the year ended May 31, 2017, and the related notes to the financial statements, which collectively comprise the Village'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.

**Auditors' 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. 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 auditors' 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 Village'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 Village'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.

**BEYOND THE NUMBERS...**

ALBRECHT, VIGGIANO, ZURECK & COMPANY, P.C.

245 PARK AVENUE, 39TH FLOOR  
NEW YORK, NY 10167

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## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village as of May 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

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

*Albert, Viggo, Zurek and Company P.C.*

Hauppauge, New York  
November 13, 2017

**REQUIRED SUPPLEMENTARY INFORMATION**  
**Management's Discussion and Analysis**

**INCORPORATED VILLAGE OF GARDEN CITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
May 31, 2017

As management of the Incorporated Village of Garden City, New York (the "Village"), we offer readers of the financial statements this narrative overview and analysis of the financial activities for the year ended May 31, 2017. We encourage readers to consider the information presented here in conjunction with the Village's financial statements.

**FINANCIAL HIGHLIGHTS**

- The combined assets and deferred outflows of resources of the Village exceeded its liabilities and deferred inflows by \$20,094,689 (net position) at May 31, 2017.
- The Village's total combined net position decreased by \$6,017,165 of which \$6,833,130 was related to a decrease in the governmental activities net position and \$815,965 was related to an increase in the business-type activities net position.
- As of May 31, 2017, the Village's governmental funds reported combined ending fund balances of \$22,259,809. Of this amount, \$952,966 is not in spendable form or is required to remain intact. The remaining \$21,306,843 or approximately 96% of total fund balances is in spendable form with various levels of spending constraint: restricted, assigned, or unassigned making them available for spending at the Village's discretion (see Note 2.B).
- At year end, the Village's total fund balance for the General Fund was \$17,393,674, an increase of \$1,926,036 from the prior year. The assigned and unassigned fund balance for the General Fund was \$13,846,900.
- The Village's total bonded debt was \$29,540,000 (exclusive of premiums), of which \$19,400,380 relates to governmental activities and \$10,139,620 relates to business-type activities. There was an increase in bonded debt in the amount of \$6,699,465, a result of issuance of \$9,235,000 in general obligation bonds, offset by principal payments made in the current year of \$2,535,535.

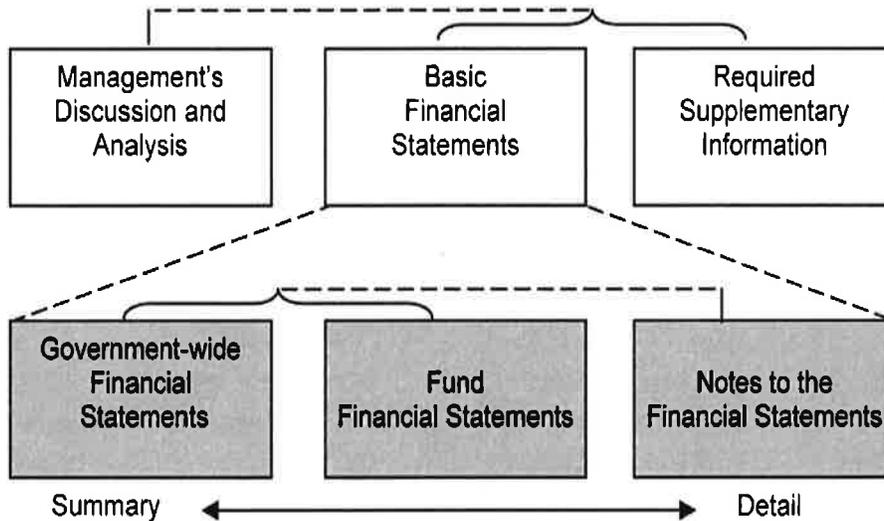
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**INCORPORATED VILLAGE OF GARDEN CITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
May 31, 2017**

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements comprise of the following components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to basic financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

**COMPONENTS OF  
THE ANNUAL FINANCIAL REPORT**



**Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business. The intent of the government-wide financial statements is to give the reader a long-term view of the Village's financial condition.

The Statement of Net Position presents financial information on all of the Village's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. This combines and consolidates the Village's current financial resources with capital assets and long-term obligations. The purpose of this statement is to give the reader an understanding of the Village's total net worth. Over time, increases or decreases in the Village's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Village's property tax base and the condition of the Village's buildings, roads, drainage and other assets to assess the overall health of the Village.

The Statement of Activities presents information showing how the Village's net position changed during the most recent year. Revenues and expenses are reported by activity to give the reader an understanding of how each of the Village's activities is being supported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods. This method is known as the accrual basis of accounting and is different from the modified accrual basis of accounting used in the Village's fund financial statements.

**INCORPORATED VILLAGE OF GARDEN CITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
May 31, 2017

**OVERVIEW OF THE FINANCIAL STATEMENTS** (continued)

**Government-wide Financial Statements** (continued)

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The Village's government-wide financial statements include both the governmental and business-type activities of the Village itself (known as the primary government) and of its legally separate nonmajor component unit for which the Village is financially accountable. Financial information for the component unit has been blended with that of the primary government.

*Governmental Activities* - The Village's basic services are reported here, including: general government support; public safety; transportation; economic assistance and opportunity; culture and recreation and home and community services. Property taxes, mortgage taxes, franchise fees, fines, and state and federal grants finance these activities. The Village also charges fees to customers to help it cover the cost of certain services it provides. In addition, the activities of the Garden City Public Library, although a legally separate entity, are included in the governmental activities since the Library functions for all practical purposes as a department of the Village.

*Business-Type Activities* - The Village charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Village's water, pool and indoor tennis facilities are reported here.

**Fund Financial Statements**

The fund financial statements focus on current available resources and are organized and operated on the basis of funds, each of which is defined as an accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific or attaining certain objectives in accordance with special regulations, restriction or limitations. The Village, like other governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

The Village's activities are reported in governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the Village's near term financial decisions. Both the governmental fund Balance Sheet and governmental fund Statement of Revenues, Expenditures, and Change in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**INCORPORATED VILLAGE OF GARDEN CITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
May 31, 2017

**OVERVIEW OF THE FINANCIAL STATEMENTS** (continued)

**Fund Financial Statements** (continued)

Governmental Funds (continued)

The Village maintains two individual major governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General and Capital Project Funds. The Library Fund (blended component unit) is considered a nonmajor governmental fund, and is presented as such in the governmental fund financial statements.

The Village adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule for the General Fund can be found in the section labeled "Required Supplementary Information Other Than Management's Discussion and Analysis."

The governmental fund financial statements can be found in the "Basic Financial Statements" section of this report.

Proprietary Funds

The Village maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses enterprise funds to account for its Water, Pool and Tennis Funds. The Internal Service Fund is used to accumulate and allocate costs internally among the Village's various functions. The Village uses its Internal Service Fund to account for risk management activities. Because these services predominantly benefit governmental rather than business-type activities, they have been included within governmental activities in the government-wide financial statements, but are included in a single column in the proprietary fund financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Pool, Tennis and Internal Service Funds since all are considered to be major funds of the Village. The proprietary fund financial statements can be found in the "Basic Financial Statements" section of this report.

Fiduciary Funds

All of the Village's fiduciary activities are reported in a separate Statement of Fiduciary Assets and Liabilities. We exclude these activities from the Village's other financial statements because the Village cannot use these assets to finance its operations. The Village is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The fiduciary fund financial statement can be found in the "Basic Financial Statements" section of this report.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the basic financial statements.

**INCORPORATED VILLAGE OF GARDEN CITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
May 31, 2017**

**OVERVIEW OF THE FINANCIAL STATEMENTS (continued)**

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the Village following the notes to the financial statements.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$20,094,689 at the close of the most recent year.

Our analysis below focuses on the net position and changes in net position of the Village as a whole.

**Condensed Statement of Net Position  
as of May 31, 2017 and 2016**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
<b>Assets</b>						
Current and other assets	\$ 32,584,465	\$ 26,314,762	\$ 16,464,787	\$ 15,508,689	\$ 49,049,252	\$ 41,823,451
Capital assets	59,125,165	57,353,648	19,387,683	18,156,490	78,512,848	75,510,138
Total Assets	91,709,630	83,668,410	35,852,470	33,665,179	127,562,100	117,333,589
Deferred Outflows of Resources	8,436,465	16,306,693	399,097	885,927	8,835,562	17,192,620
<b>Liabilities</b>						
Current and other liabilities	10,158,683	9,473,499	2,849,136	3,257,429	13,007,819	12,730,928
Long-term liabilities	88,501,449	81,746,734	13,040,684	11,737,028	101,542,133	93,483,762
Total Liabilities	98,660,132	91,220,233	15,889,820	14,994,457	114,549,952	106,214,690
Deferred Inflows of Resources	1,638,449	2,074,226	114,572	125,439	1,753,021	2,199,665
<b>Net Position *</b>						
Net investment in capital assets	38,501,180	41,568,955	8,385,780	9,389,444	46,886,960	50,958,399
Restricted	582,414	129,944			582,414	129,944
Unrestricted	(39,236,080)	(35,018,255)	11,861,395	10,041,766	(27,374,685)	(24,976,489)
Total Net Position	\$ (152,486)	\$ 6,680,644	\$ 20,247,175	\$ 19,431,210	\$ 20,094,689	\$ 26,111,854

\*Certain amounts in the 2016 Net Position classifications presented above have been reclassified to conform to the current year presentation.

Total assets and deferred outflows of resources of the Village's governmental activities, as of May 31, 2017, were \$100,146,095, an increase of \$170,992. Total liabilities and deferred inflows of resources as of May 31, 2017 were \$100,298,581, an increase of \$7,004,122. This resulted in a net position deficit balance of \$152,486 for 2017, a decrease of \$6,833,130.

The deficit balance of unrestricted net position does not necessarily indicate fiscal stress. The deficit balance in unrestricted net position arose primarily due to long-term liabilities which include other postemployment benefits, compensated absences, claims and judgments, tax certiorari costs and the proportionate share of the net pension liability that will be funded through future budgetary appropriations or charges for services when they become payable in future periods.

The Village's combined net position was again impacted in the current year and will continue to be impacted in subsequent years due to the ongoing recognition of other postemployment benefits (OPEB). The unfunded liability for other postemployment benefits related to the primary government increased by \$5,677,790 in the current year, bringing the unfunded liability at year end to \$52,019,226. Additional information on other postemployment benefits can be found in Note 3.G to the financial statements.

**INCORPORATED VILLAGE OF GARDEN CITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
May 31, 2017

**GOVERNMENT-WIDE FINANCIAL ANALYSIS** (continued)

Of the Village's governmental activities net position balance, \$38,501,180 was the net investment in capital assets, while \$70,643 was restricted by grantors for a specific purpose, \$466,560 was restricted for debt service payments and \$45,211 was restricted for public safety, leaving a deficit of \$39,236,080 in the unrestricted net position category.

The largest portion of the governmental activities net position, \$38,501,180, reflects its investment in capital assets (e.g., land, buildings, improvements other than buildings, machinery and equipment, and infrastructure); less any related debt used to acquire those assets that are still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves will not be used to liquidate these liabilities.

Total assets and deferred outflows of resources of the Village's business-type activities, as of May 31, 2017, were \$36,251,567, an increase of \$1,700,461. Total liabilities and deferred inflows as of May 31, 2017 were \$16,004,392, an increase of \$884,496. This resulted in a net position balance of \$20,247,175 for 2017, an increase of \$815,965.

Of the Village's business-type activities net position balance, \$8,385,780 was the net investment in capital assets, leaving a balance of \$11,861,395 in the unrestricted net position category. The Pool Fund reported a negative net investment in capital assets. This is a result of the Village's assets depreciating at a faster rate than the corresponding debt is being amortized (i.e. paid down), which is a result of the Village's debt being issued at a later date compared to the date the asset is placed into service.

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**INCORPORATED VILLAGE OF GARDEN CITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
May 31, 2017**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)**

Our analysis below separately considers the operations of governmental and business-type activities.

**Changes in Net Position**

**For the years ended May 31, 2017 and 2016**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016 *	2017	2016	2017	2016 *
<b>Program Revenues</b>						
Charges for services	\$ 5,594,642	\$ 5,893,799	\$ 8,166,021	\$ 8,203,070	\$ 13,760,663	\$ 14,096,869
Operating grants and contributions	41,427	780,858			41,427	780,858
Capital grants and contributions	1,303,194	697,397			1,303,194	697,397
<b>Total Program Revenues</b>	<b>6,939,263</b>	<b>7,372,054</b>	<b>8,166,021</b>	<b>8,203,070</b>	<b>15,105,284</b>	<b>15,575,124</b>
<b>General Revenues</b>						
Real property taxes	49,024,471	48,965,378			49,024,471	48,965,378
Other real property tax items	823,151	1,020,619			823,151	1,020,619
Non-property tax items	975,037	1,016,578			975,037	1,016,578
Earnings on investments	62,670	44,100	17,264	17,730	79,934	61,830
Gain on sale of capital assets	52,741	29,252			52,741	29,252
Grants - unrestricted	1,099,600	943,273			1,099,600	943,273
Legal settlement				10,000,000	-0-	10,000,000
Other	183,476	314,007		3,561	183,476	317,568
<b>Total General Revenues</b>	<b>52,221,146</b>	<b>52,333,207</b>	<b>17,264</b>	<b>10,021,291</b>	<b>52,238,410</b>	<b>62,354,498</b>
<b>Total Revenues</b>	<b>59,160,409</b>	<b>59,705,261</b>	<b>8,183,285</b>	<b>18,224,361</b>	<b>67,343,694</b>	<b>77,929,622</b>
<b>Program Expenses</b>						
General government support	15,613,162	13,215,258			15,613,162	13,215,258
Public safety	24,839,092	23,859,451			24,839,092	23,859,451
Transportation	4,988,391	4,988,683			4,988,391	4,988,683
Economic assistance and opportunity	32,443	32,470			32,443	32,470
Culture and recreation	11,942,628	12,162,562			11,942,628	12,162,562
Home and community services	8,062,475	8,103,258			8,062,475	8,103,258
Interest on debt	437,848	288,125			437,848	288,125
Pool			1,353,739	1,305,295	1,353,739	1,305,295
Tennis			361,942	389,339	361,942	389,339
Water			5,729,139	5,243,498	5,729,139	5,243,498
<b>Total Program Expenses</b>	<b>65,916,039</b>	<b>62,649,807</b>	<b>7,444,820</b>	<b>6,938,132</b>	<b>73,360,859</b>	<b>69,587,939</b>
<b>Change in Net Position before Transfers</b>	<b>(6,755,630)</b>	<b>(2,944,546)</b>	<b>738,465</b>	<b>11,286,229</b>	<b>(6,017,165)</b>	<b>8,341,683</b>
Transfers in (out)	(77,500)	(40,000)	77,500	40,000	-0-	-0-
<b>Change in Net Position</b>	<b>(6,833,130)</b>	<b>(2,984,546)</b>	<b>815,965</b>	<b>11,326,229</b>	<b>(6,017,165)</b>	<b>8,341,683</b>
Net Position at Beginning of Year, as reported	6,680,644	10,083,700	19,431,210	8,224,616	26,111,854	18,308,316
Cumulative effect of change in accounting principle **		(418,510)		(119,635)		(538,145)
Net Position at Beginning of Year, as restated	6,680,644	9,665,190	19,431,210	8,104,981	26,111,854	17,770,171
<b>Net Position at End of Year</b>	<b>\$ (152,486)</b>	<b>\$ 6,680,644</b>	<b>\$ 20,247,175</b>	<b>\$ 19,431,210</b>	<b>\$ 20,094,689</b>	<b>\$ 26,111,854</b>

\*Certain amounts in the 2016 Changes in Net Position presented above have been reclassified to conform to the current year presentation.

\*\* The Village's financial statements presented herein are for the year ended May 31, 2016 and the cumulative effect of applying GASB Statement No. 68, "Accounting and Reporting for Pensions" and GASB Statement No. 71, "Pension Transition Guidance for Contributions Made Subsequent to the Measurement Date" is shown as an adjustment to the beginning net position of fiscal year 2016.

**INCORPORATED VILLAGE OF GARDEN CITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
May 31, 2017

**GOVERNMENT-WIDE FINANCIAL ANALYSIS** (continued)

During the year ended May 31, 2017, government-wide revenues decreased from the prior year by \$10,585,928 while government-wide expenses increased from the prior year by \$3,772,920.

The key elements of the change in government-wide revenues as compared to the prior year are as follows:

- Decrease in the charges for services related to governmental activities of \$336,206, primarily due to lower amounts recognized for reductions in estimated general liability claims based on an actuarial calculation (\$712,165) offset by the increase in the culture and recreation fees (\$209,918) for the rental of Village owned fields and participation of activities and an increase public works service charges (\$238,442) mostly related to sidewalk repair.
- Decrease in operating grants and contributions of \$739,431 primarily due to the recognition of the state portion of disaster assistance in the prior year in the amount of \$756,998, related to cleanup costs associated with Hurricane Sandy. The Village did not receive this assistance in the current year.
- Increase in capital grants and contributions, related to governmental activities of \$605,797, due to a one time grant received to reimburse the Village for a recycling truck purchased in a previous year (\$242,000), the recognition of two grants (\$325,185) from the NYS Dormitory Authority to provide financial assistance for the senior recreation center capital project and additional proceeds from the CHIPS and PAVE NY grants (\$36,112) in the current year.
- Decrease in a legal settlement recognized in the Water Fund in the amount of \$10,000,000 in the prior year.

The key elements of the change in government-wide expenses as compared to the prior year are as follows:

- Increase in general government support expenses of \$2,397,904, primarily a result of the Village recognizing additional amounts in the current year related to various judgements and claims, including tax certiorari and general liability cases.
- Increase in public safety expenses of \$979,641 primarily due to an overall increase in salaries (\$104,383), higher health insurance costs and retirement system contributions (\$383,533), depreciation charges (\$192,509) and compensated absences (\$104,588).
- Increase in the Water Fund expenses of \$485,641, due to an increase in maintenance of equipment (\$225,207) and electricity costs (\$27,931), additional costs for administrative salaries (\$157,444) and an increase in debt service interest payments (\$51,993).

**INCORPORATED VILLAGE OF GARDEN CITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
May 31, 2017**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)**

The following illustrates the total cost of services, program revenues by function and the net cost of services for the Village's governmental activities.

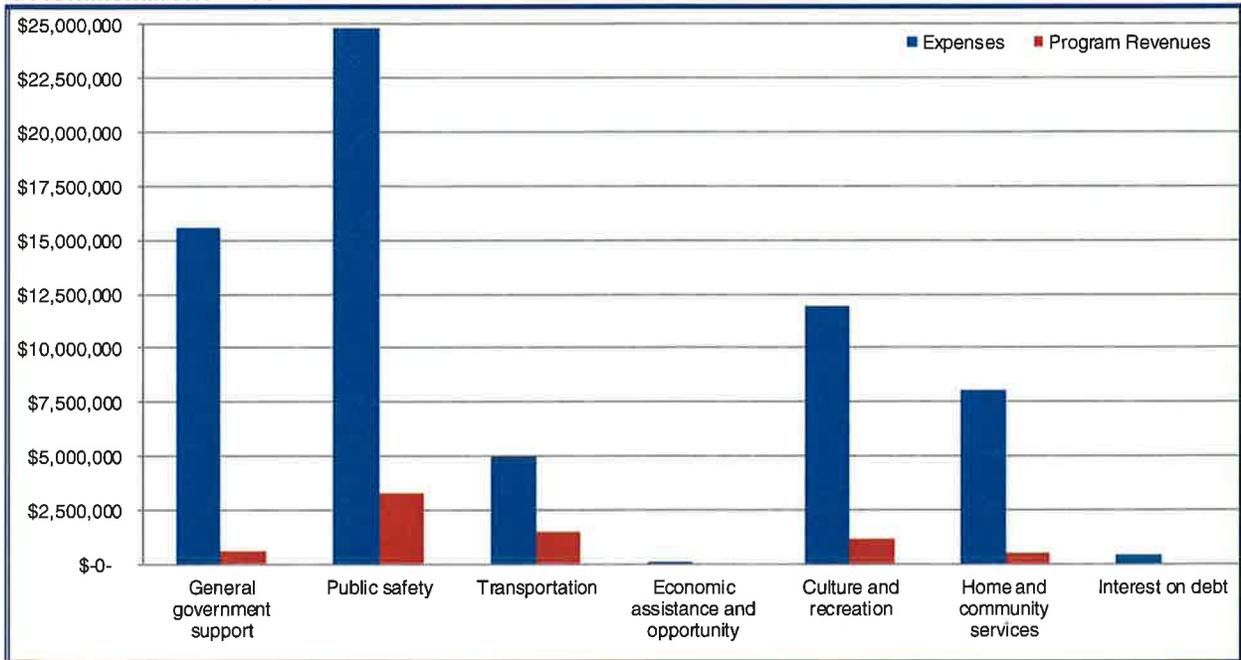
**Net Expense of Services  
Governmental Activities  
For Years Ended May 31, 2017 and 2016**

	Total Expense of Services		Program Revenues		Net Expense of Services	
	2017	2016	2017	2016 *	2017	2016
General government support	\$ 15,613,162	\$ 13,215,258	\$ 566,643	\$ 1,000,159	\$ (15,046,519)	\$ (12,215,099)
Public safety	24,839,092	23,859,451	3,257,068	3,380,139	(21,582,024)	(20,479,312)
Transportation	4,988,391	4,988,683	1,458,784	1,216,514	(3,529,607)	(3,772,169)
Economic assistance and opportunity	32,443	32,470			(32,443)	(32,470)
Culture and recreation	11,942,628	12,162,562	1,156,667	684,299	(10,785,961)	(11,478,263)
Home and community services	8,062,475	8,103,258	500,101	1,090,943	(7,562,374)	(7,012,315)
Interest on debt	437,848	288,125			(437,848)	(288,125)
	<u>\$ 65,916,039</u>	<u>\$ 62,649,807</u>	<u>\$ 6,939,263</u>	<u>\$ 7,372,054</u>	<u>\$ (58,976,776)</u>	<u>\$ (55,277,753)</u>

\*Certain amounts in the 2016 Program Revenues presented above have been reclassified to conform to the current year presentation. This resulted in an additional amount of program revenues for 2016 in the amount of \$1,470,976.

The cost of the governmental activities in the current fiscal year was \$65,916,039. The net cost of these services after being subsidized by program revenues of \$6,939,263 was \$58,979,776.

**Expenses and Program Revenues  
Governmental Activities**



**INCORPORATED VILLAGE OF GARDEN CITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
May 31, 2017**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)**

The following illustrates the total cost of services, program revenues by fund and the net cost of services for the Village's business-type activities.

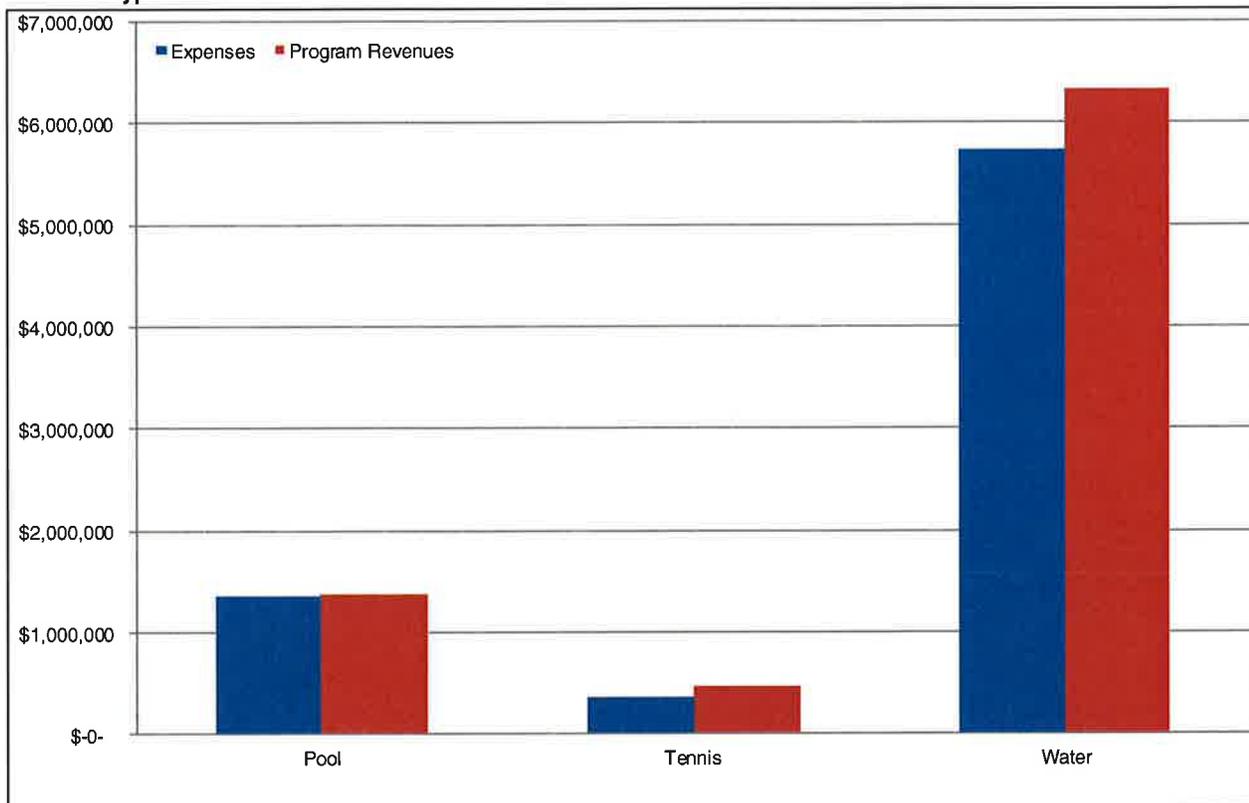
**Net (Expense) Revenue of Services \***  
**Business-Type Activities**  
**For Years Ended May 31, 2017 and 2016**

	Total Expense of Services		Program Revenues		Net (Expense) Revenue of Services	
	2017	2016	2017	2016	2017	2016
Pool	\$ 1,353,739	\$ 1,305,295	\$ 1,371,861	\$ 1,310,507	\$ 18,122	\$ 5,212
Tennis	361,942	389,339	469,801	462,232	107,859	72,893
Water	5,729,139	5,243,498	6,324,359	6,430,331	595,220	1,186,833
	<u>\$ 7,444,820</u>	<u>\$ 6,938,132</u>	<u>\$ 8,166,021</u>	<u>\$ 8,203,070</u>	<u>\$ 721,201</u>	<u>\$ 1,264,938</u>

\*Presented net of the portion of the Internal Service Fund change in net position that was allocated back to the business-type activities for years ended May 31, 2017 and 2016 in the amounts of (\$12,860) and \$60,889, respectively. The cumulative amount of the Internal Service Fund's net position that is allocated to the business-type activities as of May 31, 2017 is \$193,049.

The cost of the business-type activities in the current fiscal year was \$7,444,820. The net revenue of these services after being subsidized by program revenues of \$8,166,021 was \$721,201.

**Expenses and Program Revenues**  
**Business-type Activities**



**INCORPORATED VILLAGE OF GARDEN CITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
May 31, 2017**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)**

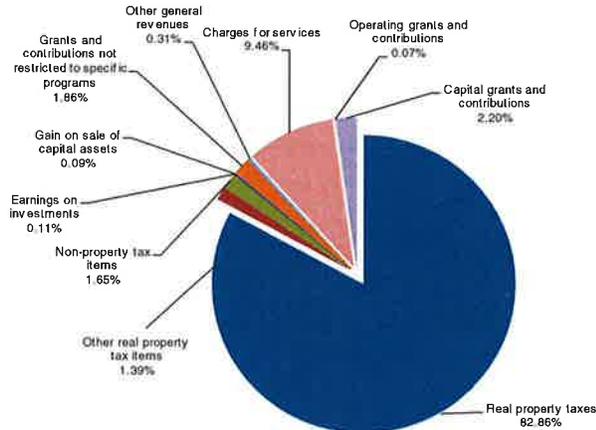
**Revenue by Source**

Governmental Activities

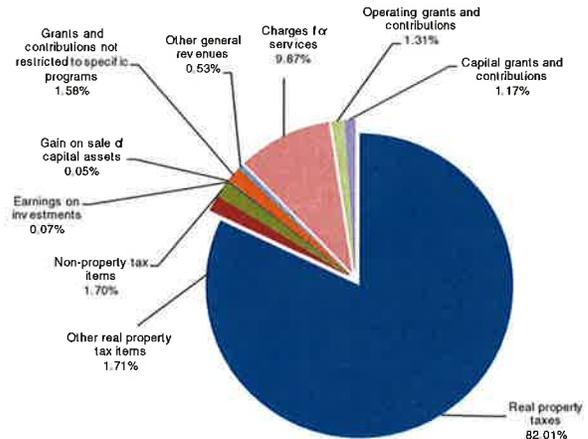
For years ended May 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Real property taxes	\$ 49,024,471	\$ 48,965,378
Other real property tax items	823,151	1,020,619
Non-property tax items	975,037	1,016,578
Earnings on investments	62,670	44,100
Gain on sale of capital assets	52,741	29,252
Grants and contributions not restricted to specific programs	1,099,600	943,273
Other general revenues	183,476	314,007
Charges for services	5,594,642	5,893,799
Operating grants and contributions	41,427	780,858
Capital grants and contributions	1,303,194	697,397
	<u>\$ 59,160,409</u>	<u>\$ 59,705,261</u>

Revenue by Source  
Governmental Activities  
For the year ended May 31, 2017



Revenue by Source  
Governmental Activities  
For the year ended May 31, 2016



**FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS**

Governmental Funds

The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, spendable fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

**INCORPORATED VILLAGE OF GARDEN CITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
May 31, 2017

**FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS** (continued)

Governmental Funds (continued)

At May 31, 2017, the Village's governmental funds reported total ending fund balance of \$22,259,809 an increase of \$6,738,735 in comparison to the prior year. The category breakdown is as follows:

- **Nonspendable fund balance** - \$952,966 (inherently nonspendable) includes the portion of net resources that cannot be spent because they are not in spendable form, cannot be converted to cash in the current period or are legally or contractually required to remain intact.
- **Restricted fund balance** - \$2,664,451 (externally enforceable limitations on use) include amounts subject to limitations imposed by creditors, grantors, contributors, or laws and regulations of other governments.
- **Assigned fund balance** - \$9,169,046 (limitation resulting from intended use) consists of amounts where the intended specific purpose is established by the Village Board of Trustees, but do not meet the criteria to be classified as restricted or committed.
- **Unassigned fund balance** - \$9,473,346 (residual net resources) is the remaining fund balance in the General Fund in excess of nonspendable, restricted and assigned fund balance.

**General Fund**

The General Fund is the chief operating fund of the Village. At the end of the current year, the total fund balance of the General Fund was \$17,393,674, an increase of \$1,926,036 from the prior year. Of this amount, \$952,966 is not in spendable form (inventory of material and supplies) and the remaining \$16,440,708 is in spendable form as follows: \$466,560 is restricted for debt service payments, \$2,082,037 is restricted for future employee benefit payments, \$45,211 has been restricted for public safety, \$2,698,591 has been assigned by the Village Board for the subsequent year's budget and subsequent year's employee benefits reserve, \$1,674,963 has been assigned for purchase orders by the Treasurer, and the remaining \$9,473,346 represents spendable, unassigned fund balance.

The key elements of the fund balance increase of \$1,926,036 are as follows:

- There was a budgeted use of prior year fund balance of \$1,271,452, as well as the prior year encumbrances carried forward in the amount of \$610,191.
- Actual revenues and other financing sources exceeded the final budget by \$1,924,296. This is primarily due to higher than anticipated collection of state and local grants, inclusive of mortgage tax revenues, in the amount of \$651,671. The Village received premiums related to the 2016 bond issuance and transfers from the Capital Projects Fund that were not budgeted for in the amounts of \$194,250 and \$276,174, respectively. In addition, safety inspection fees, public works service revenues and fines and forfeitures exceeded budgeted expectations by \$170,875, \$243,060 and \$174,267, respectively.

**INCORPORATED VILLAGE OF GARDEN CITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
May 31, 2017

**FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS** (continued)

**General Fund** (continued)

- Actual expenditures and other financing uses were less than the final budget by \$5,487,832, of which \$1,674,963 is reserved for encumbrances to be spent in the next fiscal year. General government support expenditures were under budget by \$3,224,591, primarily a result of fewer refunds of real property taxes paid in the current year than anticipated due to the timing of the legal settlements (\$1,629,390), unrealized contingency amounts (\$686,957) and lower than anticipated other expenditures related to various legal cases (\$442,185) and salary and other expenditures in the Clerk-Treasurer department (\$348,808). Public safety expenditures were under budget by \$619,674, due to lower than expected other expenses in the police and fire departments in the amounts of \$147,561 and \$145,824, respectively, and less payroll costs of \$129,882 and \$72,515, mostly due to less overtime. Culture and recreation expenditures were under budget by \$484,494 primarily due to less salary costs, as well as lower than anticipated utility costs, maintenance costs and contractual services. The Village's employee benefit costs were lower than expected by \$482,288 primarily due to open positions throughout the fiscal year combined with lower contribution rates for the New York State and Local Employees' Retirement System and the New York State and Local Police and Fire Retirement System.
- Overall, there was a minimal increase of actual revenues and other financing sources from the prior year in the amount \$338,759.
- Overall, actual expenditures and other financing uses decreased from the prior year by \$817,164, primarily a result of decreases in general government support (\$613,636), culture and recreation (\$349,437), home and community services (\$341,946) and employee benefit expenditures (\$801,701) which were offset by the Village transferring out additional funds in the current year in the amount of \$1,364,745 compared to the prior year. General government support expenditures decreased primarily due to less refunds of real property tax settlements in the current year mostly due to the timing of the cases being settled (\$832,005). Decreases related to culture and recreation expenditures were a result of the overall reduction of salary and overtime costs (\$429,432) offset by a minimal increase in other expenditures (\$103,094) for the parks, playground and recreation departments. Home and community service expenditures decreased due to an overall reduction of department costs, most notably related to refuse and garbage (\$187,826) and street cleaning (\$105,080) expenditures. Employee benefit costs decreased due to the Village making an early retirement benefit payment in the prior year (\$968,917) as well as decrease in the required contribution to the New York State and Local Employees' Retirement System and the New York State and Local Police and Fire Retirement System (\$275,385) which was offset by an increase in the health insurance costs (\$506,244). Transfers out increased mainly as a result of the Village Board deciding to fund additional capital projects in the current year (\$1,437,569).

**Capital Projects Fund**

At the end of the current year, the Capital Projects Fund had a total assigned fund balance of \$4,698,102, an increase of \$4,820,034 from the prior year. The fund balance increase in the Capital Projects Fund from the prior year is mainly the result of timing differences between project expenditures and the recognition of the corresponding financing sources.

**INCORPORATED VILLAGE OF GARDEN CITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
May 31, 2017

**FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS** (continued)

**Library Fund**

At the end of the current year, the total fund balance of the Library Fund, a nonmajor fund (blended component unit) of the Village, was \$168,033, a decrease of \$7,335 from the prior year. Of this amount, \$70,643 is restricted for specific purposes defined by grantors and donors, \$74,909 has been assigned for the subsequent year's budget and \$22,481 has been assigned for purchase orders.

The Library Fund recognized less revenues and other financing sources in the amount of \$152,996 compared to prior year as well less expenditures of \$231,899. The Library Fund's revenue and other financing sources decrease was primarily a result of a reduced transfer from the General Fund to provide funding for Library operations (\$110,324). The overall decrease in Library expenditures of \$231,899 was primarily a result of decreased salary costs (\$120,209) and the contribution to the New York State and Local Employees' Retirement System (\$51,689).

**Proprietary Funds**

The Village's proprietary fund statements provide the same type of information found in the government-wide financial statements but in more detail.

The Pool Fund's deficit net position at year end was \$704,671. This deficit net position decreased from the prior year by \$102,578, a result of a transfer in from the General Fund to fund the cost of general maintenance (\$77,500), in addition to income from operations of \$25,078. In the current year, the Pool Fund was able to generate additional membership and guest fees (\$41,369). The Pool Fund's expenses, including depreciation expense, the continued recognition of other postemployment benefits (OPEB) costs and interest for debt service were consistent with the prior year.

The Tennis Fund's net position at year end was \$109,862. The Tennis Fund's net position increased from the prior year by \$108,527, the result of a minimal increase in membership and guest fees generated (\$8,650) compared to prior year and reduced operating expenses primarily due to an employee's retirement (\$15,476).

The Water Fund's net position at year end was \$20,648,935, an increase of \$617,720 from the prior year. The Water Fund recognized less operating revenues in the current year in the amount of \$105,972 primarily due to a reduction in water sales (\$80,251), as well as an increase in operating expenses in the amount of \$389,906, mainly a result higher maintenance of equipment (\$225,207) and electricity costs (\$27,931) for pumping expenses, and additional costs for administrative salaries (\$157,444). Net non-operating revenues (expenses) decreased by \$10,057,007 primarily related to the recognition of legal settlement revenue in the amount of \$10,000,000 in the prior year in addition to an increase in interest related to bonded debt.

**INCORPORATED VILLAGE OF GARDEN CITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
May 31, 2017

**FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS** (continued)

**Proprietary Funds** (continued)

The Internal Service Fund's net position at year end was \$2,629,626. The Internal Service Fund's net position decreased from the prior year by \$175,188. Operating revenues decreased by \$988,290 primarily a result of the decrease in the amount recognized related to the over accrual of estimated claims related to workers' compensation and liability cases (\$962,683). There was an increase in general liability claims (\$32,912) and workers' compensation costs and claims (\$93,341) compared to the prior year.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Village appropriated expenditures in the original General Fund budget in excess of estimated revenues in the amount of \$1,881,152, mostly by designating unreserved fund balance from the prior year in the amount of \$1,271,452 and reappropriating prior year encumbrances in the amount of \$610,191. Over the course of the year, the Board of Trustees revised the budget as needed so that expenditures do not exceed appropriations. In the General Fund, various transfers between appropriations, as well as additional expenditures appropriated from fund balance, were approved for this purpose. The amount of appropriated fund balance was increased by \$3,604,940 from the original budget. The increase in appropriated fund balance was primarily to increase amounts transferred to Capital Projects Fund and the Pool Fund for various projects not anticipated in the original budget (\$2,461,967) and provide funding for significant payouts of sick and vacation due to retirements (\$1,132,339).

Please see the "General Fund" section for more details on the comparison of final budgets to actual expenditures.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

Capital Assets

The Village's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of May 31, 2017, amounts to \$59,125,165 and \$19,387,683, respectively. This investment in capital assets includes land, buildings, improvements, machinery and equipment, roads, curbs, sidewalks, drainage, sewer and water systems, and construction in progress.

During the fiscal year ended May 31, 2017, the Village's major capital expenditures were as follows:

Road repairs	\$ 1,275,535
Community Park field rehabilitation	1,048,736
Water Meter replacement project	814,365
Public Works equipment	736,691
Repair / replacement of water mains	729,605
Street Lighting LED Project	703,160
Sidewalk repairs and curb replacement	645,103
Community Park multi-use field	601,561
Recreation Department equipment	379,444
Gas pump replacement	363,091

**INCORPORATED VILLAGE OF GARDEN CITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
May 31, 2017**

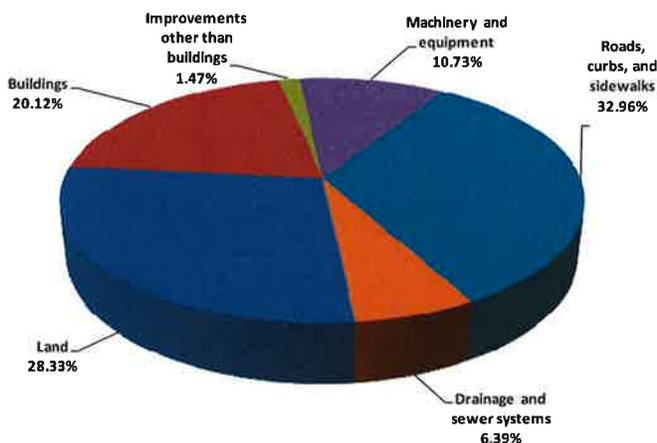
**CAPITAL ASSET AND DEBT ADMINISTRATION (continued)**

Capital Assets (continued)

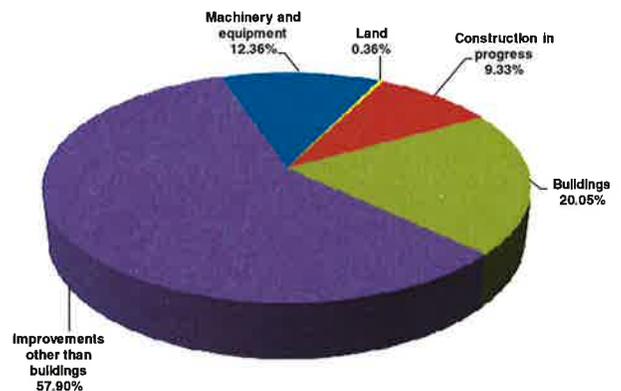
**Capital Assets - Net of Accumulated Depreciation  
As of May 31, 2017 and 2016**

	Governmental Activities		Business-type Activities	
	2017	2016	2017	2016
Land	\$ 16,748,023	\$ 16,748,023	\$ 69,212	\$ 69,212
Construction in progress			1,809,331	1,303,840
Buildings	11,904,701	10,495,871	3,888,189	3,095,885
Improvements other than buildings	867,725	1,067,859	11,223,839	10,770,248
Machinery and equipment	6,344,101	5,676,793	2,397,112	2,917,305
Infrastructure:				
Roads, curbs, and sidewalks	19,485,178	19,468,271		
Drainage and sewer systems	3,775,437	3,896,831		
Total net capital assets	<u>\$ 59,125,165</u>	<u>\$ 57,353,648</u>	<u>\$ 19,387,683</u>	<u>\$ 18,156,490</u>

**Capital Assets - Net of Accumulated Depreciation  
Governmental Activities  
As of May 31, 2017**



**Capital Assets - Net of Accumulated Depreciation  
Business-type Activities  
As of May 31, 2017**



The Village has five-year capital improvement plans for the governmental and business-type activities. The five-year plans allow for the continued improvements to infrastructure, buildings and equipment while remaining consistent with the Village's debt service requirements. Annually, the Village Board of Trustees reviews, updates, and amends the capital plan.

Additional information on the Village's capital assets can be found in Note 3.C to the financial statements.

Debt Administration

At the end of the current year, the Village had total long-term bonded debt outstanding of \$19,400,380 and \$10,139,620 for its governmental and business-type activities, respectively. The entire debt is backed by the full faith and credit of the Village.

**INCORPORATED VILLAGE OF GARDEN CITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
May 31, 2017**

**CAPITAL ASSET AND DEBT ADMINISTRATION (continued)**

Debt Administration (continued)

**Outstanding debt at May 31, 2017 and 2016**

	2017	2016
<b>Governmental Activities:</b>		
Capital loans payable		\$ 50,229
General obligation bonds payable, exclusive of premium	\$ 19,400,380	14,100,000
Total outstanding debt, governmental activities	\$ 19,400,380	\$ 14,150,229
<b>Business-type Activities:</b>		
General obligation bonds payable, exclusive of premium	\$ 10,139,620	\$ 8,740,535
Total outstanding debt, business-type activities	\$ 10,139,620	\$ 8,740,535

The above does not include premiums related to general obligation bonds in the amount of \$360,995 and \$115,379 for the governmental activities and business-type activities, respectively, as of May 31, 2017 and \$135,242 and \$26,511 respectively, as of May 31, 2016.

During the current fiscal year, the Village's bonded debt increased by \$6,699,465 or 29.33%, a result of the issuance of \$9,235,000 in general obligation bonds offset by \$2,535,535 in principal payments made during the current year.

Moody's Investment Services maintained the Village's credit rating at "Aaa" during the year ended May 31, 2017.

Debt Limit

The Village has the power to contract indebtedness for any Village purpose so long as the principal amount thereof, subject to certain limited exceptions, shall not exceed 7.00% of the average full valuation of taxable real estate of the Village, and is subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash or appropriations for current debt service.

The constitutional method for determining full valuation is calculated by taking the assessed valuation of taxable real estate as shown upon the latest completed assessment roll and dividing the same by the equalization rate as determined by the State Board of Equalization and Assessment. The State Legislature is required to prescribe the manner by which such ratio shall be determined. Average full valuation is determined by taking the sum of the full valuation of the last completed assessment roll and the four preceding assessment rolls and dividing such sum by five. The percentage of debt contracting power exhausted at November 30, 2016 was 3.80%.

Additional information on the Village's debt activity can be found in Note 3.D to the financial statements.

**INCORPORATED VILLAGE OF GARDEN CITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
May 31, 2017**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

Property Tax

The Village has adopted a budget for the 2017-2018 fiscal year, which factors in inflation and other adjustments to revenues and expenditures as well as prior year positive fund balances. The 2017-2018 budget includes an increase in real property tax revenues of \$563,730. The tax levy increase was 1.15% which is under the limit imposed under the tax cap law.

New York State enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions, which includes a 2% property tax cap for municipalities. Beginning in 2012 and lasting through at least June 15, 2020, no local government is authorized to increase its property tax levy by more than 2% or the rate of inflation (whichever is less). Local governments can exceed the tax levy limit by a 60% vote of the governing body and annually adopting a local law. There are permitted exceptions and adjustments. The Village did not exceed the 2% cap, inclusive of allowable exclusion in the 2017-2018 budget.

Tax Assessment Trends

Assessment reductions resulting from tax certiorari actions continue to erode the Village tax base. The Village anticipates that this trend will continue for the year ending May 31, 2018.

**LEGAL CONTINGENCY**

The Village has been the defendant in an action that was filed in federal district court in 2005. The case was tried in June 2013 and on December 6, 2013 the U.S. District Court ruled that the Village had violated the Fair Housing Act as well as 42 U.S. Code §1981 and §1983 and the Equal Protection Clause of the Fourteenth Amendment. As the prevailing party, the plaintiffs have filed a motion seeking to recover approximately \$5.6 million in attorneys' fees and costs, which is subject to increase as the case continues. On September 11, 2014, the court granted the Village's motion to defer the ruling on the plaintiffs' attorneys' fees and cost request pending the outcome of an appeal that the Village has filed on the trial court decision with the 2nd Circuit U.S. Court of Appeals. The appeal was argued in May of 2015, however, the Village was not successful and the plaintiffs are entitled to the recovery of attorneys' fees and costs. However, the Village believes that it has insurance coverage for such award. As of the date of this report, the insurance carrier has not conceded that the Village's coverage would apply and has reserved its rights. The Village intends to take all reasonable steps to enforce payment. Additional information related to this case can be found in Note 4.C to the financial statements.

**CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the finances of the Village, and to demonstrate our accountability with the money we receive. If you have any questions about this report or need additional financial information, contact the Incorporated Village of Garden City, Village Treasurer, Finance Department, Garden City, New York.

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**BASIC FINANCIAL STATEMENTS**

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**INCORPORATED VILLAGE OF GARDEN CITY**  
**GOVERNMENT-WIDE FINANCIAL STATEMENT**  
**STATEMENT OF NET POSITION**  
 May 31, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash	\$ 27,828,169	\$ 15,334,225	\$ 43,162,394
Accounts receivable	289,064	920,631	1,209,695
Due from other governments	357,310		357,310
Restricted cash	2,664,451		2,664,451
Tax sale certificates	492,505		492,505
Inventory of material and supplies	952,966	209,931	1,162,897
<b>Total Current Assets</b>	<b>32,584,465</b>	<b>16,464,787</b>	<b>49,049,252</b>
<b>Noncurrent Assets:</b>			
Non-depreciable capital assets	16,748,023	1,878,543	18,626,566
Depreciable capital assets, net of depreciation	42,377,142	17,509,140	59,886,282
<b>Total Noncurrent Assets</b>	<b>59,125,165</b>	<b>19,387,683</b>	<b>78,512,848</b>
<b>Total Assets</b>	<b>91,709,630</b>	<b>35,852,470</b>	<b>127,562,100</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pensions	8,436,465	399,097	8,835,562
<b>Total Deferred Outflows of Resources</b>	<b>8,436,465</b>	<b>399,097</b>	<b>8,835,562</b>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts payable and accrued liabilities	2,961,495	1,034,405	3,995,900
Due to New York State retirement systems	605,985	37,109	643,094
Unearned revenues	120,039	832,545	952,584
Internal balances	193,049	(193,049)	-0-
Noncurrent liabilities due within one year:			
Compensated absences	588,313	13,608	601,921
Claims and judgments payable	755,333		755,333
Tax certioraris payable	2,978,624		2,978,624
General obligation bonds payable	1,955,845	1,124,518	3,080,363
<b>Total Current Liabilities</b>	<b>10,158,683</b>	<b>2,849,136</b>	<b>13,007,819</b>
<b>Noncurrent Liabilities:</b>			
Compensated absences	7,816,155	180,788	7,996,943
Claims and judgments payable	5,172,602		5,172,602
Other postemployment benefits payable	48,794,381	3,224,845	52,019,226
General obligation bonds payable	17,805,530	9,130,481	26,936,011
Net pension liability - proportionate share	8,912,781	504,570	9,417,351
<b>Total Noncurrent Liabilities</b>	<b>88,501,449</b>	<b>13,040,684</b>	<b>101,542,133</b>
<b>Total Liabilities</b>	<b>98,660,132</b>	<b>15,889,820</b>	<b>114,549,952</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pensions	1,638,449	114,572	1,753,021
<b>Total Deferred Inflows of Resources</b>	<b>1,638,449</b>	<b>114,572</b>	<b>1,753,021</b>
<b>NET POSITION</b>			
Net investment in capital assets	38,501,180	8,385,780	46,886,960
Restricted for debt service	466,560		466,560
Restricted for culture and recreation	70,643		70,643
Restricted for public safety	45,211		45,211
Unrestricted	(39,236,080)	11,861,395	(27,374,685)
<b>Total Net Position</b>	<b>\$ (152,486)</b>	<b>\$ 20,247,175</b>	<b>\$ 20,094,689</b>

See notes to the financial statements.

**INCORPORATED VILLAGE OF GARDEN CITY**  
**GOVERNMENT-WIDE FINANCIAL STATEMENT**  
**STATEMENT OF ACTIVITIES**  
Year Ended May 31, 2017

Function/Program	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
Governmental Activities:				
General government support	\$ 15,613,162	\$ 566,643		
Public safety	24,839,092	3,228,651	\$ 28,417	
Transportation	4,988,391	725,275		\$ 733,509
Economic assistance and opportunity	32,443			
Culture and recreation	11,942,628	818,472	13,010	325,185
Home and community services	8,062,475	255,601		244,500
Interest on debt	437,848			
Total Governmental Activities	<u>65,916,039</u>	<u>5,594,642</u>	<u>41,427</u>	<u>1,303,194</u>
Business-type Activities:				
Pool	1,353,739	1,371,861		
Tennis	361,942	469,801		
Water	5,729,139	6,324,359		
Total Business-type Activities	<u>7,444,820</u>	<u>8,166,021</u>	<u>-0-</u>	<u>-0-</u>
Total Primary Government	<u>\$ 73,360,859</u>	<u>\$ 13,760,663</u>	<u>\$ 41,427</u>	<u>\$ 1,303,194</u>

**GENERAL REVENUES:**

Real property taxes  
Other real property tax items  
Non-property tax items  
Earnings on investments  
Gain on sale of capital assets  
Grants and contributions not  
restricted to specific programs  
Other

**TRANSFERS**

Total General Revenues and Transfers

Change in Net Position

Net Position at Beginning of Year

Net Position at End of Year

See notes to financial statements.

Net (Expenses) Revenues and Change in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (15,046,519)		\$ (15,046,519)
(21,582,024)		(21,582,024)
(3,529,607)		(3,529,607)
(32,443)		(32,443)
(10,785,961)		(10,785,961)
(7,562,374)		(7,562,374)
(437,848)		(437,848)
<u>(58,976,776)</u>	<u>\$ -0-</u>	<u>(58,976,776)</u>
	18,122	18,122
	107,859	107,859
	595,220	595,220
<u>-0-</u>	<u>721,201</u>	<u>721,201</u>
<u>(58,976,776)</u>	<u>721,201</u>	<u>(58,255,575)</u>
49,024,471		49,024,471
823,151		823,151
975,037		975,037
62,670	17,264	79,934
52,741		52,741
1,099,600		1,099,600
183,476		183,476
(77,500)	77,500	-0-
<u>52,143,646</u>	<u>94,764</u>	<u>52,238,410</u>
<u>(6,833,130)</u>	<u>815,965</u>	<u>(6,017,165)</u>
<u>6,680,644</u>	<u>19,431,210</u>	<u>26,111,854</u>
<u>\$ (152,486)</u>	<u>\$ 20,247,175</u>	<u>\$ 20,094,689</u>

See notes to financial statements.

**INCORPORATED VILLAGE OF GARDEN CITY**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**May 31, 2017**

	Major Funds		Nonmajor Fund	Totals
	General	Capital Projects	Library	
<b>ASSETS</b>				
Cash	\$ 15,727,809	\$ 5,535,527	\$ 307,272	\$ 21,570,608
Accounts receivable	288,941		123	289,064
Due from other governments	332,125	25,185		357,310
Restricted cash	2,593,808		70,643	2,664,451
Tax sale certificates	492,505			492,505
Inventory of materials and supplies	952,966			952,966
Total Assets	<u>\$ 20,388,154</u>	<u>\$ 5,560,712</u>	<u>\$ 378,038</u>	<u>\$ 26,326,904</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 1,876,512	\$ 862,610	\$ 109,444	\$ 2,848,566
Due to New York State retirement systems	570,424		35,561	605,985
Unearned revenues	55,039		65,000	120,039
Total Liabilities	<u>2,501,975</u>	<u>862,610</u>	<u>210,005</u>	<u>3,574,590</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable real property taxes	492,505			492,505
Total Deferred Inflows of Resources	<u>492,505</u>	<u>-0-</u>	<u>-0-</u>	<u>492,505</u>
<b>FUND BALANCES</b>				
Nonspendable	952,966			952,966
Restricted	2,593,808		70,643	2,664,451
Assigned	4,373,554	4,698,102	97,390	9,169,046
Unassigned	9,473,346			9,473,346
Total Fund Balances	<u>17,393,674</u>	<u>4,698,102</u>	<u>168,033</u>	<u>22,259,809</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 20,388,154</u>	<u>\$ 5,560,712</u>	<u>\$ 378,038</u>	<u>\$ 26,326,904</u>

See notes to the financial statements.

**INCORPORATED VILLAGE OF GARDEN CITY**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**May 31, 2017**

**TOTAL FUND BALANCES - GOVERNMENTAL FUNDS** \$ 22,259,809

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets less accumulated depreciation are included in the Statement of Net Position:

Capital assets - non-depreciable	\$	16,748,023	
Capital assets - depreciable		122,718,823	
Accumulated depreciation		<u>(80,341,681)</u>	
			59,125,165

Deferred outflows of resources are included in the Statement of Net Position. 8,436,465

Internal Service Fund is used to account for the Village's risk retention and the charges to individual funds. Total assets of the Internal Service Fund reduced by an internal payable (a result of the net gain), due to the business-type activities, reported on the Statement of Net Position. 6,064,512

Long-term liabilities applicable to the Village's governmental activities are not due and payable in the current period and accordingly are not reported in the funds. However, these liabilities are included in the Statement of Net Position:

Compensated absences		(8,404,468)	
Claims and judgments payable		(5,927,935)	
Tax certioraris payable		(2,978,624)	
Other postemployment benefits payable		(48,794,381)	
General obligation bonds payable, inclusive of related premium		(19,761,375)	
Net pension liability - net proportionate share		<u>(8,912,781)</u>	
			(94,779,564)

Interest payable applicable to the Village's governmental activities is not due and payable in the current period and accordingly is not reported in the funds. However, this liability is included in the Statement of Net Position. (112,929)

Deferred inflows of resources related to the pension plans are included in the Statement of Net Position. (1,638,449)

Deferred inflows of resources that are considered unavailable on the fund statements because it does not meet the availability criteria and therefore only reported as revenue on the Statement of Net Position. 492,505

**NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ (152,486)

See notes to the financial statements.

**INCORPORATED VILLAGE OF GARDEN CITY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
Year Ended May 31, 2017

	Major Funds		Nonmajor	Total
	General	Capital Projects	Fund Library	Governmental Funds
<b>REVENUES</b>				
Real property taxes	\$ 49,024,330			\$ 49,024,330
Other real property tax items	823,151			823,151
Non-property tax items	975,037			975,037
Departmental income	2,773,004			2,773,004
Intergovernmental charges	435			435
Use of money and property	57,584		\$ 2,405	59,989
Licenses and permits	367,733			367,733
Fines and forfeitures	1,547,485		36,978	1,584,463
Special assessments	239,733			239,733
Sale of property and compensation for loss	369,543			369,543
Fees and services			32,289	32,289
Miscellaneous local sources	110,739		19,568	130,307
State and local aid	1,859,883	\$ 325,185	9,848	2,194,916
Federal aid	28,417			28,417
Total Revenues	<u>58,177,074</u>	<u>325,185</u>	<u>101,088</u>	<u>58,603,347</u>
<b>EXPENDITURES</b>				
Current:				
General government support	9,123,293			9,123,293
Public safety	14,300,154			14,300,154
Transportation	2,337,041			2,337,041
Economic assistance and opportunity	32,443			32,443
Culture and recreation	4,259,735		3,168,931	7,428,666
Home and community services	4,554,656			4,554,656
Employee benefits	11,911,616			11,911,616
Capital outlay		7,265,938		7,265,938
Debt service:				
Principal	1,480,253			1,480,253
Interest	347,302			347,302
Total Expenditures	<u>48,346,493</u>	<u>7,265,938</u>	<u>3,168,931</u>	<u>58,781,362</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>9,830,581</u>	<u>(6,940,753)</u>	<u>(3,067,843)</u>	<u>(178,015)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Principal amount of bond issuance		6,735,380		6,735,380
Premium on bonds	258,870			258,870
Transfers in	276,174	5,301,581	3,060,508	8,638,263
Transfers out	(8,439,589)	(276,174)		(8,715,763)
Total Other Financing Sources (Uses)	<u>(7,904,545)</u>	<u>11,760,787</u>	<u>3,060,508</u>	<u>6,916,750</u>
Net Change in Fund Balances	1,926,036	4,820,034	(7,335)	6,738,735
<b>Fund Balances (Deficits) at</b>				
<b>Beginning of Year</b>	<u>15,467,638</u>	<u>(121,932)</u>	<u>175,368</u>	<u>15,521,074</u>
Fund Balances at End of Year	<u>\$ 17,393,674</u>	<u>\$ 4,698,102</u>	<u>\$ 168,033</u>	<u>\$ 22,259,809</u>

See notes to the financial statements.

**INCORPORATED VILLAGE OF GARDEN CITY**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
Year Ended May 31, 2017

**NET CHANGE IN FUND BALANCES** \$ 6,738,735

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which depreciation exceeds capital outlay in the current period is:

Capital outlay	\$ 7,368,240	
Depreciation expense	(5,590,876)	
Loss on dispositions	<u>(5,847)</u>	1,771,517

Net change in deferred outflows of resources not reported in the governmental fund statements related to pensions. (7,870,228)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 139

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position:

Compensated absences	247,679	
Tax certioraris payable	(693,707)	
Other postemployment benefits payable	(5,469,498)	
Repayment of capital loans	50,229	
Bonds issued	(6,735,380)	
Premium on bonds issued	(258,870)	
Net pension liability - proportionate share	6,035,234	
Claims and judgments	(2,300,000)	
Repayment of bond principal	1,435,000	
Amortization of bond premiums	33,117	
Accrued interest costs	<u>(90,546)</u>	(7,746,742)

Net change in deferred inflows of resources not reported in the governmental fund statements related to pensions. 435,777

The Internal Service Fund is used by management to charge the costs of insurance activities to the individual funds. The net gain of the Internal Service Fund is reported with governmental activities:

Claims and judgments payable	(190,932)	
Workers' compensation premium and other Internal Service Fund changes in activity	<u>28,604</u>	<u>(162,328)</u>

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** **\$ (6,833,130)**

See notes to the financial statements.

**INCORPORATED VILLAGE OF GARDEN CITY**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**May 31, 2017**

	Business-type Activities - Enterprise Funds				Internal Service Fund
	Pool	Tennis	Water	Total Enterprise Funds	
<b>ASSETS</b>					
<b>Current Assets:</b>					
Cash	\$ 600,296	\$ 276,451	\$ 14,457,478	\$ 15,334,225	\$ 6,257,561
Accounts receivable	4,460	140	916,031	920,631	
Inventory of materials and supplies			209,931	209,931	
Total Current Assets	<u>604,756</u>	<u>276,591</u>	<u>15,583,440</u>	<u>16,464,787</u>	<u>6,257,561</u>
<b>Noncurrent Assets:</b>					
Non-depreciable capital assets	47,600		1,830,943	1,878,543	
Depreciable capital assets, net of depreciation	2,317,967	77,710	15,113,463	17,509,140	
Total Noncurrent Assets	<u>2,365,567</u>	<u>77,710</u>	<u>16,944,406</u>	<u>19,387,683</u>	<u>-0-</u>
Total Assets	<u>2,970,323</u>	<u>354,301</u>	<u>32,527,846</u>	<u>35,852,470</u>	<u>6,257,561</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pensions	29,038	25,069	344,990	399,097	
Total Deferred Outflows of Resources	<u>29,038</u>	<u>25,069</u>	<u>344,990</u>	<u>399,097</u>	<u>-0-</u>
<b>LIABILITIES</b>					
<b>Current Liabilities:</b>					
Accounts payable and accrued liabilities	119,587	16,070	898,748	1,034,405	
Collections in advance- membership fees	774,269	58,276		832,545	
Due to New York State retirement systems	2,700	2,331	32,078	37,109	
Compensated absences	1,237	774	11,597	13,608	
General obligation bonds payable	176,277		948,241	1,124,518	
Claims and judgments payable					755,333
Total Current Liabilities	<u>1,074,070</u>	<u>77,451</u>	<u>1,890,664</u>	<u>3,042,185</u>	<u>755,333</u>
<b>Noncurrent Liabilities:</b>					
Compensated absences	16,429	10,281	154,078	180,788	
Other postemployment benefits payable	278,851	149,366	2,796,628	3,224,845	
General obligation bonds payable	2,324,165		6,806,316	9,130,481	
Claims and judgments payable					2,872,602
Net pension liability - proportionate share	2,181	25,213	477,176	504,570	
Total Noncurrent Liabilities	<u>2,621,626</u>	<u>184,860</u>	<u>10,234,198</u>	<u>13,040,684</u>	<u>2,872,602</u>
Total Liabilities	<u>3,695,696</u>	<u>262,311</u>	<u>12,124,862</u>	<u>16,082,869</u>	<u>3,627,935</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pensions	8,336	7,197	99,039	114,572	
Total Deferred Inflows of Resources	<u>8,336</u>	<u>7,197</u>	<u>99,039</u>	<u>114,572</u>	<u>-0-</u>
<b>NET POSITION</b>					
Net investment in capital assets	(190,895)	77,710	8,498,965	8,385,780	
Unrestricted	(513,776)	32,152	12,149,970	11,668,346	2,629,626
Total Net Position	<u>\$ (704,671)</u>	<u>\$ 109,862</u>	<u>\$ 20,648,935</u>	<u>20,054,126</u>	<u>\$ 2,629,626</u>
Adjustment to report the cumulative internal balance for the net effect of the activity between the Internal Service Fund and the Enterprise Funds over time				<u>193,049</u>	
Net Position of business-type activities				<u>\$ 20,247,175</u>	

See notes to the financial statements.

**INCORPORATED VILLAGE OF GARDEN CITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
Year Ended May 31, 2017

	Business-type Activities - Enterprise Funds				Internal Service Fund
	Pool	Tennis	Water	Total Enterprise Funds	
<b>OPERATING REVENUES</b>					
<b>Charges for services:</b>					
Water sales			\$ 5,470,089	\$ 5,470,089	
Public fire protection			676,877	676,877	
Water services for other governments			131,297	131,297	
Intergovernmental sales			36,440	36,440	
Membership and guest fees	\$ 1,244,364	\$ 468,434		1,712,798	
Other operating revenues	127,497	1,367	9,656	138,520	\$ 220,796
<b>Premiums Charged for Risk Retention:</b>					
General fund					3,681,074
Enterprise funds					305,691
Component unit - Garden City Public Library					177,232
Total Operating Revenues	<u>1,371,861</u>	<u>469,801</u>	<u>6,324,359</u>	<u>8,166,021</u>	<u>4,384,793</u>
<b>OPERATING EXPENSES</b>					
Pumping			1,339,537	1,339,537	
Transmission and distribution			639,227	639,227	
Purification			431,469	431,469	
Other operating expenses	862,355	264,703	891,725	2,018,783	
Administrative and general	203,350	83,710	1,150,565	1,437,625	16,595
Depreciation	230,659	11,021	1,032,186	1,273,866	
Excess insurance					1,353,536
Claims and judgments					838,849
Workers' compensation					2,356,092
Total Operating Expenses	<u>1,296,364</u>	<u>359,434</u>	<u>5,484,709</u>	<u>7,140,507</u>	<u>4,565,072</u>
Income (Loss) from Operations	<u>75,497</u>	<u>110,367</u>	<u>839,650</u>	<u>1,025,514</u>	<u>(180,279)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Interest on investments	3,704	238	13,322	17,264	5,091
Interest on debt	(54,123)	(2,078)	(235,252)	(291,453)	
Total Non-Operating Revenues (Expenses)	<u>(50,419)</u>	<u>(1,840)</u>	<u>(221,930)</u>	<u>(274,189)</u>	<u>5,091</u>
Income (Loss) before Transfers	25,078	108,527	617,720	751,325	(175,188)
Transfer In	77,500			77,500	
Changes in Net Position	102,578	108,527	617,720	828,825	(175,188)
<b>Total Net Position at Beginning of Year</b>					
	(807,249)	1,335	20,031,215		2,804,814
<b>Total Net Position at End of Year</b>					
	<u>\$ (704,671)</u>	<u>\$ 109,862</u>	<u>\$ 20,648,935</u>		<u>\$ 2,629,626</u>
Adjustment for the net effect of the current year activity between the Internal Service Fund and Enterprise Funds				(12,860)	
Changes in Net Position of business-type activities				<u>\$ 815,965</u>	

See notes to the financial statements.

**INCORPORATED VILLAGE OF GARDEN CITY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
Year Ended May 31, 2017

	Business-type Activities - Enterprise Funds				Internal Service Fund
	Pool	Tennis	Water	Total Enterprise Funds	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<b>Revenue Collected:</b>					
Water sales			\$ 5,485,456	\$ 5,485,456	
Public fire protection			676,877	676,877	
Water services for other governments			131,297	131,297	
Intergovernmental sales			36,440	36,440	
Membership and guest fees	\$ 1,335,682	\$ 466,985		1,802,667	
Other receipts	127,497	1,367	9,656	138,520	\$ 220,796
Cash for interfund services provided					4,163,997
<b>Payments for Expenses:</b>					
Payments to suppliers	(533,048)	(103,279)	(1,878,207)	(2,514,534)	(4,374,140)
Compensation and related expenses	(603,350)	(219,230)	(2,195,440)	(3,018,020)	
Cash paid for internal services provided	(77,306)	(10,232)	(218,153)	(305,691)	
Net Cash Provided by Operating Activities	249,475	135,611	2,047,926	2,433,012	10,653
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Due to other funds	(820,000)			(820,000)	
Litigation settlement			10,000,000	10,000,000	
Transfers from other funds	77,500			77,500	
Net Cash Provided (Used) by Noncapital and Related Financing Activities	(742,500)	-0-	10,000,000	9,257,500	-0-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchases of capital assets	(115,225)	(81,800)	(1,758,447)	(1,955,472)	
Proceeds from capital debt	832,018		1,667,602	2,499,620	
Premium from capital debt	31,978		64,092	96,070	
Principal paid on capital debt	(210,000)	(50,000)	(840,535)	(1,100,535)	
Interest paid on capital debt	(44,160)	(2,377)	(220,708)	(267,245)	
Net Cash Provided (Used) by Capital and Related Financing Activities	494,611	(134,177)	(1,087,996)	(727,562)	-0-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest and earnings received	387	238	9,439	10,064	5,091
Net Cash Provided by Investing Activities	387	238	9,439	10,064	5,091
Net Change in Cash	1,973	1,672	10,969,369	10,973,014	15,744
Cash at Beginning of Year	598,323	274,779	3,488,109	4,361,211	6,241,817
Cash at End of Year	\$ 600,296	\$ 276,451	\$ 14,457,478	\$ 15,334,225	\$ 6,257,561

(continued)

See notes to the financial statements.

**INCORPORATED VILLAGE OF GARDEN CITY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**Year Ended May 31, 2017**

Business-type Activities - Enterprise Funds					Total Enterprise Funds	Internal Service Fund
Pool	Tennis	Water				

(continued)

**RECONCILIATION OF THE INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:**

Income (loss) from Operations	\$ 75,497	\$ 110,367	\$ 839,650	\$ 1,025,514	\$ (180,279)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Accounts receivable	(352)	(40)	15,367	14,975	
Inventory			1,941	1,941	
Deferred outflows related to pension	51,925	44,920	389,985	486,830	
Depreciation expense	230,659	11,021	1,032,186	1,273,866	
Accounts payable and accrued liabilities Due to New York State retirement system	(159,674)	6,556	(130,422)	(283,540)	
Compensated absences	(981)	(851)	(1,336)	(3,168)	
Other postemployment benefits payable	(3,232)	(363)	25,159	21,564	
Collections in advance	29,033	18,306	160,953	208,292	
Net pension liability - proportionate share	91,670	(1,409)		90,261	
Deferred inflows related to pension	(61,942)	(50,183)	(280,531)	(392,656)	
Claims and judgments payable	(3,128)	(2,713)	(5,026)	(10,867)	190,932
Net Cash Provided by Operating Activities	\$ 249,475	\$ 135,611	\$ 2,047,926	\$ 2,433,012	\$ 10,653

**NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:**

Amortization of bond premiums	\$ 3,317		\$ 3,883	\$ 7,200	
Accounts payable and accrued liabilities related to capital assets	56,020		690,884	746,904	
Total Noncash Investing, Capital and Financing Activities	\$ 59,337	\$ -0-	\$ 694,767	\$ 754,104	\$ -0-

See notes to the financial statements.

**INCORPORATED VILLAGE OF GARDEN CITY**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**FIDUCIARY FUND**  
**May 31, 2017**

		Agency Fund
<b>ASSETS</b>		
Cash	\$	4,539,456
Due from others		17,807
Total Assets	\$	4,557,263
 <b>LIABILITIES</b>		
Building fees and other deposits	\$	3,285,243
Justice court fund		169,762
Other agency liabilities		1,102,258
Total Liabilities	\$	4,557,263

See notes to the financial statements.

**INCORPORATED VILLAGE OF GARDEN CITY**  
**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Incorporated Village of Garden City (the "Village") was established in 1919 and is governed by Village Law and other general laws of the State of New York and various local laws. The Board of Trustees, which is the legislative body responsible for the overall operation of the Village, consists of the Mayor and seven trustees elected for two-year terms. The Mayor serves as the Chief Executive Officer. The Mayor and the Board of Trustees appoint the Chief Fiscal Officer of the Village. The Mayor, with ratification by the Board of Trustees, annually appoints the principal department heads.

The Village provides a full range of municipal services including police, fire, sewer, water, sanitation, street maintenance, building, zoning, parks, recreation, library and general and administrative services.

The financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The more significant of the government's accounting policies are described below.

**A. REPORTING ENTITY**

The financial reporting entity consists of: (a) the primary government, which is the Village; and (b) a component unit organization for which the primary government is financially accountable (blended component unit). Blended component units are, in substance, part of the primary government's operations, even though they are separate legal entities. Thus, the blended component unit, described below, is appropriately presented as a fund of the primary government.

The Garden City Public Library (the "Library") was established by the Village for the benefit of its residents and granted a charter by the State Board of Regents as provided in Article 5 of the Education Law. Although the Library is a separate legal entity, the Village appoints Library trustees, raises taxes and finances the Library's operations through the transfer of funds to the Library, has title to real property used by the Library, and issues all Library indebtedness which is supported by the full faith and credit of the Village.

Complete financial statements of the Garden City Public Library can be obtained by contacting:

Garden City Public Library  
60 7th Street,  
Garden City, NY 11530

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund financial statements (reporting the Village's major funds).

**Government-wide Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the Village as a whole with separate columns for the primary governmental activities and business-type activities.

**INCORPORATED VILLAGE OF GARDEN CITY**  
**NOTES TO FINANCIAL STATEMENTS**

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

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS** (continued)

**Government-wide Financial Statements** (continued)

For the most part, the effect of interfund activity has been eliminated from the government-wide financial statements, except for interfund services provided and used. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function, and 3) interest earned on grants or capital projects that is required to be used to support a particular program or project. Taxes and other items not properly included among program revenues are reported as general revenues. The Village does not allocate indirect expenses to specific functions in the Statement of Activities.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**Fund Financial Statements**

The accounts of the Village are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues, and expenditures, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds are presented by type in the fund financial statements. The focus of the governmental funds financial statements is on the major funds. Accordingly, the Village maintains the following fund types:

**Governmental Funds** - Governmental funds are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is upon determination of financial position and changes in financial position. Governmental funds are further classified as major and nonmajor funds.

The Village reports the following major governmental funds:

General Fund – is the principal operating fund of the Village. This fund is used to account for all financial resources except those required to be accounted for in other funds.

Capital Projects Fund – is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets other than those financed by proprietary funds.

**INCORPORATED VILLAGE OF GARDEN CITY**  
**NOTES TO FINANCIAL STATEMENTS**

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

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS** (continued)

**Fund Financial Statements** (continued)

**Governmental Funds** (continued)

Additionally, the Village reports on the following nonmajor governmental fund:

Special Revenue Fund – is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The following Special Revenue Fund is utilized:

Library Fund - used to account for all activity of the Garden City Public Library, serving as a center of information and providing community programming for the area.

**Proprietary Funds** - Proprietary funds are used to account for ongoing activities which are similar to those often found in the private sector. Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows for each major proprietary fund. The Village presents all proprietary funds as major funds because the Village believes the financial position and activities of these funds are significant to the Village as a whole.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position.

The Village reports the following major proprietary funds:

Enterprise Funds – used to account for the following operations:

Water Fund – used to account for operations related to water billings.

Pool Fund – used to account for operations at the Village’s swimming pool.

Tennis Fund – used to account for operations at the Village’s tennis bubble.

Internal Service Fund – used to account for special activities or services provided by one department to the other departments or to other governments on a cost-reimbursement basis.

Internal service funds of a government (which traditionally provide services primarily to other funds of the government) are presented, in summary form, as part of the proprietary fund financial statements. Since the principal users of the internal services are the Village’s governmental activities, financial statements of internal service funds are consolidated into the governmental column when presented at the government-wide level. The costs of these services are allocated to the appropriate functional activity (general government support, public safety, health, transportation, economic assistance and opportunity, culture and recreation, home and community services, etc.).

**INCORPORATED VILLAGE OF GARDEN CITY**  
**NOTES TO FINANCIAL STATEMENTS**

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

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS** (continued)

**Fund Financial Statements** (continued)

**Proprietary Funds** (continued)

When significant, surplus or deficits in the Internal Service Fund may be allocated back to the business-type funds at the government-wide level Statement of Activities. This creates a reconciling item between the business-type activities column and the proprietary fund statements.

The Internal Service Fund includes the following fund:

Risk Retention Fund – used to account for transactions and reserves set aside by the Village to provide for risk management programs.

**Fiduciary Funds** – Fiduciary funds are used to account for assets held by the Village in a trustee or custodial capacity.

The Village has reported the following fiduciary fund:

Agency Fund – used to account for money received and held in the capacity of trustee, custodian or agent. The Village uses this fund to account for Justice Court monies held and various deposits such as building fees.

The Village's Agency fund is presented in the fund financial statements. Since, by definition, these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The 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 government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village generally considers revenues to be available if they are collected within sixty (60) days of the end of the current period.

**INCORPORATED VILLAGE OF GARDEN CITY**  
**NOTES TO FINANCIAL STATEMENTS**

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

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION** (continued)

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, tax certioraris, pollution remediation obligations, capital loans, proportionate share of the net pension liabilities, and other postemployment benefits are recorded when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt is reported as other financing sources.

Revenues susceptible to accrual are mortgage tax, franchise fees, charges for services, state and federal aid, intergovernmental revenue and operating transfers. Permit fees and other similar revenues are not susceptible to accrual because they are not measurable until received in cash. In those instances where expenditures are the prime factor in determining eligibility for state and federal grants, revenues are recognized when the expenditure is incurred.

Proprietary funds distinguish between operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services in connection with the fund's ongoing operations. The principal operating revenues of the Village's propriety funds are charges to customers for water sales, membership and guest fees to the pool and tennis facilities, and premiums for the risk management program. Operating expenses include costs of sales and services, administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

Because governmental fund statements are presented using a measurement focus and basis of accounting different from that used in the government-wide statements' governmental column, a reconciliation is presented that briefly explains the adjustments necessary to reconcile ending net position and the change in net position.

The Agency Fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

**D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION/ FUND BALANCE**

**1. CASH AND CASH EQUIVALENTS**

Cash consists of funds deposited in demand accounts and time deposit accounts. For purposes of the Statement of Cash Flows, the Village considers all highly liquid investments with a maturity when purchased of three months or less to be cash equivalents. At May 31, 2017, the Village did not have any cash equivalents. The Statement of Cash Flows presented uses the direct method of reporting cash flows.

State statutes govern the Village's investment policies. The Village has its own written investment policy stating that Village money must be deposited in FDIC-insured commercial banks or trust companies located within the State. The Village is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, and obligations of the New York State or its localities. All demand accounts and time deposit accounts are carried at cost. The Village did not own any investments as of May 31, 2017.

**INCORPORATED VILLAGE OF GARDEN CITY**  
**NOTES TO FINANCIAL STATEMENTS**

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

**D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION/ FUND BALANCE** (continued)

**1. CASH AND CASH EQUIVALENTS** (continued)

Collateral is required for demand deposits and time deposits accounts at 102% of all deposits not covered by federal deposit insurance. The Village's investment policy defines acceptable forms of collateral as: obligations that may be pledged as collateral including obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

**2. RECEIVABLES, PAYABLES AND TRANSFERS**

Receivables relating to governmental activities primarily include amounts due from other governments related to mortgage tax, court fines, and various grant agreements as well as amounts due from individuals and entities for services provided by the Village. In addition, the Village's receivables include the amount of Village owned tax certificates, including interest and fees. A corresponding deferred inflow of resources is reported in the governmental fund statements for the amount of tax certificates.

Receivables relating to business-type activities primarily consist of amounts due from residents and other entities for services rendered. Receivables are recorded and revenues recognized as earned or as specific program expenditures are incurred.

Interfund transactions, exclusive of interfund services provided and used, have been eliminated from the government-wide financial statements. In the funds statements, interfund transactions include:

a) Interfund Revenues

Interfund revenues and interfund services provided and used, in the General and Water Funds represent amounts charged for services or facilities provided by the General and Water Funds. The amounts paid by the fund receiving the benefits of the service or facilities are reflected as an expenditure of that fund. Transfers for risk management programs are classified as insurance expense in the operating funds and premiums in the Internal Service Fund.

b) Transfers

Transfers represent payments to the Library Fund, Capital Projects Fund and Pool Fund from the General Fund to support operations and to fund various capital projects per the Board adopted budget as modified. Other transfers from the Capital Projects Fund to the General Fund are residual equity transfers from closed out completed projects.

Internal balances reported in the government-wide Statement of Net Position, represent the portion of the net position in the Internal Service Fund that was allocated to the business-type activities in the current year.

**INCORPORATED VILLAGE OF GARDEN CITY**  
**NOTES TO FINANCIAL STATEMENTS**

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

**D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION/ FUND BALANCE** (continued)

**3. INVENTORIES**

Inventories in the General Fund and Water Fund, consisting of expendable supplies and spare parts held for consumption, are valued at average cost. These inventories are accounted for on the consumption method and recorded as an expenditure at the time of usage. In the General Fund, amounts reported as inventory are equally offset by nonspendable fund balance, indicating that it does not constitute "available spendable resources" even though it is a component of net current assets.

**4. CAPITAL ASSETS**

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Capital assets purchased or acquired with an original cost of \$500 or more and have a useful life greater than a year, are reported at historical cost or estimated historical cost. Contributed capital assets are recorded at fair market value as of the date of the donation to the Village.

Costs incurred for repairs and maintenance are expensed as incurred. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant or equipment.

Infrastructure assets consisting of certain improvements other than buildings including roads, curbs, sidewalks, drainage systems and sewer systems, and water mains are capitalized along with other capital assets.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20 - 50 years
Improvements other than buildings	10 - 30 years
Machinery and equipment	3 - 25 years
Infrastructure systems:	
Roads, curbs and sidewalks	20 years
Drainage systems	20 years
Sewer systems	50 years
Water mains	100 years

In the fund financial statements, capital assets are recorded as capital outlay expenditures in the governmental fund upon acquisition.

**5. UNEARNED REVENUE**

Unearned revenues, reported as liabilities in the fund and government-wide financial statements, are those which asset recognition criteria have been met, but which revenue recognition criteria have not been met for exchange type transactions. Such amounts include collections in advance, unearned income and amounts that have been deemed to be "measurable" but not "available" to finance current expenses.

**INCORPORATED VILLAGE OF GARDEN CITY**  
**NOTES TO FINANCIAL STATEMENTS**

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

**D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION/ FUND BALANCE** (continued)

**6. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the Balance Sheet or Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of fund balance or net position that applied to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The Village has reported deferred outflows of resources of \$8,835,562, of which \$8,436,465 relates to governmental activities and \$399,097 relates to business-type activities, for pension related activities in the government-wide and proprietary Statement of Net Position.

In addition to liabilities, the Balance Sheet or Statement of Net Position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element represents an acquisition of fund balance or net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Village has one type of transaction, Village owned tax sale certificates, which arises only under the modified accrual basis of accounting, that qualifies for reporting in this category, and accordingly, the item, unavailable revenue, is reported only in the governmental funds Balance Sheet. On the government-wide and proprietary fund Statement of Net Position, the Village reports a deferred inflow of resources of \$1,753,021, of which \$1,638,449 relates to governmental activities and \$114,572 relates to business-type activities. This deferred inflow of resources relates to changes in proportion and differences between the contributions and proportionate share of the Village's net pension liability as well as differences between expected and actual experience.

**7. LONG-TERM OBLIGATIONS**

In the government-wide and proprietary fund financial statements, liabilities for long-term obligations consisting of compensated absences, claims and judgments payable, tax certioraris payable, other postemployment benefits payable, the proportionate share of the net pension liabilities, the capital loan payable, and general obligation bonds payable are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position.

Bond premiums and discounts are deferred and amortized over the life of the bonds on a straight-line basis. Bonds payable are reported net of applicable bond premium or discount. Debt issuance costs are expensed as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period, in the fund servicing the debt. The face amount of the 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 uses. Issuance costs, whether or not withheld from actual debt proceeds received, are reported as debt service expenditures.

**INCORPORATED VILLAGE OF GARDEN CITY**  
**NOTES TO FINANCIAL STATEMENTS**

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

**D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION/ FUND BALANCE** (continued)

**8. NET POSITION AND FUND BALANCE CLASSIFICATIONS**

In the government-wide and proprietary fund financial statements, net position is reported in three categories:

- 1) Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Accounts payable that are related to capital projects are used in the calculation of net investment in capital assets.
- 2) Restricted net position – consists of net position with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
- 3) Unrestricted net position – remaining net position that does not meet the definition of “restricted” or “net investment in capital assets.”

In the fund financials statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources; they are 1) nonspendable, 2) restricted 3) committed, 4) assigned, or 5) unassigned.

- 1) Nonspendable fund balance includes amounts that cannot be spent because they are either (a) not in spendable form (i.e. prepaid items or inventories), or (b) will not convert to cash within the current period (i.e. long term receivables and financial assets held for resale), or (c) legally or contractually required to be maintained intact (i.e. the principal of a permanent fund).

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

- 2) Restricted fund balance reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- 3) Committed fund balance reflects amounts that can only be used for specific purposes by a government using its highest and most binding level of decision making authority. The Village’s highest decision making authority is the Board of Trustees, who by adoption of a Village ordinance prior to year end, can commit fund balance. Those committed amounts cannot be used for any other purpose unless the Board of Trustees removes or changes the specified use by taking the same type of action imposing the commitment. At May 31, 2017, the Village did not have any committed fund balance.

**INCORPORATED VILLAGE OF GARDEN CITY  
NOTES TO FINANCIAL STATEMENTS**

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

**D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION/ FUND BALANCE** (continued)

**8. NET POSITION AND FUND BALANCE CLASSIFICATIONS** (continued)

- 4) Assigned fund balance reflects the amounts constrained by the Village's "intent" to be used for specific purposes, but are neither restricted nor committed. The Board of Trustees has delegated their authority to assign amounts to be used for specific purposes to the Village Treasurer.
- 5) Unassigned fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

**9. NET POSITION AND FUND BALANCE FLOW ASSUMPTIONS**

When outlays for a particular purpose can be funded from both restricted and unrestricted net position resources in the government-wide and proprietary fund financial statements, it is the Village's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, and then unrestricted resources - committed, assigned and unassigned - in order as needed.

**10. FUND BALANCE POLICY**

The Village Board has adopted a fund balance policy to maintain a minimum unassigned fund balance in the General Fund equal to two percent (2%) of subsequent year's expected expenditures. If the fund balance falls below the established minimum level, the Village Board will develop a plan to replenish fund balance to the minimum level in the subsequent year's budget.

**E. REVENUES AND EXPENDITURES/EXPENSES**

**1. REAL PROPERTY TAX ASSESSMENT AND COLLECTION PROCEDURES**

The Village's property taxes are levied and become a lien on June 1st, each fiscal year. Taxes are levied based upon the taxable value of all real property located within the Village. Taxes are recorded as a receivable on June 1st, and are payable one-half by July 1st, and one-half by December 31st, each year. Current year delinquent property taxes not collected by March 31st are placed on tax sale.

For the year ended May 31, 2017, the maximum amount of taxes which could be levied by the Village based on the foregoing was \$121,254,811. The actual real property taxes levied by the Village for the year ended May 31, 2017 was \$49,000,509. The State Constitution limits the amount of revenue which the Village can raise from the real estate tax for operating purposes to two percent (2%) of the average full value of taxable real estate within the Village for the most recent five year period plus any amounts required to pay principal and interest on certain indebtedness.

**INCORPORATED VILLAGE OF GARDEN CITY**  
**NOTES TO FINANCIAL STATEMENTS**

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

**E. REVENUE AND EXPENDITURES/EXPENSES** (continued)

**2. OTHER POSTEMPLOYMENT BENEFITS**

In addition to providing pension benefits, the Village provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the Village's employees may become eligible for these benefits if they reach normal retirement age while working for the Village as well as meet certain years of service requirements.

Health care benefits in accordance with New York State Health Insurance Rules and Regulations (administered by the New York State Department of Civil Service), are provided through the New York State Empire Plan (the "Empire Plan") whose premiums are based on the benefits paid throughout the State during the year.

The Village recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the year paid. The Village's union contracts and ordinances require that it provide its eligible enrollees with the Empire Plan benefit coverage, or if another provider is utilized, the equivalent coverage. Under the provisions of the Empire Plan, premiums are adjusted on a prospective basis for any losses experienced by the Empire Plan. The Village has the option to terminate its participation in the Empire Plan at any time without liability for its respective share of any previously incurred loss. The liability for other postemployment benefits is recorded as a noncurrent liability in the government-wide and proprietary fund statements.

**3. COMPENSATED ABSENCES**

The liability for vested or accumulated vacation and sick leave (compensated absences) is recorded as current and noncurrent obligations in the government-wide and proprietary fund financial statements. The current portion of this debt is estimated based on historical trends. The compensated absences liability and expense are reported in the governmental funds only if they have matured, for example, as a result of employee resignation and retirements.

The amount that is expected to be liquidated with expendable available financial resources is reported as a liability in the fund financial statements of the respective fund that will pay it.

**4. PENSIONS**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the New York State and Local Employees' Retirement System and the New York State and Local Police and Fire Retirement System, which are collectively referred to as New York State and Local Retirement Systems (the "Systems") have been determined on the same basis as they are reported by the Systems. For this purpose, the Systems recognize benefit payments when due and payable in accordance with the benefit terms and reports investments at fair value.

**INCORPORATED VILLAGE OF GARDEN CITY**  
**NOTES TO FINANCIAL STATEMENTS**

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

**E. REVENUE AND EXPENDITURES/EXPENSES** (continued)

**5. RISK MANAGEMENT**

The Internal Service Fund services all claims for risk of loss to which the Village is exposed, including general liability and workers' compensation claims. All funds of the Village participate. Based on actuarial estimates, liabilities have been established in the self-insurance fund for claims reported but not paid, and incurred but not reported. The Village allocates the cost of providing claims servicing and claims payment by charging a "premium" to each fund. This charge considers recent trends in actual claim experience of the Village as a whole and makes provisions for catastrophic losses. The premiums paid by the operating funds are accounted for as expenditures/expenses of the funds.

**F. ENCUMBRANCES**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purpose, is employed in the governmental funds. Encumbrances are reported as restrictions, commitments, or assignments of fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred. Appropriations for all governmental funds except the Capital Projects Fund lapse at year end. However, encumbrances reserved against fund balance are re-appropriated in the ensuing year.

**G. USE OF ESTIMATES**

The preparation of basic financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**H. NEW PRONOUNCEMENTS**

The Village has adopted all of the current Statement of the Governmental Accounting Standards Board (GASB) that are applicable. For the year ended May 31, 2017, the Village adopted:

Statement No. 72 "*Fair Value Measurement and Application*" includes requirements that will enhance the comparability of financial statements among governments by requiring the measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. The implementation of this Statement did not have any impact on the Village's financial statements.

Statement No. 73 "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB 68, and amendments to Certain Provisions of GASB 67 and 68*" clarifies the existing guidance as well as establish new requirements for pensions not covered by Statement No. 67 and No. 68. The requirements of this statement that clarify the existing guidance is effective for the current year. The requirements that address the accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions not within the scope of Statement No. 68 will be effective for the year ended May 31, 2018. The current year implementation requirements of this Statement did not have any impact on the Village's financial statements.

**INCORPORATED VILLAGE OF GARDEN CITY**  
**NOTES TO FINANCIAL STATEMENTS**

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

**H. NEW PRONOUNCEMENTS** (continued)

Statement No. 76, "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*," the objective of which is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles. The implementation of this Statement had no impact on the Village's financial statements.

Statement No. 77, "*Tax Abatement Disclosures*," provides the users of financial statements with information about the nature and magnitude of tax abatements, and helping the users understand how tax abatements affect the Village's future ability to raise resources and meet its financial obligations, as well as the impact on the Village's financial position and economic condition. The Village has evaluated this pronouncement and determined that the information related to tax abatement agreements that were entered into by other organizations is immaterial and therefore disclosure is not necessary. The Village will reevaluate the tax abatements each year and will disclose when deemed significant.

Statement No. 78, "*Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*," amends the scope and applicability of Statement No. 68. This Statement establishes accounting and financial reporting standards for defined benefit pensions provided to employees of a state or local governmental employers through a cost-sharing multiple employer defined benefit pension plan that meets certain criteria of Statement No. 68 and that (a) is not a state or local governmental pension plan, (b) is used to provide defined benefit pensions both to employees of state/local governmental employers as well as to employees of non-state/local governmental employers and (c) has no predominant state or local governmental employer, either individually or collectively with other state or local governmental employers that provide pensions through the pension plan. The implementation of this Statement had no impact on the Village's financial statements.

**I. SUBSEQUENT EVENTS**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date of the financial statements.

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. BUDGETARY INFORMATION**

Budget Policies

The Village follows the procedures enumerated below in establishing the budgetary data reflected in the financial statements:

- a) Approximately four months prior to May 31st, the Village Treasurer will submit a proposed operating budget for the General Fund for the fiscal year commencing June 1st. The operating budget includes proposed expenditures and the means of financing them.
- b) Public hearings are conducted to obtain the public's comments on the proposed budget. On or before May 1st, the proposed budget is officially adopted by the Board of Trustees and tax rates are established.
- c) Revenues are budgeted by source. Expenditures are budgeted by department and character (personal services, equipment and capital outlay, contractual expenditures, etc.) which constitutes the legal level of control. Expenditures and encumbrances may not exceed appropriations at this level. All budget revisions at this level are subject to final approval of the Board of Trustees. Within these control levels, the Village Treasurer is authorized to make transfer appropriations without Board approval.

**INCORPORATED VILLAGE OF GARDEN CITY**  
**NOTES TO FINANCIAL STATEMENTS**

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)**

**A. BUDGETARY INFORMATION (continued)**

Budget Policies (continued)

- d) Appropriations lapse at the close of the year to the extent that they have not been expended or encumbered. Activities of all funds, except the Capital Projects Fund, are appropriated through this annual budget process and controlled through the purchase requisition system. The Capital Projects Fund is approved through resolutions authorizing individual projects which remain in effect for the life of the project.
- e) The budget for the General Fund is legally adopted each year. Budgets are adopted on a basis of accounting consistent with GAAP. In the event that actual revenues received exceed budgeted amounts, additional budgetary appropriations may be made. The Capital Project Fund is budgeted on a project or grant basis.

New York State enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions, which includes a two percent (2%) property tax cap for municipalities. Beginning in 2012 and lasting through at least June 15, 2020, no local government is authorized to increase its property tax levy by more than two percent (2%) or the rate of inflation (whichever is less); however, local governments can exceed the tax levy limit by a 60% vote of the governing body and annually adopting a local law.

**B. FUND BALANCE**

The following table provides the detail regarding fund balance categories and classifications for the governmental funds which show components of nonspendable fund balances, as well as the purposes for restricted, and assigned fund balance. The unassigned fund balance is also shown.

	General Fund	Capital Projects Fund	Library Fund	Total
Fund Balances:				
Nonspendable:				
Inventory	\$ 952,966			\$ 952,966
Total Nonspendable	952,966	\$ -0-	\$ -0-	952,966
Restricted for:				
Grantor and donor restrictions			70,643	70,643
Debt service	466,560			466,560
Employee benefit accrued liabilities	2,082,037			2,082,037
Other restrictions	45,211			45,211
Total Restricted	2,593,808	-0-	70,643	2,664,451
Assigned to:				
Subsequent year's budget	1,798,591		74,909	1,873,500
Subsequent year's employee benefit accrued liabilities *	900,000			900,000
Purchases on order	1,674,963	3,472,790	22,481	5,170,234
Capital projects and contractual obligations		1,225,312		1,225,312
Total Assigned	4,373,554	4,698,102	97,390	9,169,046
Unassigned, reported in:				
General Fund	9,473,346			9,473,346
Total Unassigned	9,473,346	-0-	-0-	9,473,346
Total Fund Balances	\$ 17,393,674	\$ 4,698,102	\$ 168,033	\$ 22,259,809

\*Effective June 1, 2017, this assignment will become restricted fund balance per the Village's 2017-2018 legally adopted budget.

**INCORPORATED VILLAGE OF GARDEN CITY**  
**NOTES TO FINANCIAL STATEMENTS**

**3. DETAIL NOTES ON ALL FUNDS**

**A. CASH AND CASH EQUIVALENTS**

Custodial Credit Risk – Deposits/Investments – Custodial credit risk for deposits exists when, in the event of the failure of a depository financial institution, a government may be unable to recover deposits, or recover collateral securities that are in possession of an outside agency. Custodial credit risk for investments exists when, in the event of the failure of the counterparty, a government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

Deposits are required to be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either:

- Uncollateralized,
- Collateralized with securities held by the pledging financial institution, or
- Collateralized with securities held by the pledging financial institution's trust department or agent but not in the Village's name.

At May 31, 2017, the Village's cash book balance was \$50,365,520. This amount is inclusive of Fiduciary Fund deposits of \$4,539,456 and restricted cash of \$70,643 but exclusive of petty cash of \$781. The bank balance was \$50,730,811. Of the bank balance, \$967,536 was covered by Federal deposit insurance, and \$49,763,275 was covered by collateral held by the Village's agent, a third-party financial institution, in the Village's name.

Credit Risk – State law and Village law limit investments to those authorized by State statutes. The Village has a written investment policy.

Interest-rate Risk – Interest-rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates substantially increase, thereby affording potential purchasers more favorable rates on essentially equivalent securities. Accordingly, such investments would have to be held to maturity to avoid a potential loss.

Concentration of Credit Risk – Credit risk can arise as a result of failure to adequately diversify investments. Concentration risk disclosure is required for positions of 5.0% or more in securities of a single issuer.

As of May 31, 2017, the Village of Garden City did not have any investments subject to credit risk, interest-rate risk or concentration of credit risk.

The General Fund's cash includes an amount of \$2,593,808 which the use of funds is restricted by law or enabling legislation. The Library Fund's cash includes amounts received from donors in previous years in the amount of \$70,643 that may only be used for specific purposes. Accordingly, these balances are reported as restricted cash on the Balance Sheet and Statement of Net Position.

**B. INTERFUND RECEIVABLE, PAYABLE AND TRANSFERS**

For the year ended May 31, 2017, transfers were used to move General Fund resources to the Library Fund for operations, the Pool Fund for capital purchases, and the Capital Project Fund for capital improvements. Transfers from the Capital Projects Fund to the General Fund represent residual amounts for completed closed out projects that were originally financed with bond proceeds or operating transfers from the General Fund.

**INCORPORATED VILLAGE OF GARDEN CITY**  
**NOTES TO FINANCIAL STATEMENTS**

**3. DETAIL NOTES ON ALL FUNDS (continued)**

**B. INTERFUND RECEIVABLE, PAYABLE AND TRANSFERS (continued)**

The composition of interfund transfers for the year ended May 31, 2017 is as follows:

	Transfers In		Transfers Out
Major Funds:			
General Fund	\$ 276,174		\$ 8,439,589
Capital Projects Fund	5,301,581		276,174
Nonmajor Fund:			
Library Fund	3,060,508		
Proprietary Fund:			
Pool Fund	77,500		
Total	\$ 8,715,763		\$ 8,715,763

**C. CAPITAL ASSETS**

A summary of changes within the governmental activities capital assets for the year ended May 31, 2017 is as follows:

	Balance June 1, 2016	Additions	Deletions	Balance May 31, 2017
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 16,748,023			\$ 16,748,023
Depreciable capital assets:				
Buildings	30,909,037	\$ 3,401,573		34,310,610
Improvements other than buildings	7,718,676	55,465	\$ 8,500	7,765,641
Machinery and equipment	21,174,212	1,884,546	603,103	22,455,655
Infrastructure:				
Roads, curbs and sidewalks	45,075,266	1,896,323		46,971,589
Drainage and sewer systems	11,084,995	130,333		11,215,328
Total depreciable capital assets	115,962,186	7,368,240	611,603	122,718,823
Less accumulated depreciation:				
Buildings	20,413,166	1,992,743		22,405,909
Improvements other than buildings	6,650,817	252,270	5,171	6,897,916
Machinery and equipment	15,497,419	1,214,720	600,585	16,111,554
Infrastructure:				
Roads, curbs and sidewalks	25,606,995	1,879,416		27,486,411
Drainage and sewer systems	7,188,164	251,727		7,439,891
Total accumulated depreciation	\$ 75,356,561	\$ 5,590,876	\$ 605,756	80,341,681
Total net depreciable capital assets				42,377,142
Total net capital assets				\$ 59,125,165
Depreciation expense was charged to governmental functions as follows:				
General government support				\$ 1,141,931
Public safety				635,558
Transportation				1,629,060
Culture and recreation				1,574,291
Home and community services				610,036
Total depreciation expense - governmental activities				\$ 5,590,876

**INCORPORATED VILLAGE OF GARDEN CITY  
NOTES TO FINANCIAL STATEMENTS**

**3. DETAIL NOTES ON ALL FUNDS (continued)**

**C. CAPITAL ASSETS (continued)**

A summary of changes within the business-type activities capital assets for the year ended May 31, 2017 is as follows:

	Balance June 1, 2016	Additions	Deletions	Balance May 31, 2017
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 69,212			\$ 69,212
Construction in progress	1,303,840	\$ 2,170,778	\$ 1,665,287	1,809,331
Total capital assets not being depreciated	<u>1,373,052</u>	<u>2,170,778</u>	<u>1,665,287</u>	<u>1,878,543</u>
Depreciable capital assets:				
Buildings	10,451,971	1,077,152		11,529,123
Improvements other than buildings	17,016,588	796,746		17,813,334
Machinery and equipment	13,943,537	125,670		14,069,207
Total depreciable capital assets	<u>41,412,096</u>	<u>1,999,568</u>	<u>-0-</u>	<u>43,411,664</u>
Less accumulated depreciation:				
Buildings	7,356,086	284,848		7,640,934
Improvements other than buildings	6,246,340	343,155		6,589,495
Machinery and equipment	11,026,232	645,863		11,672,095
Total accumulated depreciation	<u>\$ 24,628,658</u>	<u>\$ 1,273,866</u>	<u>\$ -0-</u>	<u>25,902,524</u>
Total net depreciable capital assets				<u>17,509,140</u>
Total net capital assets				<u>\$ 19,387,683</u>
Depreciation expense was charged to functions as follows:				
Culture and recreation - pool and tennis activities				\$ 241,681
Home and community services - water services				1,032,185
Total depreciation expense - business-type activities				<u>\$ 1,273,866</u>

Depreciation for the Village is recorded on the straight-line basis over the estimated useful lives, in years, of the respective assets.

The Village evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The Village's policy is to record an impairment loss in the period when the Village determines that the carrying amount of the asset will not be recoverable. No such impairment losses have been recorded during the year ended May 31, 2017.

**D. INDEBTEDNESS**

**LONG-TERM DEBT**

**Capital Loans Payable**

The Village's capital loans payable consisted of two loans due to the New York Power Authority ("NYPA"), an outside third party. The borrowings were used to finance capital projects performed by the Village and was based on a variable rate. The remaining loan balances were repaid in full during the year ended May 31, 2017.

**General Obligation Bonds Payable**

The Village borrows money in order to acquire land or equipment or to construct buildings and improvements. These long-term liabilities, which are the full faith and credit debt of the Village, are reported as governmental and business-type activities.

**INCORPORATED VILLAGE OF GARDEN CITY  
NOTES TO FINANCIAL STATEMENTS**

**3. DETAIL NOTES ON ALL FUNDS (continued)**

**D. INDEBTEDNESS (continued)**

**LONG-TERM DEBT (continued)**

**General Obligation Bonds Payable (continued)**

At May 31, 2017, bonds payable consisted of the following individual issues:

**Governmental Activities:**

Description of Issue and Purpose	Original Debt	Year of Final Maturity	Interest Rate	Outstanding Balance
Building construction, 2006	\$ 950,000	2021	4.100% - 4.200%	\$ 340,000
Community Park improvements, 2008	2,350,000	2022	3.000% - 3.600%	865,000
Village Hall improvements, 2010	2,555,500	2025	1.500% - 3.500%	1,210,000
Various road and lighting improvements, resurfacing of parking fields, 2012	3,875,000	2027	2.000% - 2.625%	2,145,000
Various road and building improvements, acquisition of fire truck, 2014	2,189,500	2024	1.000 - 2.000%	1,800,000
Various road and curb installation, building demolition, 2015	3,090,000	2025	2.000% - 2.375%	2,805,000
Senior recreation center/road repairs, 2015	3,500,000	2025	1.250% - 2.000%	3,500,000
Various road, building and sewer improvements, field rehabilitation, acquisition of various equipment, 2016	6,735,380	2033	2.000%-3.000%	6,735,380
Total Governmental Activities				<u>\$ 19,400,380</u>

**Business-type Activities:**

Description of Issue and Purpose	Original Debt	Year of Final Maturity	Interest Rate	Outstanding Balance
<b>Water Fund:</b>				
Water system improvements, 2006	\$ 1,585,000	2021	4.100% - 4.200%	\$ 535,000
Water system improvements, 2008	4,365,000	2022	3.000% - 3.600%	1,575,000
Water system improvements, 2010	4,210,000	2025	1.500% - 3.500%	1,665,000
Water system improvements, 2015	2,365,535	2031	2.000% - 2.750%	2,250,000
Water meter replacement program, 2016	1,667,602	2033	2.000% - 3.000%	1,667,602
<b>Pool Fund:</b>				
Pool improvements, 2012	2,135,000	2027	2.000% - 2.625%	1,615,000
Pool bathroom renovations, 2016	832,018	2033	2.000% - 3.000%	832,018
Total Business-type Activities				<u>\$ 10,139,620</u>

Future principal and interest payments for the general obligation bonds are as follows:

**Governmental Activities:**

Years ending May 31,	Principal	Interest	Total Principal and Interest
2018	\$ 1,924,138	\$ 483,506	\$ 2,407,644
2019	1,967,786	444,372	2,412,158
2020	2,043,725	395,959	2,439,684
2021	2,059,666	345,342	2,405,008
2022	2,070,607	293,690	2,364,297
2023 - 2027	6,428,066	823,553	7,251,619
2028 - 2032	2,384,914	297,132	2,682,046
2033	521,478	15,644	537,122
Total	<u>\$ 19,400,380</u>	<u>\$ 3,099,198</u>	<u>\$ 22,499,578</u>

**INCORPORATED VILLAGE OF GARDEN CITY  
NOTES TO FINANCIAL STATEMENTS**

**3. DETAIL NOTES ON ALL FUNDS (continued)**

**D. INDEBTEDNESS (continued)**

**LONG-TERM DEBT (continued)**

**General Obligation Bonds Payable (continued)**

**Business-type Activities:**

	Water Fund		Pool Fund		Total Principal and Interest
	Principal	Interest	Principal	Interest	
Years ending May 31, 2018	\$ 943,968	\$ 223,924	\$ 171,894	\$ 61,957	\$ 1,401,743
2019	964,870	197,130	172,344	58,860	1,393,204
2020	947,579	132,823	173,696	54,990	1,309,088
2021	855,287	137,157	175,047	51,079	1,218,570
2022	732,995	106,223	186,398	46,905	1,072,521
2023 - 2027	1,808,318	325,026	1,208,616	149,919	3,491,879
2028 - 2032	1,310,477	112,011	294,609	36,704	1,753,801
2033	129,108	3,873	64,414	1,932	199,327
Total	<u>\$ 7,692,602</u>	<u>\$ 1,238,167</u>	<u>\$ 2,447,018</u>	<u>\$ 462,346</u>	<u>\$ 11,840,133</u>

There are no outstanding general obligation bonds for the Tennis Fund as of May 31, 2017.

**CHANGES IN LONG-TERM LIABILITIES**

Long-term liability activities for the year ended May 31, 2017 are as follows:

	Balance			Noncurrent		
	June 1, 2016	Increases	Reductions	Balance May 31, 2017	liabilities due within one year	Noncurrent liabilities
<b>Governmental Activities:</b>						
General obligation bonds	\$ 14,100,000	\$ 6,735,380	\$ 1,435,000	\$ 19,400,380	\$ 1,924,138	\$ 17,476,242
Plus premiums on issuance	135,242	258,870	33,117	360,995	31,707	329,288
Total general obligation bonds	14,235,242	6,994,250	1,468,117	19,761,375	1,955,845	17,805,530
Compensated absences	8,652,147	817,943	1,065,622	8,404,468	588,313	7,816,155
Claims and judgments payable	3,437,003	2,900,221	409,289	5,927,935	755,333	5,172,602
Tax certioraris payable	2,284,917	1,334,234	640,527	2,978,624	2,978,624	
Net pension liability - proportionate share	14,948,015	5,798,471	11,833,705	8,912,781		8,912,781
Other postemployment benefits payable	43,324,883	8,017,334	2,547,836	48,794,381		48,794,381
Capital loans payable	50,229		50,229	-0-		
Governmental activities long-term activities	<u>\$ 86,932,436</u>	<u>\$ 25,862,453</u>	<u>\$ 18,015,325</u>	<u>\$ 94,779,564</u>	<u>\$ 6,278,115</u>	<u>\$ 88,501,449</u>
<b>Business-type Activities:</b>						
General obligation bonds	\$ 8,740,535	\$ 2,499,620	\$ 1,100,535	\$ 10,139,620	\$ 1,115,862	\$ 9,023,758
Plus premiums on issuance	26,511	96,070	7,202	115,379	8,656	106,723
Total general obligation bonds	8,767,046	2,595,690	1,107,737	10,254,999	1,124,518	9,130,481
Compensated absences	172,832	87,781	66,217	194,396	13,608	180,788
Net pension liability - proportionate share	897,228	362,572	755,230	504,570		504,570
Other postemployment benefits payable	3,016,553	355,482	147,190	3,224,845		3,224,845
Business-type activities long-term activities	<u>\$ 12,853,659</u>	<u>\$ 3,401,525</u>	<u>\$ 2,076,374</u>	<u>\$ 14,178,810</u>	<u>\$ 1,138,126</u>	<u>\$ 13,040,684</u>

**INCORPORATED VILLAGE OF GARDEN CITY**  
**NOTES TO FINANCIAL STATEMENTS**

**3. DETAIL NOTES ON ALL FUNDS** (continued)

**D. INDEBTEDNESS** (continued)

**CHANGES IN LONG-TERM LIABILITIES** (continued)

The liabilities for compensated absences, the proportionate share of net pension liabilities, other postemployment benefits payable and general obligation bonds payable will be liquidated through future budgetary appropriation in the fund that gave rise to the liability. The liability for claims and judgments payable will be liquidated through the Internal Service Fund or General Fund depending on the nature of the case and tax certioraris payable will be liquidated through the General Fund.

**E. RETIREMENT SYSTEMS**

Plan Description

The Village participates in the New York State and Local Employees' Retirement System ("ERS") and the New York State and Local Police and Fire Retirement System ("PFRS") which are collectively referred to as New York State and Local Retirement Systems (the "Systems"). These are cost-sharing multiple-employer retirement systems. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the "Fund"), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. System benefits are established under the provisions of the New York State 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 Village also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Benefits Provided

The System provides retirement benefits as well as death and disability benefits.

*Tiers 1 and 2*

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit, there is no minimum service requirement. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 and Tier 2, is 55 and 62, respectively.

**INCORPORATED VILLAGE OF GARDEN CITY**  
**NOTES TO FINANCIAL STATEMENTS**

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**E. RETIREMENT SYSTEMS (continued)**

Benefits Provided (continued)

*Tiers 1 and 2 (continued)*

Benefit calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2% of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20% of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20% of the average of the previous two years.

*Tiers 3, 4, and 5*

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

Benefit calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2% of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5% of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 3, 4, and 5 members, each year of final average salary is limited to no more than 10% of the average of the previous two years.

*Tier 6*

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 members is age 63 for ERS members and 62 for PFRS members.

Benefit calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75% of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2% of final average salary is applied for each year of service over 20 years. Tier 6 members with ten or more years of service can retire as early as age 55 with reduced benefits.

**INCORPORATED VILLAGE OF GARDEN CITY**  
**NOTES TO FINANCIAL STATEMENTS**

**3. DETAIL NOTES ON ALL FUNDS** (continued)

**E. RETIREMENT SYSTEMS** (continued)

Benefits Provided (continued)

*Tier 6* (continued)

Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10% of the average of the previous four years.

*Special Plans*

The 25-Year Plans allow a retirement after 25 years of service with a benefit of one-half of final average salary, and the 20-Year Plans allow a retirement after 20 years of service with a benefit of one-half of final average salary. These plans are available to certain PFRS members, sheriffs, and correction officers.

*Ordinary Disability Benefits*

Generally, ordinary disability benefits, usually one-third of salary, are provided to eligible members after ten years of service; in some cases, they are provided after five years of service.

*Disability Retirement Benefits*

Disability retirement benefits are available to ERS and PFRS members unable to perform their job duties because of permanent physical or mental incapacity. There are three general types of disability benefits: ordinary, performance of duty and accidental disability benefits. Eligibility, benefit amounts, and other rules such as any offsets of other benefits depend on a member's tier, years of service, and plan.

*Ordinary Death Benefits*

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

*Post-Retirement Benefit Increases*

A cost-of-living adjustment is provided annually to: 1) all pensioners who have attained age 62 and have been retired for five years; 2) all pensioners who have attained age 55 and have been retired for ten years; 3) all disability pensioners, regardless of age, who have been retired for five years; 4) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years; and 5) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50% of the annual consumer price index as published by the U.S. Bureau of Labor, but cannot be less than 1% or exceed 3%.

**INCORPORATED VILLAGE OF GARDEN CITY**  
**NOTES TO FINANCIAL STATEMENTS**

**3. DETAIL NOTES ON ALL FUNDS (continued)**

**E. RETIREMENT SYSTEMS (continued)**

Contributions

The Systems are noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976 who contribute 3% of their salary for the first ten years of membership; and employees who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS), who generally contribute 3% of their salary for the entire length of service. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the NYSRSSL, 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.

The required contributions, for the primary government, for the current year and two preceding years were:

<u>Annual Required Contribution - ERS</u>				
<u>Amount</u>	<u>Credits &amp; Miscellaneous Adjustments</u>	<u>Prepayment Discount</u>	<u>Total Payment</u>	
2017 \$ 2,138,442	\$ 7,328	\$ (18,009)	\$	2,127,761
2016 2,534,997	(37,618)	(22,813)		2,474,566
2015 2,774,380	(97,910)	(24,967)		2,651,503

<u>Annual Required Contribution - PFRS</u>				
<u>Amount</u>	<u>Credits &amp; Miscellaneous Adjustments</u>	<u>Prepayment Discount</u>	<u>Total Payment</u>	
2017 \$ 2,461,617	\$ -0-	\$ (20,730)	\$	2,440,887
2016 2,461,576	818,824	(22,152)		3,258,248
2015 2,902,432	(21,770)	(26,120)		2,854,542

The Village is required to contribute at an actuarially determined rate. The actual contributions were equal to 100% of the actuarially required amounts. The credits and miscellaneous adjustments represent modifications made by the ERS and PFRS to the prior year's contributions due to differences between estimated and actual salaries for the plan year.

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At May 31, 2017, the Village reported a liability of \$9,417,351 for its proportionate share of the net pension liability for the Systems. The net pension liability was measured as of March 31, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2016. The Village's proportion of the net pension liability was based on a projection of the Village projected contributions of all participating members, actuarially determined.

**INCORPORATED VILLAGE OF GARDEN CITY**  
**NOTES TO FINANCIAL STATEMENTS**

**3. DETAIL NOTES ON ALL FUNDS (continued)**

**E. RETIREMENT SYSTEMS (continued)**

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (continued)

Below is the proportionate share of the net pension liability of the Systems and the related employer allocation percentage as of March 31, 2017 (measurement date).

	Net Pension Liability	Allocation of the System's Total Net Pension Liability	Change in Allocation of the System's Total Net Pension Liability since Prior Measurement Date
ERS	\$ 4,930,894 *	0.0524775%	0.0029578%
PFRS	4,486,457	0.2164597%	0.0181982%

\*The Village's portion of the net pension liability for ERS in the amount of \$4,930,894 is reported in the governmental activities and business-type activities in the amount of \$4,426,324 and \$504,570, respectively. The Village's net portion of the net pension liability for PFRS was reported in the governmental activities.

There was no significant change in the Village's proportion from March 31, 2016 to March 31, 2017.

For the year ended May 31, 2017, the Village recognized pension expense of \$5,885,829 in the government-wide and proprietary fund financial statements, of which \$5,534,126 was related to governmental activities and \$351,703 was for business-type activities.

At May 31, 2017, deferred outflows of resources related to the pension were reported from the following sources:

	Deferred Outflows of Resources	
	ERS	PFRS
Differences between expected and actual experience	\$ 123,564	\$ 588,546
Changes of assumptions	1,684,576	2,210,289
Net difference between projected and actual earnings on pension plan investments	984,901	670,046
Changes in proportion and differences between the Village's contributions and proportionate share of contributions	82,713	1,847,835
Village's contribution subsequent to the measurement date	294,804	348,288
Total Deferred Outflow - Pension	<u>\$ 3,170,558</u>	<u>\$ 5,665,004</u>

At May 31, 2017, deferred inflows of resources related to the pension were reported from the following sources:

	Deferred Inflows of Resources	
	ERS	PFRS
Differences between expected and actual experience	\$ 748,785	\$ 775,160
Changes in proportion and differences between the Village's contributions and proportionate share of contributions	161,409	67,667
Total Deferred Inflow - Pension	<u>\$ 910,194</u>	<u>\$ 842,827</u>

**INCORPORATED VILLAGE OF GARDEN CITY**  
**NOTES TO FINANCIAL STATEMENTS**

**3. DETAIL NOTES ON ALL FUNDS (continued)**

**E. RETIREMENT SYSTEMS (continued)**

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (continued)

Contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended May 31, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Governmental Activities	
	ERS	PFRS
Plan year ending March 31, 2018	\$ 902,837	\$ 1,342,429
2019	902,837	1,342,429
2020	835,027	1,292,419
2021	(675,141)	290,271
2022	-0-	206,341
	\$ 1,965,560	\$ 4,473,889

Actuarial Assumptions

The total pension liability as of the measurement date of March 31, 2017 was determined by using an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	ERS	PFRS
Measurement date	March 31, 2017	March 31, 2017
Actuarial valuation date	April 1, 2016	April 1, 2016
Interest rate	7.0%	7.0%
Salary increases	3.8%	4.5%
Decrement tables	April 1, 2010 - March 31, 2015 System's Experience	April 1, 2010 - March 31, 2015 System's Experience
Inflation rate	2.5%	2.5%

Annuitant mortality rates are based on the April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.

The actuarial assumptions used in the April 1, 2016 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

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 return, net of investment expenses 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.

**INCORPORATED VILLAGE OF GARDEN CITY**  
**NOTES TO FINANCIAL STATEMENTS**

**3. DETAIL NOTES ON ALL FUNDS** (continued)

**E. RETIREMENT SYSTEMS** (continued)

Actuarial Assumptions (continued)

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2017 are summarized below:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Domestic equity	36.0%	4.55%
International equity	14.0%	6.35%
Private equity	10.0%	7.75%
Real estate	10.0%	5.80%
Absolute return strategies	2.0%	4.00%
Opportunistic portfolio	3.0%	5.89%
Real assets	3.0%	5.54%
Bonds and mortgages	17.0%	1.31%
Cash	1.0%	-0.25%
Inflation indexed bonds	4.0%	1.50%
	100.0%	

Discount Rate

The discount rate used to calculate the total pension liability was 7.0% for the System. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the 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 liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

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

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Village's proportionate share of the net pension liability (asset) for:			
ERS	\$ 15,748,318	\$ 4,930,894	\$ (4,215,206)
PFRS	12,718,845	4,486,457	(2,418,501)

**INCORPORATED VILLAGE OF GARDEN CITY**  
**NOTES TO FINANCIAL STATEMENTS**

**3. DETAIL NOTES ON ALL FUNDS (continued)**

**E. RETIREMENT SYSTEMS (continued)**

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption (continued)

The components of the current year net pension liability of the employers participating in the Systems' as of March 31, 2017 were as follows (in thousands):

	ERS	PFRS
Valuation date	April 1, 2016	April 1, 2016
Employers' total pension liability	\$ 177,400,586	\$ 31,670,483
Plan fiduciary net position	(168,004,363)	(29,597,831)
Employers' net pension liability	\$ 9,396,223	\$ 2,072,652
Ratio of plan fiduciary net position to the Employers' total pension liability	94.70%	93.46%

Detailed information about the pension plan's fiduciary net position is available in the System's separately issued financial statements.

**F. DEFERRED COMPENSATION PLAN**

All Village employees may participate in the Deferred Compensation Plan for Employees of the Village of Garden City (the "Plan"), a defined contribution plan. The Plan was created in accordance with Section 457 of the Internal Revenue Code (IRC) and is subject to the provisions of the rules and regulations of the New York State Deferred Compensation Board (the "Board"), as amended. The Deferred Compensation Committee is responsible for oversight of the Plan and determines the appropriateness of the Plan's investment offerings, monitors investment performance. The Village is the plan sponsor.

Each year, participants may contribute a minimum of \$260 and up to 100% of includible compensation for the plan year, as defined in the Plan. Participants who have attained age 50 before the end of the plan year are eligible to make catch-up contributions. An additional catch-up is allowed for previous missed contributions for participants who are within three years of retirement. Participants may also contribute amounts representing distributions from other qualified plans. Each participant's account is credited with the participant's contribution and allocation of the Plan's earnings, and charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined by the Plan. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. Participants are immediately vested in their contributions plus actual earnings thereon. The amount of participant contributions, including amounts rolled over from other qualified plans, was \$1,502,916 for the Plan year ended December 31, 2016.

On termination of service due to death, disability, retirement, or for other reasons, a participant may elect to receive either a lump-sum amount equal to the value of the participant's vested interest in his or her account, periodic payments or annual installments over a certain period, as defined by the Plan. Participants are eligible for in-service withdrawals for an unforeseeable emergency subject to the provisions of the IRC.

Complete financial statements of the Plan can be obtained from the Incorporated Village of Garden City Business Office, 351 Stewart Avenue, Garden City, NY 11530.

**INCORPORATED VILLAGE OF GARDEN CITY**  
**NOTES TO FINANCIAL STATEMENTS**

**3. DETAIL NOTES ON ALL FUNDS (continued)**

**G. OTHER POSTEMPLOYMENT BENEFITS**

Plan Description

The Village, a participant in a single-employer defined benefit plan, has collective bargaining contracts with four associations a) Civil Service Employees Association, Inc., b) Civil Service Employees Association, Inc.'s Supervisor Unit, c) Garden City Police Benevolent Association and d) Professional Firefighters Association of Nassau County. These contracts will be renegotiated at various times in the future.

The Village, in accordance with its contract with Civil Service Employees Association, Inc. and Civil Service Employees Association, Inc.'s Supervisor Unit will pay 90% of the premium costs for medical insurance coverage (currently provided by the New York State Empire Plan and HIP) at retirement, provided the employee retired after June 1, 2001 and had been employed by the Village for at least fifteen years. The Village will pay 90% of the individual and 75% of the family premium costs for employees hired prior to June 1, 2001 who retire after June 1, 2001 and have been employed by the Village for at least ten years but less than fifteen years.

The Village, in accordance with its contract with Garden City Police Benevolent Association and Professional Firefighters Association of Nassau County, will pay 100% of the premium costs for medical insurance coverage (currently provided by the New York State Empire Plan and HIP) at retirement, provided the employee had been employed by the Village for at least ten years.

Employees not covered by collective bargaining agreements that retire on or after June 1, 2012, with at least 10 years of service, are entitled to the lesser of (i) 85% of the cost of individual coverage and 75% of the additional cost of family medical insurance coverage (currently the New York State Empire Plan or an equivalent dollar contribution to an optional benefit plan) or (ii) the amount being paid for active Executive staff members medical insurance. Currently, the Village pays 85% of individual or family medical insurance coverage (currently the New York State Empire Plan or an equivalent dollar contribution to optional benefit plan) for active employees.

All retirees are eligible for Medicare Part B reimbursement based on yearly income if they are over the age of sixty-five. Upon death of a retiree, the Village will cease to pay any portion of the health insurance premium for the surviving spouse, however the spouse is still eligible for Medicare Part B reimbursement.

The Village, as administrator of the plan, does not issue a separate report.

The number of participants as of June 1, 2016, the effective date of the most recent OPEB valuation, is as follows:

	<u>Primary Government</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Active employees	243	236	7
Retired employees *	<u>229</u>	<u>200</u>	<u>29</u>
Total	<u><u>472</u></u>	<u><u>436</u></u>	<u><u>36</u></u>

\*This includes 16 surviving spouses.

There have been no significant changes in the number of employees or the type of coverage since that date.

**INCORPORATED VILLAGE OF GARDEN CITY**  
**NOTES TO FINANCIAL STATEMENTS**

**3. DETAIL NOTES ON ALL FUNDS (continued)**

**G. OTHER POSTEMPLOYMENT BENEFITS (continued)**

Funding Policy

The Village currently pays for other postemployment benefits (OPEB) on a pay-as-you-go basis.

Annual Other Postemployment Benefit Cost and Net Obligation

For the year ended May 31, 2017, the Village's annual other postemployment benefits cost (expense) was \$8,372,816 of which \$8,017,334 was related to governmental activities and \$355,482 was related to business-type activities. The annual expense, inclusive of current health insurance premiums, totaled \$2,695,026 for retirees and their beneficiaries, of which \$2,547,836 was related to governmental activities and \$147,190 was related to business-type activities. The result was an increase in the other postemployment benefits liability of \$5,677,790 of which \$5,469,498 was related to governmental activities and \$208,292 was related to business-type activities for the year ended May 31, 2017.

Benefit Obligations and Normal Cost

	Primary Government	Governmental Activities	Business-type Activities
Actuarial Accrued Liability (AAL)			
Active employees	\$ 49,068,482	\$ 47,074,831	\$ 1,993,651
Retired employees	55,903,626	53,046,993	2,856,633
Total Actuarial Accrued Liability (AAL)	104,972,108	100,121,824	4,850,284
Actuarial value of plan assets	-0-	-0-	-0-
Unfunded actuarial accrued liability (UAAL)	\$ 104,972,108	\$ 100,121,824	\$ 4,850,284
Funded Ratio	0.00%	0.00%	0.00%
Annual covered payroll	\$ 20,189,794	n/a**	n/a**
UAAL as a percentage of covered payroll	519.93%	n/a**	n/a**

\*\* Information was only available for the total primary government

The Village's annual other postemployment benefit cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The unfunded actuarial accrued liability for the Village for the year ended May 31, 2017 amounted to \$104,972,108.

**INCORPORATED VILLAGE OF GARDEN CITY**  
**NOTES TO FINANCIAL STATEMENTS**

**3. DETAIL NOTES ON ALL FUNDS (continued)**

**G. OTHER POSTEMPLOYMENT BENEFITS (continued)**

Annual Other Postemployment Benefit Cost and Net Obligation (continued)

The following table shows the components of the Village's other postemployment benefits liability:

Level Dollar Amortization Method  
Calculation of ARC under the Entry Age Normal Method\*

	Primary Government	Governmental Activities	Business-type Activities
Normal cost	\$ 2,908,407	\$ 2,791,060	\$ 117,347
Amortization of unfunded actuarial liability (UAAL) over 30 years	5,838,273	5,568,511	269,762
Interest	<u>349,868</u>	<u>334,383</u>	<u>15,485</u>
Annual required contribution (ARC)	9,096,548	8,693,954	402,594
Interest on net OPEB obligation	1,853,657	1,732,995	120,662
Adjustment to ARC	<u>(2,577,389)</u>	<u>(2,409,615)</u>	<u>(167,774)</u>
OPEB Cost	8,372,816	8,017,334	355,482
Less: Contribution for year ended May 31, 2017	<u>2,695,026</u>	<u>2,547,836</u>	<u>147,190</u>
Increase in other postemployment benefits liability	5,677,790	5,469,498	208,292
Other postemployment benefits liability at May 31, 2016 *	<u>46,341,436</u>	<u>43,324,883</u>	<u>3,016,553</u>
Other postemployment benefits liability at May 31, 2017	<u>\$ 52,019,226</u>	<u>\$ 48,794,381</u>	<u>\$ 3,224,845</u>
Percent of annual OPEB cost contributed	32.19%	31.78%	41.41%

\*As of June 1, 2016, the Village elected to change the actuarial cost method from the projected unit credit to the entry age normal method. The other postemployment benefits liability at May 31, 2016 was based on the projected unit credit method. The most significant changes in the other postemployment benefit calculation as of June 1, 2016 from the change in the actuarial cost method are as follows:

	Projected Unit Credit	Entry Age Normal
Actuarial Accrued Liability	\$111,749,589	\$104,972,108
Normal Cost	2,605,342	2,908,408

Funded Status and Funding Progress

The percentage contributed, as it relates to the Village, for the current year and the preceding two years were:

	Annual OPEB Cost *	Annual Contribution Made	Percentage Contributed	Net OPEB Obligation
May 31, 2017	\$ 8,372,816	\$ 2,695,026	32.19%	\$ 52,019,226
May 31, 2016	7,726,682	2,371,585	30.69%	46,341,436
May 31, 2015	7,814,693	2,179,324	27.89%	40,986,339

**INCORPORATED VILLAGE OF GARDEN CITY**  
**NOTES TO FINANCIAL STATEMENTS**

**3. DETAIL NOTES ON ALL FUNDS (continued)**

**G. OTHER POSTEMPLOYMENT BENEFITS (continued)**

Funded Status and Funding Progress (continued)

\*As of June 1, 2016, the Village elected to change the actuarial cost method from the projected unit credit to the entry age normal method. The annual OPEB cost as of May 31, 2016 and 2015 was based on the projected unit credit method. The May 31, 2017 annual OPEB cost was based on the entry age normal method.

The projected funded status of the plan as of June 1, 2016 is as follows:

	Actuarial Accrued Liability (AAL)	Actuarial Value of Plan Assets	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Primary Government	\$ 104,972,108	\$ -0-	\$ 104,972,108	0.00%	\$ 20,189,794	519.93%

The required schedule of funding progress can be found immediately following the notes to the financial statements, in required supplementary information, and presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, retirement age, and healthcare cost trends. Amounts determined regarding the funded status of a plan and the employer's annual required contributions are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

In the June 1, 2016 actuarial valuation, the liabilities were computed using the entry age normal actuarial cost method and level dollar amortization method over an open 30 year amortization period to amortize the initial unfunded liability. The actuarial assumptions utilized a 4.0% interest rate and an initial healthcare cost trend rate of 5.3% - 6.75% (based on age) for medical and 10.0%-11.5% for prescription costs with an ultimate healthcare inflation rate of 5.0% after seven years. Both rates include a 4.0% inflation rate and a 2.5% wage inflation assumption.

**H. COMPENSATED ABSENCES**

Village employees are granted vacation and sick leave and earn compensatory absences in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation, personal leave and sick leave at various rates subject to certain maximum limitations.

**INCORPORATED VILLAGE OF GARDEN CITY**  
**NOTES TO FINANCIAL STATEMENTS**

**3. DETAIL NOTES ON ALL FUNDS (continued)**

**H. COMPENSATED ABSENCES (continued)**

Estimated vacation, sick leave, and compensatory absences accumulated by governmental fund type employees have been recorded in the Statements of Net Position. Vested vacation, personal leave and sick leave accumulated by business type employees have been recorded in proprietary funds as a liability and expense. Payment of vacation time and sick leave is dependent upon many factors, therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payments of vacation, sick leave, and compensatory absences when such payments become due. As of May 31, 2017, the value of the Village's accumulated vacation time and sick leave for governmental and business-type activities was \$8,598,864, of which \$2,082,037 was included in the restricted fund balance of the General Fund. The legally adopted budget for year ended May 31, 2018 includes a designated amount of \$900,000 for compensated absences, which is reported in the assigned fund balance of the General Fund as of May 31, 2017, however will be reclassified to restricted fund balance as of June 1, 2017.

**4. COMMITMENTS AND CONTINGENCIES**

**A. RISK MANAGEMENT**

In common with other municipalities, the Village receives numerous notices of claims. The Village established a self-insurance risk management program for general liability and workers' compensation claims which is accounted for in the Internal Service Fund. With respect to those insurance needs which are being self-insured, the Village has umbrella policies which provide for (1) \$31,000,000 of coverage per year for general liability claims which on a case by case basis are more than \$200,000 (\$1,100,000 in the aggregate) and (2) \$2,000,000 of coverage per year for workers' compensation claims filed prior to August 1, 2011 which, on a case by case basis, are more than \$400,000 with the exception of policemen and firemen claims which are \$500,000. The Village purchases an insurance policy which covers all workers' compensation claims incurred after August 1, 2011. There have been no significant reductions in insurance coverage as compared to the prior year, and there were no settlements in excess of insurance coverage over the last three years.

The actuarially determined Internal Service Fund liabilities are reported without a discount when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as, inflation, changes in legal doctrines, and damage awards. Accordingly, claims liabilities are reevaluated periodically to consider the effects of inflation, take recent claim settlement trends (including the frequency and amount of the claims), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to the specific claims and other claim adjustment expenses regardless of whether allocated to specific claims.

**INCORPORATED VILLAGE OF GARDEN CITY**  
**NOTES TO FINANCIAL STATEMENTS**

**4. COMMITMENTS AND CONTINGENCIES** (continued)

**A. RISK MANAGEMENT** (continued)

The New York State Workers' Compensation Board, as mandated by the Business Relief Act, which was enacted as part of the 2013 – 2014 New York State budget, created a single assessment methodology to fund the New York State workers' compensation system. The new assessment methodology which was established on November 1, 2013 and became effective on January 1, 2014 has reduced total assessment costs for all New York State employers. Subsequent to January 1, 2014 assessments are no longer calculated based upon indemnity loss payments but are now based on premium (or premium equivalent) and plans in runoff (such as the Village of Garden City Workers Compensation Self-Insured Plan) will no longer be assessed.

**B. SELF-INSURANCE PROGRAM**

At May 31, 2017, the Internal Service Fund had a fund balance surplus of \$2,629,626. The Enterprise Funds' portion of the Internal Service Fund's surplus is \$193,049 and has been included in the internal service balance in the government-wide Statement of Net Position.

The schedule below presents the changes in claim reserves for general liability and workers' compensation for the years ended May 31, 2017 and 2016:

	Workers' Compensation		General Liability	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Unpaid Claims as of June 1 <sup>st</sup>	\$ 1,387,396	\$ 1,882,010	\$ 2,049,607	\$ 2,663,263
Incurred Claims:				
Provision for insured events of the current fiscal year	-0-*	-0-*	445,377	517,865
Increase (decrease) in net Provision for insured events of prior fiscal years	<u>351,497</u>	<u>(251,459)</u>	<u>(196,653)</u>	<u>(908,818)</u>
Total Incurred Claims and Claim Adjustments	<u>351,497</u>	<u>(251,459)</u>	<u>248,724</u>	<u>(390,953)</u>
Payments of:				
Claims during the current year	<u>(322,782)</u>	<u>(243,155)</u>	<u>(86,507)</u>	<u>(222,703)</u>
Unpaid Claims as of May 31 <sup>st</sup>	<u>\$ 1,416,111</u>	<u>\$ 1,387,396</u>	<u>\$ 2,211,824</u>	<u>\$ 2,049,607</u>

\*The Village began purchasing workers' compensation insurance policies during the fiscal year ended May 31, 2012 in order to minimize costs (the insurance policies will provide coverage for workers' compensation claims occurring after August 1, 2011) and therefore there is no provision for insured workers' compensation events in the current or prior fiscal year.

**INCORPORATED VILLAGE OF GARDEN CITY**  
**NOTES TO FINANCIAL STATEMENTS**

**4. COMMITMENTS AND CONTINGENCIES** (continued)

**B. SELF-INSURANCE PROGRAM** (continued)

During the year ended May 31, 2017, the Internal Service Fund charged the following premiums:

Primary Government:

General Fund	\$ 3,681,074
Library Fund	177,232
Water Fund	218,153
Pool Fund	77,306
Tennis Fund	<u>10,232</u>
Total Premiums	<u>\$ 4,163,997</u>

**C. LITIGATION**

The Village has been the defendant in an action filed in federal district court in 2005 entitled MHANY Management et al. v. Incorporated Village of Garden City, et al. The plaintiffs alleged, among other things, that the Village engaged in discrimination in connection with the 2004 rezoning of certain parcels of property owned by Nassau County and used principally as the headquarters for the Nassau County Department of Social Services. The case was tried in June 2013 and on December 6, 2013 the U.S. District Court ruled that the Village had violated the Fair Housing Act as well as 42 U.S. Code §1981 and §1983 and the Equal Protection Clause of the Fourteenth Amendment. The plaintiffs were not awarded monetary damages. However, among other things, the Court directed the Village: (1) not to engage in discriminatory conduct in connection with residential real property-related matters, (2) to enact a fair housing resolution and (3) to retain a fair housing compliance officer to, among other things, oversee the Village's compliance with the terms of the judgment. As the prevailing party, plaintiffs have filed a motion seeking to recover approximately \$5.6 million in attorneys' fees and costs, which amount is subject to increase as the case continues. The Village is disputing the amount sought by plaintiffs. On September 11, 2014, the court granted the Village's motion to defer ruling on the plaintiffs' attorneys' fees and costs request pending the outcome of an appeal that the Village has filed of the trial court decision with the 2nd Circuit U.S. Court of Appeals. The appeal was orally argued on May 29, 2015. The Second Circuit in a March 26, 2016 decision remanded the issue of "disparate impact" to the District Court and affirmed the District Court's findings on the remaining causes of action. On September 19, 2017, the district court issued a ruling with regard to the remanded disparate impact issue and held that the zoning ultimately enacted by the Village had a disparate impact on minorities under the revised standard set forth by the Second Circuit. As of October 2017, the district court's decision with regard to attorneys' fees and costs remains deferred and it is unclear at this time when the court will determine this issue.

The Village believes that it has insurance coverage for such award. However, the insurance carrier has not conceded that such coverage would apply to the disparate treatment claim since it involves intentional acts and has reserved its rights. In the event that after plaintiffs are awarded attorneys' fees the carrier denies coverage, the Village intends to take all reasonable steps to enforce payment. For the foregoing reasons, it is not possible to determine the potential loss, if any, to the Village as a result of this litigation. However, in an effort to be conservative, the Village included an estimated amount in the claims and judgments payable related to this case in the government-wide statement of net position.

**INCORPORATED VILLAGE OF GARDEN CITY**  
**NOTES TO FINANCIAL STATEMENTS**

**4. COMMITMENTS AND CONTINGENCIES (continued)**

**D. GENERAL LITIGATION**

Consistent with other municipalities, the Village has been named a defendant in various legal actions in the course of ordinary operations. The Village has accrued for all estimated and probable contingent losses. The Village primarily funds settlements of legal actions through current operating funds; however, the Village has the ability to fund settlements through bonding if deemed necessary. An estimate cannot be made on certain of the legal actions that have possible unfavorable outcome against the Village. In the opinion of the Village's management, the potential loss on all claims will not materially affect the Village's financial position.

**E. TAX CERTIORARI PROCEEDINGS**

From time to time, the Village is involved in tax certiorari proceedings under which taxpayers seek reduction in the assessed value of property upon which taxes are measured. A reduction in assessed valuation may result in a refund of real property taxes previously paid by the claimant. The amount refunded to Village taxpayers as a result of tax certiorari proceedings was \$640,527 for the year ended 2017.

**F. CONSTRUCTION AND OTHER CAPITAL ACQUISITION COMMITMENTS**

Construction in progress commitments for equipment purchases and other capital acquisition commitments amounting to \$3,472,790 are assigned in the Capital Projects Fund.

**G. OTHER COMMITMENTS**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

**5. NEW PRONOUNCEMENTS**

The Governmental Accounting Standards Board (GASB) has issued the following Statements:

Statement No. 73 *"Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB 68 - and amendments to Certain Provisions of GASB 67 and 68"* the objective is to clarify the existing guidance as well as establishes new requirements for pensions not covered by Statement No. 67 and No. 68. The requirements of this Statement that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016. The remaining requirements were effective in the current year (see Note 1.H).

Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,"* which outlines reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017.

Statement No. 80, *"Blending Requirements for Certain Component Units – an Amendment of Statement No.14,"* the objective of which is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016.

**INCORPORATED VILLAGE OF GARDEN CITY**  
**NOTES TO FINANCIAL STATEMENTS**

**5. NEW PRONOUNCEMENTS** (continued)

Statement No. 82, "*Pension Issues – an Amendment of Statements No. 67, 68, and 73,*" the objective of which is to address issues regarding (a) the presentation of payroll-related measures in required supplementary information, (b) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (c) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of the Statement are effective for reporting beginning after June 15, 2016, except for the requirements for selection of assumptions in a certain circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

Statement No. 84, "*Fiduciary Activities,*" the objective of which is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2018.

Statement No. 85, "*Omnibus 2017,*" the objective of which is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement specifically addresses issues related to blending component units, goodwill, fair value measurement and application and postemployment benefits (pensions and OPEB). The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017.

Statement No. 86, "*Certain Debt Extinguishment Issues,*" the objective of which is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017.

Statement No. 87, "*Leases,*" the objective of which is to improve accounting and financial reporting for leases by governments. This Statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset, and a lessor to recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2019.

The Village is currently evaluating the impact of the above pronouncements.

**REQUIRED SUPPLEMENTARY INFORMATION  
OTHER THAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Schedule of Revenues, Expenditures, and Changes in Fund  
Balance – Budget and Actual – General Fund**

**Schedule of Funding Progress for Other Post-Employment  
Benefits (OPEB)**

**Schedule of Proportionate Share of the Net Pension Liability**

**Schedule of Pension Contributions**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

The budgets are adopted on a basis of accounting consistent with GAAP, except that appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior years. In the event that actual revenues received exceed budgeted amounts, additional budgetary appropriations are made. The capital projects are budgeted on a project or grant basis.

**INCORPORATED VILLAGE OF GARDEN CITY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
Year Ended May 31, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
<b>Real Property Taxes</b>				
Real property taxes	\$ 49,021,000	\$ 49,021,000	\$ 49,024,330	\$ 3,330
Total Real Property Taxes	49,021,000	49,021,000	49,024,330	3,330
<b>Other Real Property Tax Items</b>				
Payment in lieu of taxes	703,207	703,207	704,046	839
Interest and penalties on real property tax	105,400	105,400	119,105	13,705
Total Other Real Property Tax Items	808,607	808,607	823,151	14,544
<b>Non-Property Tax Items</b>				
Public utilities gross receipts tax	675,000	675,000	568,572	(106,428)
County sales tax	62,000	62,000	62,159	159
Franchise fees	320,000	320,000	344,306	24,306
Total Non-Property Tax Items	1,057,000	1,057,000	975,037	(81,963)
<b>Departmental Income</b>				
Charges for tax advertising	1,600	1,600	1,750	150
Safety inspection fees	917,500	917,500	1,088,375	170,875
Parking lots and garages	202,700	202,700	221,115	18,415
Zoning fees	37,500	37,500	52,300	14,800
Dump permits	5,000	5,000	6,810	1,810
Sewer charges	2,700	2,700	2,646	(54)
Refuse and garbage fees	150,000	150,000	150,520	520
Park and recreational charges	761,763	761,763	713,908	(47,855)
Public works service	225,000	225,000	468,060	243,060
Health fees	7,000	7,000	5,870	(1,130)
Planning commission fees	2,000	2,000	4,500	2,500
Architectural design review fees	30,000	30,000	50,250	20,250
Police impound fees	1,300	1,300	6,900	5,600
Total Departmental Income	2,344,063	2,344,063	2,773,004	428,941
<b>Intergovernmental Charges</b>				
Fire protection services	4,150	4,150	90	(4,060)
Sewer services	350	350	345	(5)
Total Intergovernmental Charges	4,500	4,500	435	(4,065)
<b>Use of Money and Property</b>				
Interest and earnings	79,500	79,500	23,852	(55,648)
Rental real property	33,732	33,732	33,732	-0-
Total Use of Money and Property	113,232	113,232	57,584	(55,648)

(Continued)

**INCORPORATED VILLAGE OF GARDEN CITY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
Year Ended May 31, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
(continued)				
<b>REVENUES</b>				
<b>Licenses and Permits</b>				
Business and occupational licenses	3,300	3,300	1,510	(1,790)
Dog license fund apportionment	4,607	4,607	7,022	2,415
Permits	200,980	200,980	359,201	158,221
Total Licenses and Permits	208,887	208,887	367,733	158,846
<b>Fines and Forfeitures</b>				
Fines and forfeited bail	1,350,000	1,350,000	1,524,267	174,267
Forfeiture of deposits	1,000	39,693	23,218	(16,475)
Total Fines and Forfeitures	1,351,000	1,389,693	1,547,485	157,792
<b>Special Assessments</b>				
Special assessment - parking lot	239,733	239,733	239,733	-0-
Total Special Assessments	239,733	239,733	239,733	-0-
<b>Sales of Property and Compensation for Loss</b>				
Minor sales - other	21,000	21,000	58,303	37,303
Sales of equipment	20,000	20,000	58,588	38,588
Insurance recoveries	200,000	200,000	244,695	44,695
Other compensation for losses	25,000	25,000	7,957	(17,043)
Total Sales of Property and Compensation for Loss	266,000	266,000	369,543	103,543
<b>Miscellaneous Local Sources</b>				
Refund of prior year expenses	20,000	32,275	34,023	1,748
Gifts and donations			25,000	25,000
Interfund revenues	20,000	20,000	20,000	-0-
Unclassified revenues	10,000	10,000	31,716	21,716
Total Miscellaneous Local Sources	50,000	62,275	110,739	48,464
<b>State and Local Aid</b>				
Per capita	207,449	207,449	207,449	-0-
Mortgage tax	500,000	500,000	868,278	368,278
Youth programs	5,900	5,900	3,162	(2,738)
Consolidated local street and highway improvement aid	457,663	457,663	493,776	36,113
Special state grant			244,500	244,500
Other	37,200	37,200	42,718	5,518
Total State and Local Aid	1,208,212	1,208,212	1,859,883	651,671
<b>Federal Aid</b>				
Police grants			28,417	28,417
Total Federal Aid	-0-	-0-	28,417	28,417
Total Revenues	\$ 56,672,234	\$ 56,723,202	\$ 58,177,074	\$ 1,453,872

(Continued)

**INCORPORATED VILLAGE OF GARDEN CITY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**Year Ended May 31, 2017**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
(Continued)				
<b><u>EXPENDITURES</u></b>				
<b>General Government Support</b>				
Board of Trustees:				
Equipment		\$ 31,132	\$ 31,132	\$ -0-
Other expenditures	\$ 9,200	9,200	5,018	4,182
Village Justice:				
Personal services	305,974	328,205	304,738	23,467
Other expenditures	42,260	42,260	31,504	10,756
Clerk-Treasurer:				
Personal services	1,091,323	1,126,598	928,936	197,662
Equipment	10,000	10,000	3,924	6,076
Other expenditures	415,286	515,339	364,193	151,146
Purchasing:				
Personal services	209,562	213,965	213,965	-0-
Other expenditures	5,750	5,348	3,565	1,783
Assessment:				
Other expenditures	47,400	47,400	47,065	335
Discount on Taxes	30,000	31,972	31,972	-0-
Law:				
Other expenditures	1,354,393	1,444,394	1,002,209	442,185
Personnel:				
Personal services	100,297	101,940	101,940	-0-
Other expenditures	47,125	45,482	40,509	4,973
Engineer:				
Personal services	244,845	292,172	280,999	11,173
Other expenditures	11,550	11,900	8,979	2,921
Elections:				
Personal services	1,075	1,075	840	235
Other expenditures	2,850	2,850	1,373	1,477
Buildings:				
Personal services	84,095	88,730	88,730	-0-
Other expenditures	229,095	272,061	269,347	2,714
St. Paul School:				
Other expenditures	10,000	10,000	5,600	4,400
Central Garage:				
Personal services	591,751	582,251	576,524	5,727
Equipment	10,000	10,000	9,926	74
Other expenditures	157,300	170,800	155,036	15,764
Central Printing and Mailing:				
Other expenditures	28,000	28,000	27,090	910
Central Data Processing:				
Personal services	102,390	102,390	102,262	128
Other expenditures	85,472	85,472	70,563	14,909
Municipal Association Dues	24,000	24,000	22,366	1,634
Refunds of Real Property Taxes	2,284,917	2,269,917	640,527	1,629,390

(Continued)

**INCORPORATED VILLAGE OF GARDEN CITY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**Year Ended May 31, 2017**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
(Continued)				
<b><u>EXPENDITURES</u></b>				
<b>General Government Support (continued)</b>				
Insurance charges	3,681,074	3,681,074	3,681,074	-0-
MTA payroll tax	75,000	75,000	71,387	3,613
Contingency	979,451	686,957		686,957
Total General Government Support	<u>12,271,435</u>	<u>12,347,884</u>	<u>9,123,293</u>	<u>3,224,591</u>
<b>Public Safety</b>				
Police Department:				
Personal services	9,550,275	10,016,575	9,886,693	129,882
Equipment	8,000	8,000	5,542	2,458
Other expenditures	486,613	493,306	345,745	147,561
Fire Department:				
Personal services	1,743,474	2,018,155	1,945,640	72,515
Equipment	79,204	112,304	61,734	50,570
Other expenditures	1,449,853	1,416,753	1,270,929	145,824
Safety Inspection:				
Personal services	643,277	607,177	591,046	16,131
Equipment	16,500	16,500	3,820	12,680
Other expenditures	174,958	231,058	189,005	42,053
Total Public Safety	<u>14,152,154</u>	<u>14,919,828</u>	<u>14,300,154</u>	<u>619,674</u>
<b>Transportation</b>				
Street Administration:				
Personal services	247,503	299,760	296,487	3,273
Other expenditures	46,435	33,935	29,841	4,094
Street Maintenance:				
Personal services	701,567	698,807	650,043	48,764
Other expenditures	213,000	259,000	255,500	3,500
Snow Removal:				
Personal services	300,654	275,897	275,162	735
Other expenditures	211,644	166,231	164,697	1,534
Street Lighting:				
Personal services	187,667	187,667	167,162	20,505
Equipment	8,000	8,000		8,000
Other expenditures	528,950	648,950	498,149	150,801
Total Transportation	<u>2,445,420</u>	<u>2,578,247</u>	<u>2,337,041</u>	<u>241,206</u>
<b>Economic Assistance and Opportunity</b>				
Publicity:				
Other expenditures	39,000	39,000	32,443	6,557
Total Economic Assistance and Opportunity	<u>39,000</u>	<u>39,000</u>	<u>32,443</u>	<u>6,557</u>

(Continued)

**INCORPORATED VILLAGE OF GARDEN CITY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
Year Ended May 31, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
(Continued)				
<b><u>EXPENDITURES</u></b>				
<b>Culture and Recreation</b>				
Parks:				
Personal services	1,431,735	1,365,540	1,258,902	106,638
Equipment	7,290	7,290	4,785	2,505
Other expenditures	527,321	597,065	559,257	37,808
Playgrounds and Recreation Centers:				
Personal services	1,793,171	1,830,964	1,659,119	171,845
Equipment	10,350	10,350	9,070	1,280
Other expenditures	924,520	906,020	760,336	145,684
Concerts:				
Other expenditures	25,500	25,500	6,766	18,734
Historian:				
Other expenditures	1,500	1,500	1,500	-0-
Total Culture and Recreation	<u>4,721,387</u>	<u>4,744,229</u>	<u>4,259,735</u>	<u>484,494</u>
<b>Home and Community Services</b>				
Sanitary Sewers:				
Personal services	233,323	244,423	240,677	3,746
Equipment	36,000	43,245		43,245
Other expenditures	120,150	106,805	84,711	22,094
Storm Sewers:				
Personal services	104,612	104,612	103,072	1,540
Other expenditures	33,860	41,960	38,671	3,289
Refuse and Garbage:				
Personal services	1,812,803	1,830,129	1,795,712	34,417
Other expenditures	1,566,013	1,553,513	1,458,375	95,138
Street Cleaning:				
Personal services	474,686	482,415	468,548	13,867
Other expenditures	95,151	95,151	87,216	7,935
Other Sanitation:				
Personal services	250,494	251,494	247,738	3,756
Other expenditures	26,921	31,921	29,936	1,985
Total Home and Community Services	<u>4,754,013</u>	<u>4,785,668</u>	<u>4,554,656</u>	<u>231,012</u>

(Continued)

**INCORPORATED VILLAGE OF GARDEN CITY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
Year Ended May 31, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
(Continued)				
<b><u>EXPENDITURES</u></b>				
<b>Employee Benefits</b>				
State retirement	1,766,762	1,766,762	1,552,067	214,695
Police and fire retirement	2,517,506	2,517,506	2,349,748	167,758
Social security	1,620,000	1,548,081	1,459,746	88,335
Unemployment insurance	10,000	10,000	4,829	5,171
Hospital and medical insurance	6,479,636	6,551,555	6,545,226	6,329
Total Employee Benefits	<u>12,393,904</u>	<u>12,393,904</u>	<u>11,911,616</u>	<u>482,288</u>
<b>Debt Service</b>				
Principal	1,655,469	1,525,469	1,480,253	45,216
Interest	500,096	500,096	347,302	152,794
Total Debt Service	<u>2,155,565</u>	<u>2,025,565</u>	<u>1,827,555</u>	<u>198,010</u>
Total Expenditures	<u>52,932,878</u>	<u>53,834,325</u>	<u>48,346,493</u>	<u>5,487,832</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>				
	3,739,356	2,888,877	9,830,581	6,941,704
<b>Other Financing Sources (Uses)</b>				
Premium on bonds		64,620	258,870	194,250
Transfers in			276,174	276,174
Transfers out	(5,620,508)	(8,439,589)	(8,439,589)	-0-
Total Other Financing Sources (Uses)	<u>(5,620,508)</u>	<u>(8,374,969)</u>	<u>(7,904,545)</u>	<u>470,424</u>
Net Change in Fund Balance*	<u>\$ (1,881,152)</u>	<u>\$ (5,486,092)</u>	1,926,036	<u>\$ 7,412,128</u>
<b>Fund Balance at Beginning of Year</b>			<u>15,467,638</u>	
Fund Balance at End of Year			<u>\$ 17,393,674</u>	

\* The net change in fund balance for the original and final budget was included in the budget as an appropriation (i.e. spend down) of fund balance.

**INCORPORATED VILLAGE OF GARDEN CITY**  
**SCHEDULE OF FUNDING PROGRESS**  
**FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)**  
**May 31, 2017**

Actuarial Valuation Date June 1,	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
2016	\$ -0-	\$ 104,972,108	\$ 104,972,108	0.00%	\$ 20,189,794	519.93%
2014	\$ -0-	\$ 101,205,324	\$ 101,205,324	0.00%	\$ 23,972,996	422.16%
2012	\$ -0-	\$ 95,543,983	\$ 95,543,983	0.00%	\$ 24,690,996	386.96%
2010	\$ -0-	\$ 92,989,078	\$ 92,989,078	0.00%	\$ 24,991,040	372.09%

**INCORPORATED VILLAGE OF GARDEN CITY**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**May 31, 2017**

	2017	2016	2015
<b>NYSERS</b>			
Village's proportion of the collective net pension liability	0.0524775%	0.0554353%	0.0565780%
Village's proportionate share of the net collective pension liability	\$ 4,930,894	\$ 8,897,521	\$ 1,911,344
Village's covered-employee payroll	\$ 13,708,672	\$ 13,341,738	\$ 13,844,965
Village's proportionate share of the net collective pension liability as a percentage of its covered-employee payroll	35.97%	66.69%	13.81%
Plan fiduciary net position as a percentage of the total pension liability coming from plan	94.70%	90.68%	97.95%
<b>NYSPPFRS</b>			
Village's proportion of the collective net pension liability	0.2164597%	0.2346579%	0.2310009%
Village's proportionate share of the net collective pension liability	\$ 4,486,457	\$ 6,947,722	\$ 635,852
Village's covered-employee payroll	\$ 11,195,926	\$ 10,120,871	\$ 10,032,068
Village's proportionate share of the net collective pension liability as a percentage of its covered-employee payroll	40.07%	68.65%	6.34%
Plan fiduciary net position as a percentage of the total pension liability coming from plan.	93.46%	90.24%	99.03%

Notes:

Amounts presented above were determined as of the System's measurement date of March 31st.

There were no significant changes in benefits for the years presented above.

Changes in assumptions were as follows:

- a) The interest (discount) rate was lowered from 7.5% to 7.0% in the actuarial valuation used in the System's March 31, 2016 financial statements.
- b) The inflation rate was lowered from 2.7% to 2.5% in the actuarial valuation used in the System's March 31, 2016 financial statements.

**INCORPORATED VILLAGE OF GARDEN CITY**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**May 31, 2017**

NYSERS

For the Years Ended May 31,

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 2,053,554	\$ 2,463,618	\$ 2,736,701	\$ 2,940,224	\$ 2,695,215	\$ 2,275,745	\$ 1,793,315	\$ 930,736	\$ 1,227,727	\$ 1,253,033
Contributions in relation to the contractually required contribution	<u>\$ 2,053,554</u>	<u>\$ 2,463,618</u>	<u>\$ 2,736,701</u>	<u>\$ 2,940,224</u>	<u>\$ 2,695,215</u>	<u>\$ 2,275,745</u>	<u>\$ 1,793,315</u>	<u>\$ 930,736</u>	<u>\$ 1,227,727</u>	<u>\$ 1,253,033</u>
Contribution deficiency (excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>						
Village's covered-employee payroll	\$ 13,563,955	\$ 13,124,194	\$ 13,832,182	\$ 13,927,676	\$ 14,367,336	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	15.14%	18.77%	19.79%	21.11%	18.76%	N/A	N/A	N/A	N/A	N/A

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For the Years Ended May 31,

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 2,349,748	\$ 3,312,410	\$ 2,627,421	\$ 3,006,540	\$ 2,639,070	\$ 2,197,288	\$ 1,761,929	\$ 1,134,728	\$ 1,408,229	\$ 1,409,933
Contributions in relation to the contractually required contribution	<u>\$ 2,349,748</u>	<u>\$ 3,312,410</u>	<u>\$ 2,627,421</u>	<u>\$ 3,006,540</u>	<u>\$ 2,639,070</u>	<u>\$ 2,197,288</u>	<u>\$ 1,761,929</u>	<u>\$ 1,134,728</u>	<u>\$ 1,408,229</u>	<u>\$ 1,409,933</u>
Contribution deficiency (excess)	<u>\$ -0-</u>									
Village's covered-employee payroll	\$ 10,921,231	\$ 10,816,474 *	\$ 10,109,876 *	\$ 11,226,524 *	\$ 11,399,194 *	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	21.52%	30.62%	25.99%	26.78%	23.15%	N/A	N/A	N/A	N/A	N/A

N/A Covered- employee payroll for years ended May 2012 through May 2008 was not available.

\* Information was revised to conform with current year presentation.

Notes:

Amounts presented for each year were determined as of December 31st and the contractually required contributions are based on the amounts invoiced by the New York State Local Retirement System.

There was a change in assumption for the pensioner mortality improvement in the April 1, 2014 actuarial valuation from the Society of Actuaries Scale AA to Scale MP-2014.