

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

FINANCIAL STATEMENTS

For the Year Ended May 31, 2018

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



**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
MAY 31, 2018**

INCORPORATED VILLAGE OF GARDEN CITY, NEW YORK

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
MAY 31, 2018**



Prepared by:

*Finance Department
Irene Woo, CPA, Treasurer*

INCORPORATED VILLAGE OF GARDEN CITY
FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2018
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CERTIFIED PUBLIC ACCOUNTANTS

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, 2018, 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...

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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, 2018, 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 Vignone, Zuehl and Company, P.C.

Hauppauge, New York
November 20, 2018

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REQUIRED SUPPLEMENTARY INFORMATION
Management's Discussion and Analysis

INCORPORATED VILLAGE OF GARDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
May 31, 2018

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, 2018. 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 \$18,162,096 (net position) at May 31, 2018.
- The Village's total combined net position decreased by \$1,932,593 of which \$3,364,295 was related to a decrease in the governmental activities net position and \$1,431,702 was related to an increase in the business-type activities net position.
- As of May 31, 2018, the Village's governmental funds reported combined ending fund balances of \$20,142,190. Of this amount, \$989,127 is not in spendable form or is required to remain intact. The remaining \$19,153,063 or approximately 95% 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 \$17,581,124, an increase of \$187,450 from the prior year. The assigned and unassigned fund balance for the General Fund was \$14,304,582.
- The Village's total bonded debt was \$26,500,000 (exclusive of premiums), of which \$17,476,242 relates to governmental activities and \$9,023,758 relates to business-type activities. There was a decrease in bonded debt in the amount of \$3,040,000, a result of principal payments made in the current year. The Village did not issue any new debt during year ended May 31, 2018.

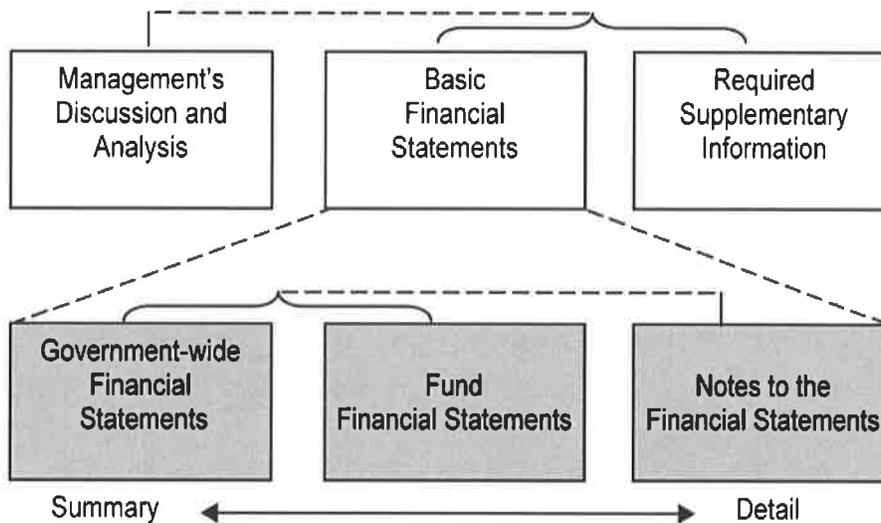
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INCORPORATED VILLAGE OF GARDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
May 31, 2018

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, 2018

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, restrictions 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, 2018

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, 2018**

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 \$18,162,096 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, 2018 and 2017**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Assets						
Current and other assets	\$ 31,625,250	\$ 32,584,465	\$ 16,287,196	\$ 16,464,787	\$ 47,912,446	\$ 49,049,252
Capital assets	60,477,140	59,125,165	19,804,965	19,387,683	80,282,105	78,512,848
Other noncurrent assets	58,326				58,326	-0-
Total Assets	92,160,716	91,709,630	36,092,161	35,852,470	128,252,877	127,562,100
Deferred Outflows of Resources	10,816,617	8,436,465	568,664	399,097	11,385,281	8,835,562
Liabilities						
Current and other liabilities	14,625,276	10,158,683	2,505,299	2,849,136	17,130,575	13,007,819
Long-term liabilities	82,931,151	88,501,449	11,788,418	13,040,684	94,719,569	101,542,133
Total Liabilities	97,556,427	98,660,132	14,293,717	15,889,820	111,850,144	114,549,952
Deferred Inflows of Resources	8,937,687	1,638,449	688,231	114,572	9,625,918	1,753,021
Net Position						
Net investment in capital assets	42,075,578	38,501,180	10,292,098	8,385,780	52,367,676	46,886,960
Restricted	210,443	582,414			210,443	582,414
Unrestricted	(45,802,802)	(39,236,080)	11,386,779	11,861,395	(34,416,023)	(27,374,685)
Total Net Position	\$ (3,516,781)	\$ (152,486)	\$ 21,678,877	\$ 20,247,175	\$ 18,162,096	\$ 20,094,689

Total assets and deferred outflows of resources of the Village's governmental activities, as of May 31, 2018, were \$102,977,333, an increase of \$2,831,238. Total liabilities and deferred inflows of resources as of May 31, 2018 were \$106,494,114, an increase of \$6,195,533. This resulted in a net position deficit balance of \$3,516,781 for 2018, an increase of \$3,364,295.

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 \$5,188,129 in the current year, bringing the unfunded liability at year end to \$57,207,355. 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, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Of the Village's governmental activities net position balance, \$42,075,578 was the net investment in capital assets, while \$70,727 was restricted by grantors for a specific purpose, \$101,316 was restricted for debt service payments and \$38,400 was restricted for public safety, leaving a deficit of \$42,802,802 in the unrestricted net position category.

The largest portion of the governmental activities net position, \$42,075,578, 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, 2018, were \$36,660,825, an increase of \$409,258. Total liabilities and deferred inflows as of May 31, 2018 were \$14,981,948, a decrease of \$1,022,444. This resulted in a net position balance of \$21,678,877 for 2018, an increase of \$1,431,702.

Of the Village's business-type activities net position balance, \$10,292,098 was the net investment in capital assets, leaving a balance of \$11,386,779 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, 2018**

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, 2018 and 2017**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Program Revenues						
Charges for services	\$ 6,305,920	\$ 5,594,642	\$ 8,180,238	\$ 8,166,021	\$ 14,486,158	\$ 13,760,663
Operating grants and contributions	14,125	41,427			14,125	41,427
Capital grants and contributions	871,214	1,303,194			871,214	1,303,194
Total Program Revenues	7,191,259	6,939,263	8,180,238	8,166,021	15,371,497	15,105,284
General Revenues						
Real property taxes	49,580,674	49,024,471			49,580,674	49,024,471
Other real property tax items	853,328	823,151			853,328	823,151
Non-property tax items	1,038,757	975,037			1,038,757	975,037
Earnings on investments	112,032	62,670	39,085	17,264	151,117	79,934
Gain on sale of capital assets	36,105	52,741			36,105	52,741
Grants - unrestricted	1,045,629	1,099,600			1,045,629	1,099,600
Other	176,443	183,476			176,443	183,476
Total General Revenues	52,842,968	52,221,146	39,085	17,264	52,882,053	52,238,410
Total Revenues	60,034,227	59,160,409	8,219,323	8,183,285	68,253,550	67,343,694
Program Expenses						
General government support	13,004,438	15,613,162			13,004,438	15,613,162
Public safety	24,892,736	24,839,092			24,892,736	24,839,092
Transportation	5,177,634	4,988,391			5,177,634	4,988,391
Economic assistance and opportunity	45,087	32,443			45,087	32,443
Culture and recreation	11,910,333	11,942,628			11,910,333	11,942,628
Home and community services	7,899,659	8,062,475			7,899,659	8,062,475
Interest on debt	434,635	437,848			434,635	437,848
Pool			1,382,471	1,353,739	1,382,471	1,353,739
Tennis			392,996	361,942	392,996	361,942
Water			5,046,154	5,729,139	5,046,154	5,729,139
Total Program Expenses	63,364,522	65,916,039	6,821,621	7,444,820	70,186,143	73,360,859
Change in Net Position before Transfers	(3,330,295)	(6,755,630)	1,397,702	738,465	(1,932,593)	(6,017,165)
Transfers in (out)	(34,000)	(77,500)	34,000	77,500	-0-	-0-
Change in Net Position	(3,364,295)	(6,833,130)	1,431,702	815,965	(1,932,593)	(6,017,165)
Net Position at Beginning of Year	(152,486)	6,680,644	20,247,175	19,431,210	20,094,689	26,111,854
Net Position at End of Year	\$ (3,516,781)	\$ (152,486)	\$ 21,678,877	\$ 20,247,175	\$ 18,162,096	\$ 20,094,689

INCORPORATED VILLAGE OF GARDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
May 31, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

During the year ended May 31, 2018, government-wide revenues increased from the prior year by \$909,856 while government-wide expenses decreased from the prior year by \$3,174,716.

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

- Increase in the charges for services related to governmental activities of \$711,278, primarily due to higher amounts recognized for building application fees (\$878,661) and plumbing and mechanical fees (\$164,304) collected in the current year compared to the prior year related to a new hotel project and additional permits issued, which were offset by the decrease in public works service charges (\$261,350) mostly related to less sidewalk repairs in the current year.
- Decrease in capital grants and contributions, related to governmental activities of \$431,980, due to one-time grants received in the prior year to reimburse the Village for a recycling truck purchased (\$242,000) and to provide financial assistance for the senior recreation center capital project (\$300,000), which was offset by proceeds from the Extreme Winter Recovery Program (\$72,672) in the current year.
- Increase in the general revenues of \$621,822 of the governmental activities primarily due to an increase in real property taxes assessed in the amount of \$556,203.

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

- Decrease in general government support expenses of \$2,608,724, primarily a result of the Village recognizing lower amounts in the current year related to various judgements and claims, including tax certiorari (\$1,103,707) and general liability cases (\$1,800,923), which were offset by additional salary costs in the Village Justice Department (\$90,648), other expenses for the building department (\$73,211) and technology consulting fees (\$105,661) for the central data processing department.
- Increase in transportation expenses of \$189,243 primarily due to an overall increase in street maintenance salaries (\$192,483).
- Decrease in home and community expenses of \$162,816 primarily due to an overall reduction in allocated benefit costs such as retirement costs recognized for plan year March 31, 2018 (\$192,885) and other postemployment benefit costs (\$67,370), which were offset by overall increases in the refuse and garbage department (\$46,336) and street cleaning department (\$27,173) expenses.
- Decrease in the Water Fund expenses of \$682,985, a result of a reduction in pumping costs (\$283,072) and transmission and distribution costs (\$104,104), mainly due to less maintenance of equipment and plant expenses, less depreciation (\$134,018) as older capital assets have become fully depreciated, and less administrative salary costs (\$94,108).

**INCORPORATED VILLAGE OF GARDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
May 31, 2018**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

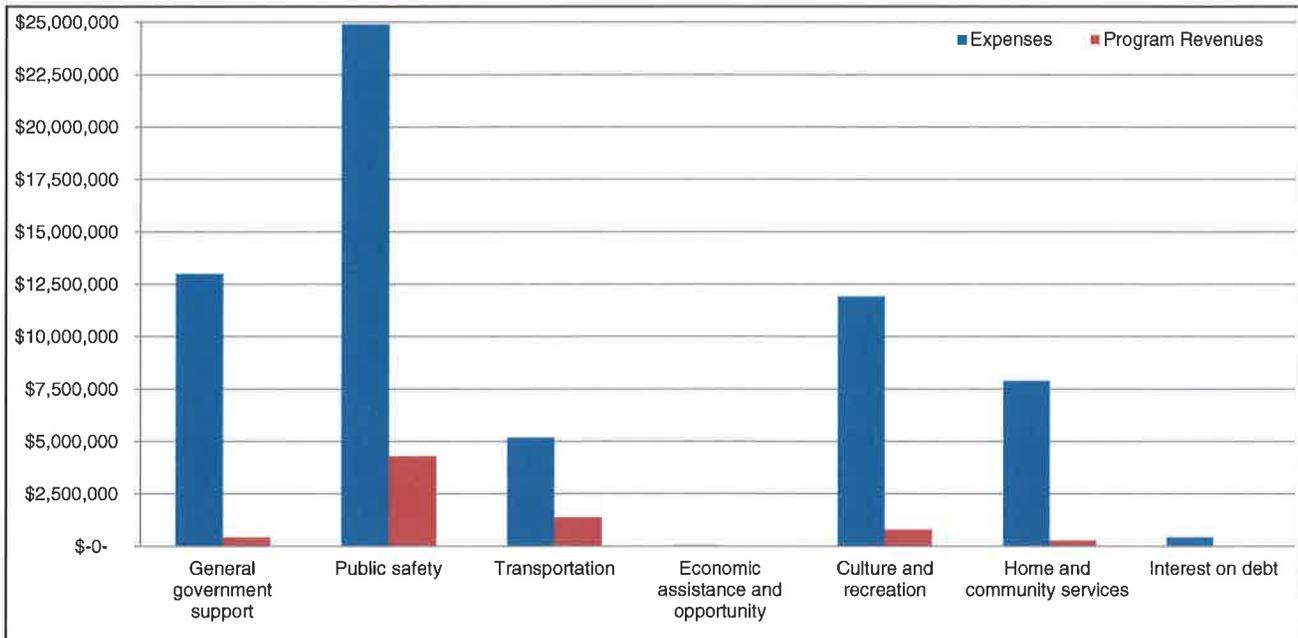
The following illustrates the total cost of services, program revenues by function and the net cost of services for the Village's governmental activities.

**Net Expense of Services
Governmental Activities
For Years Ended May 31, 2018 and 2017**

	Total Expense of Services		Program Revenues		Net Expense of Services	
	2018	2017	2018	2017	2018	2017
General government support	\$ 13,004,438	\$ 15,613,162	\$ 432,283	\$ 566,643	\$ (12,572,155)	\$ (15,046,519)
Public safety	24,892,736	24,839,092	4,304,105	3,257,068	(20,588,631)	(21,582,024)
Transportation	5,177,634	4,988,391	1,378,546	1,458,784	(3,799,088)	(3,529,607)
Economic assistance and opportunity	45,087	32,443			(45,087)	(32,443)
Culture and recreation	11,910,333	11,942,628	799,443	1,156,667	(11,110,890)	(10,785,961)
Home and community services	7,899,659	8,062,475	276,882	500,101	(7,622,777)	(7,562,374)
Interest on debt	434,635	437,848			(434,635)	(437,848)
	<u>\$ 63,364,522</u>	<u>\$ 65,916,039</u>	<u>\$ 7,191,259</u>	<u>\$ 6,939,263</u>	<u>\$ (56,173,263)</u>	<u>\$ (58,976,776)</u>

The cost of the governmental activities in the current fiscal year was \$63,364,522. The net cost of these services after being subsidized by program revenues of \$7,191,259 was \$56,173,263.

**Expenses and Program Revenues
Governmental Activities**



**INCORPORATED VILLAGE OF GARDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
May 31, 2018**

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.

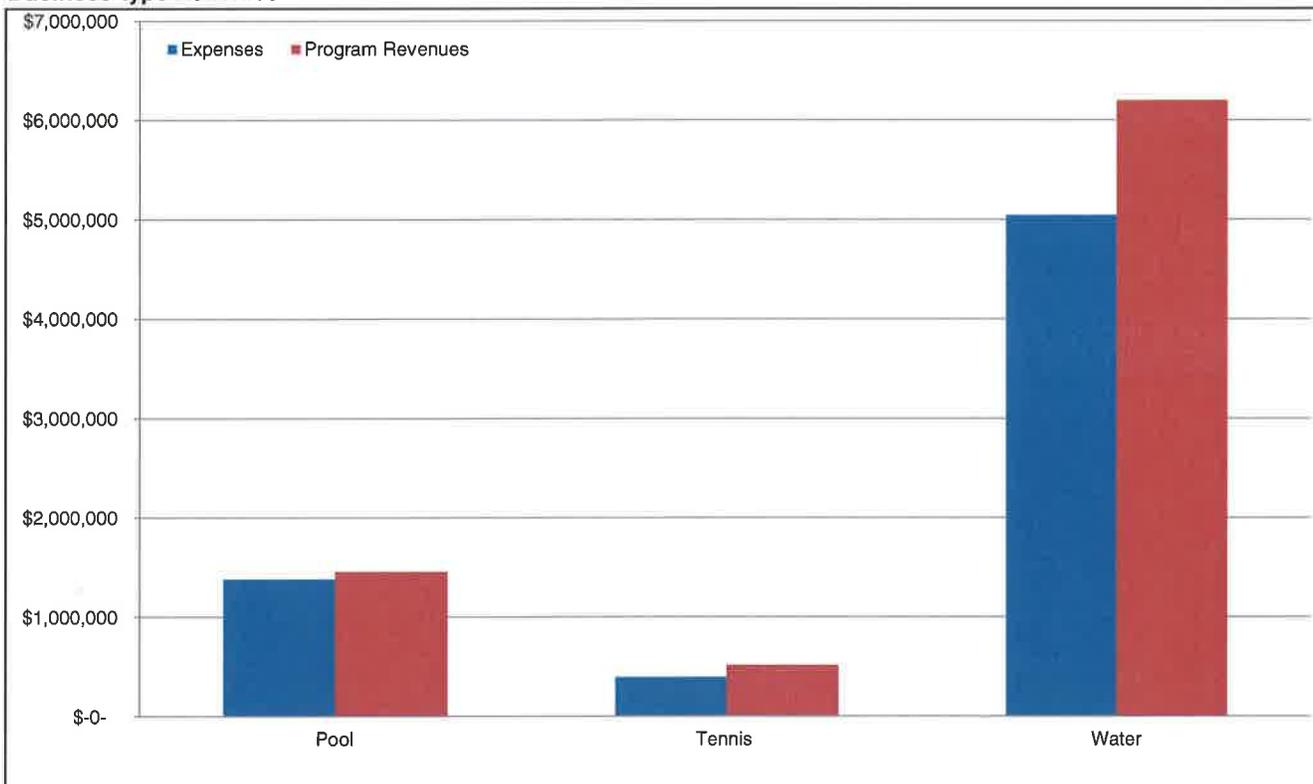
**Net (Expense) Revenue of Services *
Business-Type Activities
For Years Ended May 31, 2018 and 2017**

	Total Expense of Services		Program Revenues		Net (Expense) Revenue of Services	
	2018	2017	2018	2017	2018	2017
Pool	\$ 1,382,471	\$ 1,353,739	\$ 1,460,765	\$ 1,371,861	\$ 78,294	\$ 18,122
Tennis	392,996	361,942	515,457	469,801	122,461	107,859
Water	5,046,154	5,729,139	6,204,016	6,324,359	1,157,862	595,220
	<u>\$ 6,821,621</u>	<u>\$ 7,444,820</u>	<u>\$ 8,180,238</u>	<u>\$ 8,166,021</u>	<u>\$ 1,358,617</u>	<u>\$ 721,201</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, 2018 and 2017 in the amounts of (\$2,810) and (\$12,860), respectively. The cumulative amount of the Internal Service Fund's net position that is allocated to the business-type activities as of May 31, 2018 is \$190,239.

The cost of the business-type activities in the current fiscal year was \$6,821,621. The net revenue of these services after being subsidized by program revenues of \$8,180,238 was \$1,358,617.

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



**INCORPORATED VILLAGE OF GARDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
May 31, 2018**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

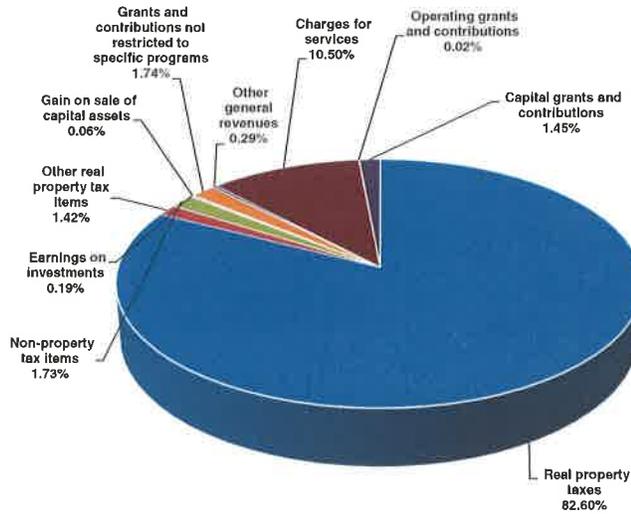
Revenue by Source

Governmental Activities

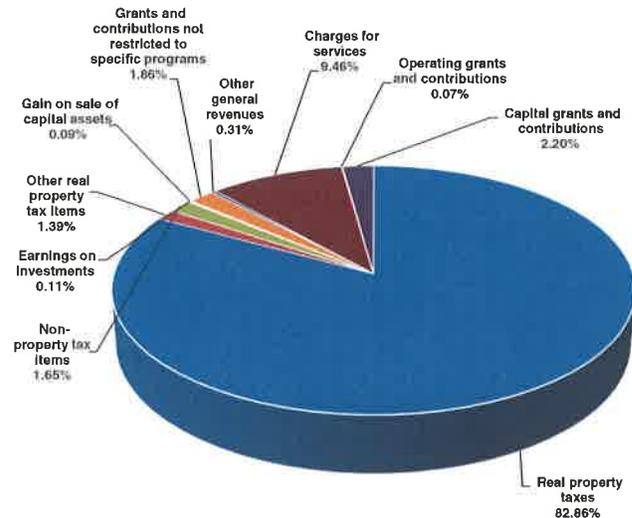
For years ended May 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Real property taxes	\$ 49,580,674	\$ 49,024,471
Other real property tax items	853,328	823,151
Non-property tax items	1,038,757	975,037
Earnings on investments	112,032	62,670
Gain on sale of capital assets	36,105	52,741
Grants and contributions not restricted to specific programs	1,045,629	1,099,600
Other general revenues	176,443	183,476
Charges for services	6,305,920	5,594,642
Operating grants and contributions	14,125	41,427
Capital grants and contributions	871,214	1,303,194
	<u>\$ 60,034,227</u>	<u>\$ 59,160,409</u>

Revenue by Source
Governmental Activities
For the year ended May 31, 2018



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



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, 2018

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS (continued)

Governmental Funds (continued)

At May 31, 2018, the Village's governmental funds reported total ending fund balance of \$20,142,190, a decrease of \$2,117,619 in comparison to the prior year. The category breakdown is as follows:

- **Nonspendable fund balance** - \$989,127 (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** - \$2,416,468 (externally enforceable limitations on use) includes amounts subject to limitations imposed by creditors, grantors, contributors, or laws and regulations of other governments.
- **Assigned fund balance** - \$6,748,005 (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** - \$9,988,590 (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 \$17,581,124, an increase of \$187,450 from the prior year. Of this amount, \$930,801 is not in spendable form (inventory of material and supplies) and the remaining \$16,650,323 is in spendable form as follows: \$101,316 is restricted for debt service payments, \$2,206,025 is restricted for future employee benefit accrued liability payments, \$38,400 has been restricted for public safety, \$2,194,599 has been assigned by the Village Board for the subsequent year's budget and subsequent year's employee benefits accrued liability reserve, \$2,121,393 has been assigned for purchase orders by the Treasurer, and the remaining \$9,988,590 represents spendable, unassigned fund balance.

The key elements of the fund balance increase of \$187,450 are as follows:

- There was a budgeted use of prior year fund balance of \$1,798,591, as well as the prior year encumbrances carried forward in the amount of \$1,674,963.
- Actual revenues and other financing sources exceeded the final budget by \$1,741,032. This is primarily due to safety inspection fees and permit revenues exceeded budgeted expectations by \$1,087,707 and \$242,134, respectively. In addition, mortgage tax revenues were higher than anticipated by \$266,650.

INCORPORATED VILLAGE OF GARDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
May 31, 2018

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS (continued)

General Fund (continued)

- Actual expenditures and other financing uses were less than the final budget by \$3,456,663, of which \$2,121,393 is reserved for encumbrances to be spent in the next fiscal year. General government support expenditures were under budget by \$1,989,308, 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 (\$1,368,990), and lower than anticipated other expenditures related to various legal cases (\$165,502). Public safety expenditures were under budget by \$689,279, due to lower than expected other expenses in the police and fire departments in the amounts of \$146,579 and \$220,852, respectively, and less police department payroll costs of \$158,840. Culture and recreation expenditures were under budget by \$506,058 primarily due to less salary costs (\$195,029), as well as lower than anticipated other costs (\$294,987) such as maintenance costs, material and supplies and contractual services.
- Overall, there was an increase of actual revenues and other financing sources from the prior year in the amount \$817,993. Actual revenues increased by \$1,261,037 compared to the prior year due to increases in real property taxes assessed (\$556,344), departmental income (\$691,070), a result of a one-time safety inspection fee received for a new hotel project offset by less public works service revenues, miscellaneous local sourced income (\$249,347) due to the Village receiving funds from a third party to assist with a road project, which was offset by a reduction in the amount of state and local aid recognized in the current year compared to prior year (\$232,793) as there were one time grants received in the prior year that did not recur. Other financing sources decreased by \$443,044 compared to prior year since there were no general obligation bonds issued in the current year and therefore no premiums were recognized, as well as less transfers of funds for closed capital projects.
- Overall, actual expenditures and other financing uses increased from the prior year by \$2,556,579, primarily a result of increases in general government support (\$551,771), public safety (\$903,155), home and community services (\$120,693), employee benefit expenditures (\$833,583) and debt service payments (\$580,086) which were offset by the Village transferring out less funds in the current year in the amount of \$531,031 compared to the prior year. General government support expenditures increased primarily due to more refunds of real property tax settlements in the current year mostly due to the timing of the cases being settled (\$261,023), additional salary costs in the Village Justice Department (\$90,648), other expenses for the building department (\$73,211) and consulting fees (\$105,661) for the central data processing department. Increases related to public safety expenditures were a primarily a result of the Village recognizing additional salary costs for the fire department (\$1,012,444) mostly related to the retroactive salary payments for the fire department based on a stipulation agreement entered into subsequent to year end. Home and community service expenditures increased due to overall higher department costs, most notably related to refuse and garbage (\$46,336) and street cleaning (\$27,174) expenditures. Employee benefit costs increased due to the Village recognizing an additional payment for the retroactive salary to the New York State and Local Police and Fire Retirement System (\$295,787) as well as an increase in the annual required contribution (\$165,030). There was also an increase in the health insurance costs (\$313,754). Transfers out decreased mainly as a result of the Village Board deciding to fund less capital projects in the current year (\$492,531).

INCORPORATED VILLAGE OF GARDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
May 31, 2018

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS (continued)

Capital Projects Fund

At the end of the current year, the Capital Projects Fund had a total fund balance of \$2,418,899, a decrease of \$2,279,203 from the prior year. Of this amount \$58,326 is not in spendable form (long-term receivable) and the remaining \$2,360,573 is assigned for capital projects. The fund balance decrease 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.

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 \$142,167, a decrease of \$25,866 from the prior year. Of this amount, \$70,727 is restricted for specific purposes defined by grantors and donors, \$51,987 has been assigned for the subsequent year's budget, \$19,430 has been assigned for purchase orders and \$23 is available for other Library purposes.

The Library Fund recognized less revenues and other financing sources in the amount of \$157 compared to prior year and additional expenditures of \$18,374. The overall increase in Library expenditures was primarily a result of increased salary costs (\$23,644).

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 \$583,698. This deficit net position decreased from the prior year by \$120,973, a result of higher income from operations of \$86,973 and a transfer in from the General Fund to fund the cost of an engineering study for pool facility renovations (\$34,000). In the current year, the Pool Fund was able to generate additional membership and guest fees (\$84,397). The Pool Fund's other operating expenses decreased by \$56,069, including the costs of materials and maintenance, which was offset by an increase in administrative and general costs of \$74,158, mostly related to the employee benefit expenses. Depreciation expense and interest for debt service were fairly consistent with the prior year.

The Tennis Fund's net position at year end was \$233,038. The Tennis Fund's net position increased from the prior year by \$123,176, the result of an increase in membership and guest fees (\$46,843) generated compared to prior year, which was offset by the increase in operating expenses (\$33,560) primarily due to an increase in maintenance and employee benefit costs. The interest for debt service payments was reduced to zero this year as the debt has been fully repaid for the Tennis Fund.

The Water Fund's net position at year end was \$21,839,298, an increase of \$1,190,363 from the prior year. The Water Fund recognized less operating revenues in the current year in the amount of \$120,343 primarily due to a reduction in water sales (\$207,542), which was offset by increases in water sales to other governments (\$33,626), intergovernmental sales (\$42,654), and other operating revenues (\$10,918). Overall operating expenses decreased by \$659,574, a result of less pumping costs (\$283,072) and transmission and distribution costs (\$104,104), mainly due to less maintenance of equipment and plant expenses, less depreciation (\$134,018) as older capital assets have become fully depreciated, and less administrative salary costs (\$94,108).

INCORPORATED VILLAGE OF GARDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
May 31, 2018

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS (continued)

Proprietary Funds (continued)

The Internal Service Fund's net position at year end was \$2,884,206. The Internal Service Fund's net position increased from the prior year by \$254,580. Operating revenues decreased by \$90,553 primarily a result of the reduction in the amount recognized related to the over accrual of estimated claims related to workers' compensation and liability cases and insurance recoveries (\$38,348) as well as less premiums from other funds (\$52,505). There was an overall decrease in various third-party insurance premiums (\$140,126) and workers' compensation costs and claims (\$357,199) 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 \$3,473,554, by designating unreserved fund balance from the prior year in the amount of \$1,798,591 and reappropriating prior year encumbrances in the amount of \$1,674,963. 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 \$1,536,691 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 (\$734,000) and provide funding for termination payouts of accrued time for employees who left Village service (\$779,193).

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, 2018, amounts to \$60,477,140 and \$19,804,965, 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, 2018, the Village's major capital expenditures were as follows:

Community Park multi-use field	\$ 2,038,798
Road repairs	1,473,446
Well electrical upgrade project	1,099,799
Public Works and Recreation equipment	1,239,048
Sewer repairs	499,097
Various Recreation projects	454,260
Sidewalk repairs and curb replacement	279,684

**INCORPORATED VILLAGE OF GARDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
May 31, 2018**

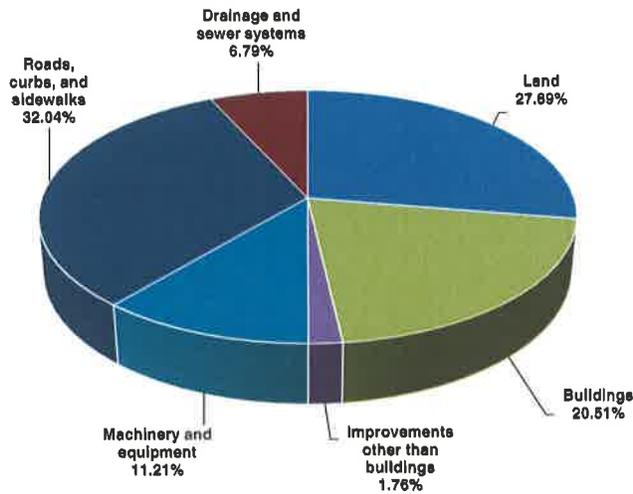
CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Capital Assets (continued)

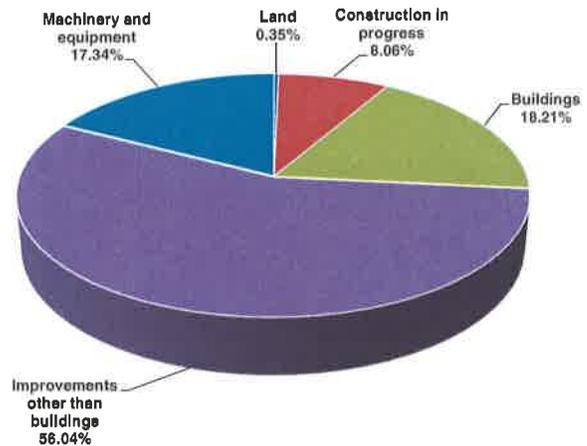
**Capital Assets - Net of Accumulated Depreciation
As of May 31, 2018 and 2017**

	Governmental Activities		Business-type Activities	
	2018	2017	2018	2017
Land	\$ 16,748,023	\$ 16,748,023	\$ 69,212	\$ 69,212
Construction in progress			1,596,211	1,809,331
Buildings	12,399,616	11,904,701	3,606,211	3,888,189
Improvements other than buildings	1,063,590	867,725	11,099,404	11,223,839
Machinery and equipment	6,778,329	6,344,101	3,433,927	2,397,112
Infrastructure:				
Roads, curbs, and sidewalks	19,378,979	19,485,178		
Drainage and sewer systems	4,108,603	3,775,437		
Total net capital assets	<u>\$ 60,477,140</u>	<u>\$ 59,125,165</u>	<u>\$ 19,804,965</u>	<u>\$ 19,387,683</u>

**Capital Assets - Net of Accumulated Depreciation
Governmental Activities
As of May 31, 2018**



**Capital Assets - Net of Accumulated Depreciation
Business-type Activities
As of May 31, 2018**



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 \$17,476,242 and \$9,023,758 for its governmental and business-type activities, respectively. The entire debt is backed by the full faith and credit of the Village. For the year ended May 31, 2017, 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.

INCORPORATED VILLAGE OF GARDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
May 31, 2018

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Debt Administration (continued)

The above does not include premiums related to general obligation bonds in the amount of \$329,288 and \$106,723 for the governmental activities and business-type activities, respectively, as of May 31, 2018 and \$360,995 and \$115,379 respectively, as of May 31, 2017.

During the current fiscal year, the Village's bonded debt decreased by \$3,040,000 or 10.29%, a result of the 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, 2018.

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 in July 2018 was 4.60%.

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

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INCORPORATED VILLAGE OF GARDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
May 31, 2018

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Property Tax

The Village has adopted a budget for the 2018-2019 fiscal year, which factors in inflation and other adjustments to revenues and expenditures as well as prior year positive fund balances. The 2018-2019 budget includes an increase in real property tax revenues of \$991,285. The tax levy increase was 2.00% 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 2018-2019 budget.

Tax Assessment Trends

Assessment reductions resulting from tax certiorari actions continue to erode the Village tax base, however, settlements have decreased in the last couple of years. The Village anticipates that this trend will continue for the year ending May 31, 2019.

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 filed a motion in April 2014 seeking to recover approximately \$5.6 million in attorneys' fees and costs, which was subject to increase as the case continued. 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 Second 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. On March 23, 2018, the plaintiffs, at the district court's direction, filed a supplemental motion for attorneys' fees and costs, seeking an additional \$1.2 million in attorneys' fees and costs for fees and costs incurred since May 2014, bringing the total requested attorneys' fees and costs to approximately \$6.8 million. The Village has disputed the amount being sought by the plaintiffs in their supplemental fee motion. The court has not yet rendered a decision on the plaintiffs' motion and supplemental motion on attorneys' fees and costs. However, the Village believes that it has insurance coverage for such award if granted by the court. 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.

SUBSEQUENT EVENT

In August 2018, the Village entered into a Stipulation Agreement with the Professional Firefighter Association of Nassau County ("Union") and individuals constituting current and former Union members which settled various outstanding litigation items and employment agreements. As a result of this agreement, the Village is responsible for paying approximately \$1,576,800 of retroactive salary, employee benefits and payroll taxes (which have been accounted for in the May 31, 2018 financial statements) and settlement payments for early retirements and separations from service effective August 2018 in the amount of approximately \$1,544,400 to certain Union members.

INCORPORATED VILLAGE OF GARDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
May 31, 2018

SUBSEQUENT EVENT (continued)

The Village also included approximately \$627,000 in the compensated absences liability in the government-wide financial statements for the employees that will be retiring or separating from service in the upcoming year. Additional information related to this case can be found in Note 5 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.

BASIC FINANCIAL STATEMENTS

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INCORPORATED VILLAGE OF GARDEN CITY
GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF NET POSITION
May 31, 2018

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Current Assets:			
Cash	\$ 27,276,454	\$ 15,193,561	\$ 42,470,015
Accounts receivable	151,742	883,704	1,035,446
Due from other governments	357,280		357,280
Restricted cash	2,416,468		2,416,468
Tax sale certificates	492,505		492,505
Inventory of material and supplies	930,801	209,931	1,140,732
Total Current Assets	<u>31,625,250</u>	<u>16,287,196</u>	<u>47,912,446</u>
Noncurrent Assets:			
Due from other governments, noncurrent portion	58,326		58,326
Non-depreciable capital assets	16,748,023	1,665,423	18,413,446
Depreciable capital assets, net of depreciation	43,729,117	18,139,542	61,868,659
Total Noncurrent Assets	<u>60,535,466</u>	<u>19,804,965</u>	<u>80,340,431</u>
Total Assets	<u>92,160,716</u>	<u>36,092,161</u>	<u>128,252,877</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	10,816,617	568,664	11,385,281
Total Deferred Outflows of Resources	<u>10,816,617</u>	<u>568,664</u>	<u>11,385,281</u>
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued liabilities	3,644,923	715,497	4,360,420
Due to New York State retirement systems	1,013,751	42,356	1,056,107
Unearned revenues	179,360	771,154	950,514
Internal balances	190,239	(190,239)	-
Noncurrent liabilities due within one year:			
Compensated absences	1,397,575	20,661	1,418,236
Claims and judgments payable	3,631,311		3,631,311
Tax certioraris payable	2,568,624		2,568,624
General obligation bonds payable	1,999,493	1,145,870	3,145,363
Total Current Liabilities	<u>14,625,276</u>	<u>2,505,299</u>	<u>17,130,575</u>
Noncurrent Liabilities:			
Compensated absences	7,022,940	185,952	7,208,892
Claims and judgments payable	2,659,391		2,659,391
Other postemployment benefits payable	53,799,374	3,407,981	57,207,355
General obligation bonds payable	15,806,037	7,984,611	23,790,648
Net pension liability - proportionate share	3,643,409	209,874	3,853,283
Total Noncurrent Liabilities	<u>82,931,151</u>	<u>11,788,418</u>	<u>94,719,569</u>
Total Liabilities	<u>97,556,427</u>	<u>14,293,717</u>	<u>111,850,144</u>
DEFERRED INFLOWS OF RESOURCES			
Pensions	8,937,687	688,231	9,625,918
Total Deferred Inflows of Resources	<u>8,937,687</u>	<u>688,231</u>	<u>9,625,918</u>
NET POSITION			
Net investment in capital assets	42,075,578	10,292,098	52,367,676
Restricted for debt service	101,316		101,316
Restricted for culture and recreation	70,727		70,727
Restricted for public safety	38,400		38,400
Unrestricted	(45,802,802)	11,386,779	(34,416,023)
Total Net Position	<u>\$ (3,516,781)</u>	<u>\$ 21,678,877</u>	<u>\$ 18,162,096</u>

See notes to the financial statements.

INCORPORATED VILLAGE OF GARDEN CITY
GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF ACTIVITIES
Year Ended May 31, 2018

Function/Program	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities:				
General government support	\$ 13,004,438	\$ 432,283		
Public safety	24,892,736	4,263,944	\$ 7,021	\$ 33,140
Transportation	5,177,634	540,472		838,074
Economic assistance and opportunity	45,087			
Culture and recreation	11,910,333	792,339	7,104	
Home and community services	7,899,659	276,882		
Interest on debt	434,635			
Total Governmental Activities	<u>63,364,522</u>	<u>6,305,920</u>	<u>14,125</u>	<u>871,214</u>
Business-type Activities:				
Pool	1,382,471	1,460,765		
Tennis	392,996	515,457		
Water	5,046,154	6,204,016		
Total Business-type Activities	<u>6,821,621</u>	<u>8,180,238</u>	<u>-0-</u>	<u>-0-</u>
Total Primary Government	<u>\$ 70,186,143</u>	<u>\$ 14,486,158</u>	<u>\$ 14,125</u>	<u>\$ 871,214</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
\$ (12,572,155)		\$ (12,572,155)
(20,588,631)		(20,588,631)
(3,799,088)		(3,799,088)
(45,087)		(45,087)
(11,110,890)		(11,110,890)
(7,622,777)		(7,622,777)
(434,635)		(434,635)
<u>(56,173,263)</u>	\$ -0-	<u>(56,173,263)</u>
	78,294	78,294
	122,461	122,461
	<u>1,157,862</u>	<u>1,157,862</u>
-0-	1,358,617	1,358,617
<u>(56,173,263)</u>	<u>1,358,617</u>	<u>(54,814,646)</u>
49,580,674		49,580,674
853,328		853,328
1,038,757		1,038,757
112,032	39,085	151,117
36,105		36,105
1,045,629		1,045,629
176,443		176,443
(34,000)	34,000	-0-
<u>52,808,968</u>	<u>73,085</u>	<u>52,882,053</u>
<u>(3,364,295)</u>	<u>1,431,702</u>	<u>(1,932,593)</u>
<u>(152,486)</u>	<u>20,247,175</u>	<u>20,094,689</u>
<u>\$ (3,516,781)</u>	<u>\$ 21,678,877</u>	<u>\$ 18,162,096</u>

See notes to financial statements.

INCORPORATED VILLAGE OF GARDEN CITY
BALANCE SHEET
GOVERNMENTAL FUNDS
May 31, 2018

	Major Funds		Nonmajor Fund	Totals
	General	Capital Projects	Library	
ASSETS				
Cash	\$ 17,698,713	\$ 2,996,280	\$ 306,553	\$ 21,001,546
Accounts receivable	151,668		74	151,742
Due from other governments	357,280	58,326		415,606
Restricted cash	2,345,741		70,727	2,416,468
Tax sale certificates	492,505			492,505
Inventory of materials and supplies	930,801			930,801
Total Assets	<u>\$ 21,976,708</u>	<u>\$ 3,054,606</u>	<u>\$ 377,354</u>	<u>\$ 25,408,668</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 2,846,759	\$ 635,707	\$ 98,396	\$ 3,580,862
Due to New York State retirement systems	971,960		41,791	1,013,751
Unearned revenues	84,360		95,000	179,360
Total Liabilities	<u>3,903,079</u>	<u>635,707</u>	<u>235,187</u>	<u>4,773,973</u>
DEFERRED INFLOWS OF RESOURCES				
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>
FUND BALANCES				
Nonspendable	930,801	58,326		989,127
Restricted	2,345,741		70,727	2,416,468
Assigned	4,315,992	2,360,573	71,440	6,748,005
Unassigned	9,988,590			9,988,590
Total Fund Balances	<u>17,581,124</u>	<u>2,418,899</u>	<u>142,167</u>	<u>20,142,190</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 21,976,708</u>	<u>\$ 3,054,606</u>	<u>\$ 377,354</u>	<u>\$ 25,408,668</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, 2018

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 20,142,190

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	129,356,332	
Accumulated depreciation	<u>(85,627,215)</u>	60,477,140

Deferred outflows of resources are included in the Statement of Net Position. 10,816,617

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. 6,084,669

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	(8,420,515)	
Claims and judgments payable	(6,290,702)	
Tax certioraris payable	(2,568,624)	
Other postemployment benefits payable	(53,799,374)	
General obligation bonds payable, inclusive of related premium	(17,805,530)	
Net pension liability - net proportionate share	<u>(3,643,409)</u>	(92,528,154)

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. (64,061)

Deferred inflows of resources related to the pension plans are included in the Statement of Net Position. (8,937,687)

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 \$ (3,516,781)

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, 2018

	Major Funds		Nonmajor	Total
	General	Capital Projects	Fund Library	Governmental Funds
REVENUES				
Real property taxes	\$ 49,580,674			\$ 49,580,674
Other real property tax items	853,328			853,328
Non-property tax items	1,038,757			1,038,757
Departmental income	3,464,074			3,464,074
Intergovernmental charges	3,501			3,501
Use of money and property	100,626		\$ 6,007	106,633
Licenses and permits	533,506			533,506
Fines and forfeitures	1,469,368		32,557	1,501,925
Special assessments	6,798			6,798
Sale of property and compensation for loss	393,282			393,282
Fees and services			31,864	31,864
Miscellaneous local sources	360,086		19,011	379,097
State and local aid	1,627,090	\$ 33,140	6,492	1,666,722
Federal aid	7,021			7,021
Total Revenues	<u>59,438,111</u>	<u>33,140</u>	<u>95,931</u>	<u>59,567,182</u>
EXPENDITURES				
Current:				
General government support	9,675,064			9,675,064
Public safety	15,203,309			15,203,309
Transportation	2,432,889			2,432,889
Economic assistance and opportunity	45,087			45,087
Culture and recreation	4,249,565		3,187,305	7,436,870
Home and community services	4,675,349			4,675,349
Employee benefits	12,745,199			12,745,199
Capital outlay		7,029,393		7,029,393
Debt service:				
Principal	1,924,138			1,924,138
Interest	483,503			483,503
Total Expenditures	<u>51,434,103</u>	<u>7,029,393</u>	<u>3,187,305</u>	<u>61,650,801</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>8,004,008</u>	<u>(6,996,253)</u>	<u>(3,091,374)</u>	<u>(2,083,619)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	92,000	4,809,050	3,065,508	7,966,558
Transfers out	(7,908,558)	(92,000)		(8,000,558)
Total Other Financing Sources (Uses)	<u>(7,816,558)</u>	<u>4,717,050</u>	<u>3,065,508</u>	<u>(34,000)</u>
Net Change in Fund Balances	187,450	(2,279,203)	(25,866)	(2,117,619)
Fund Balances at				
Beginning of Year	<u>17,393,674</u>	<u>4,698,102</u>	<u>168,033</u>	<u>22,259,809</u>
Fund Balances at End of Year	<u>\$ 17,581,124</u>	<u>\$ 2,418,899</u>	<u>\$ 142,167</u>	<u>\$ 20,142,190</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, 2018

NET CHANGE IN FUND BALANCES \$ (2,117,619)

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	\$ 7,054,820	
Depreciation expense	(5,677,039)	
Loss on dispositions	<u>(25,806)</u>	1,351,975

Net change in deferred outflows of resources not reported in the governmental fund statements related to pensions. 2,380,152

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	(16,047)	
Tax certioraris payable	410,000	
Other postemployment benefits payable	(5,004,993)	
Net pension liability - proportionate share	5,269,372	
Claims and judgments	(600,000)	
Repayment of bond principal	1,924,138	
Amortization of bond premiums	31,707	
Accrued interest costs	<u>48,868</u>	2,063,045

Net change in deferred inflows of resources not reported in the governmental fund statements related to pensions. (7,299,238)

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	237,233	
Workers' compensation premium and other Internal Service Fund changes in activity	<u>20,157</u>	<u>257,390</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ (3,364,295)**

See notes to the financial statements.

INCORPORATED VILLAGE OF GARDEN CITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
May 31, 2018

	Business-type Activities - Enterprise Funds				Internal Service Fund
	Pool	Tennis	Water	Total Enterprise Funds	
ASSETS					
Current Assets:					
Cash	\$ 717,848	\$ 416,678	\$ 14,059,035	\$ 15,193,561	\$ 6,274,908
Accounts receivable	3,560	140	880,004	883,704	
Inventory of materials and supplies			209,931	209,931	
Total Current Assets	<u>721,408</u>	<u>416,818</u>	<u>15,148,970</u>	<u>16,287,196</u>	<u>6,274,908</u>
Noncurrent Assets:					
Non-depreciable capital assets	34,364		1,631,059	1,665,423	
Depreciable capital assets, net of depreciation	2,158,036	74,760	15,906,746	18,139,542	
Total Noncurrent Assets	<u>2,192,400</u>	<u>74,760</u>	<u>17,537,805</u>	<u>19,804,965</u>	<u>-0-</u>
Total Assets	<u>2,913,808</u>	<u>491,578</u>	<u>32,686,775</u>	<u>36,092,161</u>	<u>6,274,908</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pensions	82,737	38,155	447,772	568,664	
Total Deferred Outflows of Resources	<u>82,737</u>	<u>38,155</u>	<u>447,772</u>	<u>568,664</u>	<u>-0-</u>
LIABILITIES					
Current Liabilities:					
Accounts payable and accrued liabilities	56,034	23,603	635,860	715,497	
Collections in advance- membership fees	740,425	30,729		771,154	
Due to New York State retirement systems	2,728	3,208	36,420	42,356	
Compensated absences	1,383	1,235	18,043	20,661	
General obligation bonds payable	176,727		969,143	1,145,870	
Claims and judgments payable					731,311
Total Current Liabilities	<u>977,297</u>	<u>58,775</u>	<u>1,659,466</u>	<u>2,695,538</u>	<u>731,311</u>
Noncurrent Liabilities:					
Compensated absences	12,450	11,115	162,387	185,952	
Other postemployment benefits payable	306,379	167,203	2,934,399	3,407,981	
General obligation bonds payable	2,147,438		5,837,173	7,984,611	
Claims and judgments payable					2,659,391
Net pension liability - proportionate share	31,948	13,927	163,999	209,874	
Total Noncurrent Liabilities	<u>2,498,215</u>	<u>192,245</u>	<u>9,097,958</u>	<u>11,788,418</u>	<u>2,659,391</u>
Total Liabilities	<u>3,475,512</u>	<u>251,020</u>	<u>10,757,424</u>	<u>14,483,956</u>	<u>3,390,702</u>
DEFERRED INFLOWS OF RESOURCES					
Pensions	104,731	45,675	537,825	688,231	
Total Deferred Inflows of Resources	<u>104,731</u>	<u>45,675</u>	<u>537,825</u>	<u>688,231</u>	<u>-0-</u>
NET POSITION					
Net investment in capital assets	(131,765)	74,760	10,349,103	10,292,098	
Unrestricted	(451,933)	158,278	11,490,195	11,196,540	2,884,206
Total Net Position	<u>\$ (583,698)</u>	<u>\$ 233,038</u>	<u>\$ 21,839,298</u>	<u>21,488,638</u>	<u>\$ 2,884,206</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>190,239</u>	
Net Position of business-type activities				<u>\$ 21,678,877</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, 2018

	Business-type Activities - Enterprise Funds				Internal Service Fund
	Pool	Tennis	Water	Total Enterprise Funds	
OPERATING REVENUES					
Charges for services:					
Water sales			\$ 5,262,548	\$ 5,262,548	
Public fire protection			676,877	676,877	
Water services for other governments			164,923	164,923	
Intergovernmental sales			79,094	79,094	
Membership and guest fees	\$ 1,328,761	\$ 515,277		1,844,038	
Other operating revenues	132,004	180	20,574	152,758	\$ 182,448
Premiums Charged for Risk Retention:					
General fund					3,681,074
Enterprise funds					271,209
Component unit - Garden City Public Library					159,509
Total Operating Revenues	<u>1,460,765</u>	<u>515,457</u>	<u>6,204,016</u>	<u>8,180,238</u>	<u>4,294,240</u>
OPERATING EXPENSES					
Pumping			1,056,464	1,056,464	
Transmission and distribution			535,124	535,124	
Purification			385,112	385,112	
Other operating expenses	806,286	294,303	835,056	1,935,645	
Administrative and general	277,508	94,541	1,115,211	1,487,260	16,625
Depreciation	234,372	4,150	898,168	1,136,690	
Excess insurance					1,213,410
Claims and judgments					823,525
Workers' compensation					1,998,893
Total Operating Expenses	<u>1,318,166</u>	<u>392,994</u>	<u>4,825,135</u>	<u>6,536,295</u>	<u>4,052,453</u>
Income from Operations	<u>142,599</u>	<u>122,463</u>	<u>1,378,881</u>	<u>1,643,943</u>	<u>241,787</u>
NON-OPERATING REVENUES (EXPENSES)					
Interest on investments	5,453	713	32,919	39,085	12,793
Interest on debt	(61,079)	-0-	(221,437)	(282,516)	
Total Non-Operating Revenues (Expenses)	<u>(55,626)</u>	<u>713</u>	<u>(188,518)</u>	<u>(243,431)</u>	<u>12,793</u>
Income before Transfers	86,973	123,176	1,190,363	1,400,512	254,580
Transfer In	34,000			34,000	
Changes in Net Position	120,973	123,176	1,190,363	1,434,512	254,580
Total Net Position at Beginning of Year					
	<u>(704,671)</u>	<u>109,862</u>	<u>20,648,935</u>		<u>2,629,626</u>
Total Net Position at End of Year					
	<u>\$ (583,698)</u>	<u>\$ 233,038</u>	<u>\$ 21,839,298</u>		<u>\$ 2,884,206</u>
Adjustment for the net effect of the current year activity between the Internal Service Fund and Enterprise Funds				<u>(2,810)</u>	
Changes in Net Position of business-type activities				<u>\$ 1,431,702</u>	

See notes to the financial statements.

INCORPORATED VILLAGE OF GARDEN CITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended May 31, 2018

	Business-type Activities - Enterprise Funds				Internal Service Fund
	Pool	Tennis	Water	Total Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES					
Revenue Collected:					
Water sales			\$ 5,298,575	\$ 5,298,575	
Public fire protection			676,877	676,877	
Water services for other governments			164,923	164,923	
Intergovernmental sales			79,094	79,094	
Membership and guest fees	\$ 1,295,817	\$ 487,730		1,783,547	
Other receipts	132,004	180	20,574	152,758	\$ 182,448
Cash for interfund services provided					4,111,792
Payments for Expenses:					
Payments to suppliers	(371,818)	(114,337)	(1,316,848)	(1,803,003)	(4,289,686)
Compensation and related expenses	(613,464)	(223,650)	(2,185,327)	(3,022,441)	
Cash paid for internal services provided	(65,000)	(9,209)	(197,000)	(271,209)	
Net Cash Provided by Operating Activities	377,539	140,714	2,540,868	3,059,121	4,554
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES					
Transfers from other funds	34,000			34,000	
Net Cash Provided by Noncapital and Related Financing Activities	34,000	-0-	-0-	34,000	-0-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	(61,205)	(1,200)	(1,800,065)	(1,862,470)	
Principal paid on capital debt	(171,893)		(943,968)	(1,115,861)	
Interest paid on capital debt	(61,958)		(223,924)	(285,882)	
Net Cash Used by Capital and Related Financing Activities	(295,056)	(1,200)	(2,967,957)	(3,264,213)	-0-
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and earnings received	1,069	713	28,646	30,428	12,793
Net Cash Provided by Investing Activities	1,069	713	28,646	30,428	12,793
Net Change in Cash	117,552	140,227	(398,443)	(140,664)	17,347
Cash at Beginning of Year	600,296	276,451	14,457,478	15,334,225	6,257,561
Cash at End of Year	\$ 717,848	\$ 416,678	\$ 14,059,035	\$ 15,193,561	\$ 6,274,908

(continued)

See notes to the financial statements.

INCORPORATED VILLAGE OF GARDEN CITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended May 31, 2018

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

(continued)

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

Income from Operations	\$ 142,599	\$ 122,463	\$ 1,378,881	\$ 1,643,943	\$ 241,787
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Accounts receivable	900		36,027	36,927	
Deferred outflows related to pensions	(53,699)	(13,086)	(102,782)	(169,567)	
Depreciation expense	234,372	4,150	898,168	1,136,690	
Accounts payable and accrued liabilities	(62,674)	7,533	48,097	(7,044)	
Due to New York State retirement systems	28	877	4,342	5,247	
Compensated absences	(3,833)	1,295	14,755	12,217	
Other postemployment benefits payable	27,528	17,837	137,771	183,136	
Collections in advance	(33,844)	(27,547)		(61,391)	
Net pension liability - proportionate share	29,767	(11,286)	(313,177)	(294,696)	
Deferred inflows related to pensions	96,395	38,478	438,786	573,659	
Claims and judgments payable					(237,233)
Net Cash Provided by Operating Activities	\$ 377,539	\$ 140,714	\$ 2,540,868	\$ 3,059,121	\$ 4,554

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

Amortization of bond premiums	\$ 4,384		\$ 4,273	\$ 8,657	
Accounts payable and accrued liabilities related to capital assets			382,386	382,386	
Total Noncash Investing, Capital and Financing Activities	\$ 4,384	\$ -0-	\$ 386,659	\$ 391,043	\$ -0-

See notes to the financial statements.

INCORPORATED VILLAGE OF GARDEN CITY
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUND
 May 31, 2018

		<u>Agency Fund</u>
ASSETS		
Cash	\$	3,868,556
Due from others		<u>6,701</u>
Total Assets	\$	<u>3,875,257</u>
 LIABILITIES		
Building fees and other deposits	\$	3,234,863
Unclaimed funds		174,624
Justice court fund		158,933
Other agency liabilities		<u>306,837</u>
Total Liabilities	\$	<u>3,875,257</u>

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 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, surpluses 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 proprietary 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, 2018, 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, 2018.

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 through March 27, 2018 and \$2,500 subsequent to March 27, 2018 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 \$11,385,281, of which \$10,816,617 relates to governmental activities and \$568,664 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 \$9,625,918, of which \$8,937,687 relates to governmental activities and \$688,231 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 financial 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, 2018, 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, 2018, the maximum amount of taxes which could be levied by the Village based on the foregoing was \$120,868,769. The actual real property taxes levied by the Village for the year ended May 31, 2018 was \$49,564,239. 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 System (the "System") have been determined on the same basis as they are reported by the System. For this purpose, the System recognizes 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, 2018, the Village adopted:

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,*" which clarifies 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 the current year. The remaining requirements were effective in the prior year. The implementation of this Statement had no impact on the Village's financial statements.

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 implementation of this Statement had no impact on the Village's financial statements.

Statement No. 81, "*Irrevocable Split-Interest Agreements,*" provides guidance over financial reporting for irrevocable split-interest agreements where the government is a beneficiary of the agreement. The implementation of this Statement had no 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. 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. The implementation of this Statement had no significant 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.
- 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.

INCORPORATED VILLAGE OF GARDEN CITY
NOTES TO FINANCIAL STATEMENTS

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

A. BUDGETARY INFORMATION (continued)

Budget Policies (continued)

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:				
Long-term receivable		\$ 58,326		\$ 58,326
Inventory	\$ 930,801			930,801
Total Nonspendable	<u>930,801</u>	<u>58,326</u>	<u>\$ -0-</u>	<u>989,127</u>
Restricted for:				
Grantor and donor restrictions			70,727	70,727
Debt service	101,316			101,316
Employee benefit accrued liabilities	2,206,025			2,206,025
Other restrictions	38,400			38,400
Total Restricted	<u>2,345,741</u>	<u>-0-</u>	<u>70,727</u>	<u>2,416,468</u>
Assigned to:				
Subsequent year's budget	1,444,599		51,987	1,496,586
Subsequent year's employee benefit accrued liabilities *	750,000			750,000
Purchases on order	2,121,393	2,360,573	19,430	4,501,396
Special revenue fund			23	23
Total Assigned	<u>4,315,992</u>	<u>2,360,573</u>	<u>71,440</u>	<u>6,748,005</u>
Unassigned, reported in:				
General Fund	9,988,590			9,988,590
Total Unassigned	<u>9,988,590</u>	<u>-0-</u>	<u>-0-</u>	<u>9,988,590</u>
Total Fund Balances	<u>\$ 17,581,124</u>	<u>\$ 2,418,899</u>	<u>\$ 142,167</u>	<u>\$ 20,142,190</u>

*Effective June 1, 2018, this assignment will become restricted fund balance per the Village's 2018-2019 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, 2018, the Village's cash book balance was \$48,754,208. This amount is inclusive of Fiduciary Fund deposits of \$3,868,556 and restricted cash of \$2,416,468 but exclusive of petty cash of \$831. The bank balance was \$49,409,126. Of the bank balance, \$967,577 was covered by Federal deposit insurance, and \$48,441,549 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, 2018, 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 \$2,345,741 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 \$70,727 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, 2018, transfers were used to move General Fund resources to the Library Fund for operations, the Pool Fund for capital related 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, 2018 is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General Fund	\$ 92,000	\$ 7,908,558
Capital Projects Fund	4,809,050	92,000
Nonmajor Fund:		
Library Fund	3,065,508	
Proprietary Fund:		
Pool Fund	34,000	
Total	<u>\$ 8,000,558</u>	<u>\$ 8,000,558</u>

C. CAPITAL ASSETS

A summary of changes within the governmental activities capital assets for the year ended May 31, 2018 is as follows:

	<u>Balance June 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance May 31, 2018</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 16,748,023			\$ 16,748,023
Depreciable capital assets:				
Buildings	34,310,610	\$ 2,548,485		36,859,095
Improvements other than buildings	7,765,641	374,881		8,140,522
Machinery and equipment	22,455,655	1,788,950	\$ 417,311	23,827,294
Infrastructure:				
Roads, curbs and sidewalks	46,971,589	1,788,206		48,759,795
Drainage and sewer systems	11,215,328	554,298		11,769,626
Total depreciable capital assets	<u>122,718,823</u>	<u>7,054,820</u>	<u>417,311</u>	<u>129,356,332</u>
Less accumulated depreciation:				
Buildings	22,405,909	2,053,570		24,459,479
Improvements other than buildings	6,897,916	179,016		7,076,932
Machinery and equipment	16,111,554	1,328,916	391,505	17,048,965
Infrastructure:				
Roads, curbs and sidewalks	27,486,411	1,894,405		29,380,816
Drainage and sewer systems	7,439,891	221,132		7,661,023
Total accumulated depreciation	<u>\$ 80,341,681</u>	<u>\$ 5,677,039</u>	<u>\$ 391,505</u>	<u>85,627,215</u>
Total net depreciable capital assets				<u>43,729,117</u>
Total net capital assets				<u>\$ 60,477,140</u>
Depreciation expense was charged to governmental functions as follows:				
General government support				\$ 1,054,596
Public safety				681,490
Transportation				1,657,538
Culture and recreation				1,695,115
Home and community services				588,300
Total depreciation expense - governmental activities				<u>\$ 5,677,039</u>

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, 2018 is as follows:

	Balance June 1, 2017	Additions	Deletions	Balance May 31, 2018
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 69,212			\$ 69,212
Construction in progress	1,809,331	\$ 1,451,325	\$ 1,664,445	1,596,211
Total capital assets not being depreciated	<u>1,878,543</u>	<u>1,451,325</u>	<u>1,664,445</u>	<u>1,665,423</u>
Depreciable capital assets:				
Buildings	11,529,123	1,509		11,530,632
Improvements other than buildings	17,813,334	225,608	25	18,038,917
Machinery and equipment	14,069,207	1,540,000		15,609,207
Total depreciable capital assets	<u>43,411,664</u>	<u>1,767,117</u>	<u>25</u>	<u>45,178,756</u>
Less accumulated depreciation:				
Buildings	7,640,934	283,487		7,924,421
Improvements other than buildings	6,589,495	350,018		6,939,513
Machinery and equipment	11,672,095	503,185		12,175,280
Total accumulated depreciation	<u>\$ 25,902,524</u>	<u>\$ 1,136,690</u>	<u>\$ -0-</u>	<u>27,039,214</u>
Total net depreciable capital assets				<u>18,139,542</u>
Total net capital assets				<u>\$ 19,804,965</u>
Depreciation expense was charged to functions as follows:				
Culture and recreation - pool and tennis activities				\$ 238,523
Home and community services - water services				898,167
Total depreciation expense - business-type activities				<u>\$ 1,136,690</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, 2018.

D. INDEBTEDNESS

LONG-TERM DEBT

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, 2018, 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%	\$ 270,000
Community Park improvements, 2008	2,350,000	2022	3.000% - 3.600%	700,000
Village Hall improvements, 2010	2,555,500	2025	1.500% - 3.500%	1,050,000
Various road and lighting improvements, resurfacing of parking fields, 2012	3,875,000	2027	2.000% - 2.625%	1,800,000
Various road and building improvements, acquisition of fire truck, 2014	2,189,500	2024	1.000 - 2.000%	1,560,000
Various road and curb installation, building demolition, 2015	3,090,000	2025	2.000% - 2.375%	2,520,000
Senior recreation center/road repairs, 2015	3,500,000	2025	1.250% - 2.000%	3,180,000
Various road, building and sewer improvements, field rehabilitation, acquisition of various equipment, 2016	6,735,380	2033	2.000%-3.000%	<u>6,396,242</u>
Total Governmental Activities				<u>\$ 17,476,242</u>

Business-type Activities:

Description of Issue and Purpose	Original Debt	Year of Final Maturity	Interest Rate	Outstanding Balance
Water Fund:				
Water system improvements, 2006	\$ 1,585,000	2021	4.100% - 4.200%	\$ 405,000
Water system improvements, 2008	4,365,000	2022	3.000% - 3.600%	1,265,000
Water system improvements, 2010	4,210,000	2025	1.500% - 3.500%	1,380,000
Water system improvements, 2015	2,365,535	2031	2.000% - 2.750%	2,115,000
Water meter replacement program, 2016	1,667,602	2033	2.000% - 3.000%	1,583,634
Pool Fund:				
Pool improvements, 2012	2,135,000	2027	2.000% - 2.625%	1,485,000
Pool bathroom renovations, 2016	832,018	2033	2.000% - 3.000%	<u>790,124</u>
Total Business-type Activities				<u>\$ 9,023,758</u>

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

Governmental Activities:

	Principal	Interest	Total Principal and Interest
Years ending May 31, 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	1,736,545	241,330	1,977,875
2024 - 2028	5,140,059	669,340	5,809,399
2029 - 2033	<u>2,457,854</u>	<u>225,691</u>	<u>2,683,545</u>
Total	<u>\$ 17,476,242</u>	<u>\$ 2,615,724</u>	<u>\$ 20,091,966</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, 2019	\$ 964,870	\$ 197,130	\$ 172,344	\$ 58,860	\$ 1,393,204
2020	947,579	167,379	173,696	54,990	1,343,644
2021	855,287	137,157	175,047	51,079	1,218,570
2022	732,995	109,753	186,398	46,905	1,076,051
2023	415,705	87,187	242,750	42,248	787,890
2024 - 2028	1,678,666	275,312	1,021,275	118,442	3,093,695
2029 - 2033	1,153,532	77,906	303,614	27,865	1,562,917
Total	<u>\$ 6,748,634</u>	<u>\$ 1,051,824</u>	<u>\$ 2,275,124</u>	<u>\$ 400,389</u>	<u>\$ 10,475,971</u>

There are no outstanding general obligation bonds for the Tennis Fund as of May 31, 2018.

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activities for the year ended May 31, 2018 are as follows:

	Balance June 1, 2017	Increases	Reductions	Balance May 31, 2018	Noncurrent liabilities due within one year	Noncurrent liabilities
Governmental Activities:						
General obligation bonds	\$ 19,400,380		\$ 1,924,138	\$ 17,476,242	\$ 1,967,786	\$ 15,508,456
Plus premiums on issuance	360,995		31,707	329,288	31,707	297,581
Total general obligation bonds	19,761,375	\$ -0-	1,955,845	17,805,530	1,999,493	15,806,037
Compensated absences	8,404,468	795,241	779,194	8,420,515	1,397,575	7,022,940
Claims and judgments payable	5,927,935	980,873	618,106	6,290,702	3,631,311	2,659,391
Tax certioraris payable	2,978,624	491,550	901,550	2,568,624	2,568,624	
Net pension liability - proportionate share	8,912,781	6,206,410	11,475,782	3,643,409		3,643,409
Other postemployment benefits payable	48,794,381	7,931,915	2,926,922	53,799,374		53,799,374
Governmental activities long-term liabilities	<u>\$ 94,779,564</u>	<u>\$ 16,405,989</u>	<u>\$ 18,657,399</u>	<u>\$ 92,528,154</u>	<u>\$ 9,597,003</u>	<u>\$ 82,931,151</u>
Business-type Activities:						
General obligation bonds	\$ 10,139,620		\$ 1,115,862	\$ 9,023,758	\$ 1,137,214	\$ 7,886,544
Plus premiums on issuance	115,379		8,656	106,723	8,656	98,067
Total general obligation bonds	10,254,999	\$ -0-	1,124,518	9,130,481	1,145,870	7,984,611
Compensated absences	194,396	17,610	5,393	206,613	20,661	185,952
Net pension liability - proportionate share	504,570	534,314	829,010	209,874		209,874
Other postemployment benefits payable	3,224,845	352,226	169,090	3,407,981		3,407,981
Business-type activities long-term liabilities	<u>\$ 14,178,810</u>	<u>\$ 904,150</u>	<u>\$ 2,128,011</u>	<u>\$ 12,954,949</u>	<u>\$ 1,166,531</u>	<u>\$ 11,788,418</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 SYSTEM

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 System (the "System"). ERS and PFRS are cost-sharing multiple-employer, defined benefit plans. 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 fiduciary 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 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 SYSTEM (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 of employment. 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 of employment. 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 SYSTEM (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.

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 retirees, 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 SYSTEM (continued)

Contributions

Generally, Tier 3, 4, and 5 members must contribute 3% of their salary to the System. As a result of Article 10 of the NYSRSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1976, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. 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 System's 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 & Miscellaneous Adjustments</u>	<u>Prepayment Discount</u>	<u>Total Payment</u>	
2018 \$ 2,003,949	\$ 6,119	\$ (16,928)	\$	1,993,140
2017 2,138,442	7,328	(18,009)		2,127,761
2016 2,534,997	(37,618)	(22,813)		2,474,566

<u>Annual Required Contribution - PFRS</u>				
<u>Amount</u>	<u>Credits & Miscellaneous Adjustments</u>	<u>Prepayment Discount</u>	<u>Total Payment</u>	
2018 \$ 2,459,468	\$ -0-	\$ (20,712)	\$	2,438,756
2017 2,461,617	-0-	(20,730)		2,440,887
2016 2,461,576	818,824	(22,152)		3,258,248

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, 2018, the Village reported a liability of \$3,853,283 for its proportionate share of the net pension liability for the System. The net pension liability was measured as of March 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2017. 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 SYSTEM (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 System and the related employer allocation percentage as of March 31, 2018 (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	\$ 1,638,357 *	0.0507633%	-0.001714200%
PFRS	2,214,926	0.2191354%	0.002675700%

*The Village's portion of the net pension liability for ERS in the amount of \$1,638,357 is reported in the governmental activities and business-type activities in the amount of \$1,428,483 and \$209,874, 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, 2017 to March 31, 2018.

For the year ended May 31, 2018, the Village recognized pension expense of \$4,604,024 in the government-wide and proprietary fund financial statements, of which \$4,234,029 was related to governmental activities and \$369,995 was for business-type activities.

At May 31, 2018, 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	\$ 584,349	\$ 911,642
Changes of assumptions	1,086,366	1,678,208
Net difference between projected and actual earnings on pension plan investments	2,379,584	1,792,723
Changes in proportion and differences between the Village's contributions and proportionate share of contributions	58,812	1,837,491
Village's contribution subsequent to the measurement date	336,010	720,096
Total Deferred Outflow - Pension	<u>\$ 4,445,121</u>	<u>\$ 6,940,160</u>

INCORPORATED VILLAGE OF GARDEN CITY
NOTES TO FINANCIAL STATEMENTS

3. DETAIL NOTES ON ALL FUNDS (continued)

E. RETIREMENT SYSTEM (continued)

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

At May 31, 2018, 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	\$ 482,884	\$ 588,557
Changes of assumptions		
Net difference between projected and actual earnings on pension plan investments	4,697,060	3,610,447
Changes in proportion and differences between the Village's contributions and proportionate share of contributions	192,836	54,134
Total Deferred Inflow - Pension	\$ 5,372,780	\$ 4,253,138

Contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended May 31, 2019. 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 years ending March 31, 2019	\$ 299,857	\$ 1,011,893
2020	235,025	961,265
2021	(1,226,033)	(51,697)
2022	(572,518)	(133,847)
2023	-0-	179,312
	\$ (1,263,669)	\$ 1,966,926

Actuarial Assumptions

The total pension liability as of the measurement date of March 31, 2018 was determined by using an actuarial valuation as of April 1, 2017, 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, 2018	March 31, 2018
Actuarial valuation date	April 1, 2017	April 1, 2017
Investment rate of return *	7.0%	7.0%
Salary increases	3.8%	4.5%
Cost-of-living adjustments	1.3%	1.3%
Inflation rate	2.5%	2.5%

*Net of investment expense, including inflation

INCORPORATED VILLAGE OF GARDEN CITY
NOTES TO FINANCIAL STATEMENTS

3. DETAIL NOTES ON ALL FUNDS (continued)

E. RETIREMENT SYSTEM (continued)

Actuarial Assumptions (continued)

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, 2017 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.

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2018 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Rate of Return</u>
Domestic equity	36.0%	4.55%
International equity	14.0%	6.35%
Private equity	10.0%	7.50%
Real estate	10.0%	5.55%
Absolute return strategies *	2.0%	3.75%
Opportunistic portfolio	3.0%	5.68%
Real assets	3.0%	5.29%
Bonds and mortgages	17.0%	1.31%
Cash	1.0%	-0.25%
Inflation indexed bonds	4.0%	1.25%
	<u>100.0%</u>	

The real rate of return is net of the long-term inflation assumption of 2.50%.

*Excludes equity-orientated long-only funds. For investment management purposes, these funds are included in domestic equity and international equity.

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.

INCORPORATED VILLAGE OF GARDEN CITY
NOTES TO FINANCIAL STATEMENTS

3. DETAIL NOTES ON ALL FUNDS (continued)

E. RETIREMENT SYSTEM (continued)

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	\$ 12,396,251	\$ 1,638,357	\$ (7,462,391)
PFRS	10,849,309	2,214,926	(5,027,295)

The components of the current year net pension liability of the employers participating in the System as of March 31, 2018 was as follows (in thousands):

	ERS	PFRS
Valuation date	April 1, 2017	April 1, 2017
Employers' total pension liability	\$ 183,400,590	\$ 32,914,423
Plan fiduciary net position	(180,173,145)	(31,903,666)
Employers' net pension liability	\$ 3,227,445	\$ 1,010,757
Ratio of plan fiduciary net position to the Employers' total pension liability	98.24%	96.93%

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 and monitors investment performance. The Village is the plan sponsor.

INCORPORATED VILLAGE OF GARDEN CITY
NOTES TO FINANCIAL STATEMENTS

3. DETAIL NOTES ON ALL FUNDS (continued)

F. DEFERRED COMPENSATION PLAN (continued)

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 \$1,599,454 for the Plan year ended December 31, 2017.

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.

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.

INCORPORATED VILLAGE OF GARDEN CITY
NOTES TO FINANCIAL STATEMENTS

3. DETAIL NOTES ON ALL FUNDS (continued)

G. OTHER POSTEMPLOYMENT BENEFITS (continued)

Plan Description (continued)

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:

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

*This includes 16 surviving spouses.

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

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, 2018, the Village's annual other postemployment benefits cost (expense) was \$8,284,141 of which \$7,931,915 was related to governmental activities and \$352,226 was related to business-type activities. The annual expense, inclusive of current health insurance premiums, totaled \$3,096,012 for retirees and their beneficiaries, of which \$2,926,922 was related to governmental activities and \$169,090 was related to business-type activities. The result was an increase in the other postemployment benefits liability of \$5,188,129 of which \$5,004,993 was related to governmental activities and \$183,136 was related to business-type activities for the year ended May 31, 2018.

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)

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)	<u>\$ 104,972,108</u>	<u>\$ 100,121,824</u>	<u>\$ 4,850,284</u>

The Village's annual other postemployment benefit cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the 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	5,838,271	5,568,511	269,760
Interest	349,866	334,383	15,483
Annual required contribution (ARC)	9,096,544	8,693,954	402,590
Interest on net OPEB obligation	2,080,769	1,951,775	128,994
Adjustment to ARC	(2,893,172)	(2,713,814)	(179,358)
OPEB Cost	8,284,141	7,931,915	352,226
Less: Contribution for year ended May 31, 2018	3,096,012	2,926,922	169,090
Increase in other postemployment benefits liability	5,188,129	5,004,993	183,136
Other postemployment benefits liability at May 31, 2017*	52,019,226	48,794,381	3,224,845
Other postemployment benefits liability at May 31, 2018	<u>\$ 57,207,355</u>	<u>\$ 53,799,374</u>	<u>\$ 3,407,981</u>
Percent of annual OPEB cost contributed	37.37%	36.90%	48.01%

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

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, 2018	\$ 8,284,141	\$ 3,096,012	37.37%	\$ 57,207,355
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

*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 and May 31, 2018 annual OPEB costs were 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.

INCORPORATED VILLAGE OF GARDEN CITY
NOTES TO FINANCIAL STATEMENTS

3. DETAIL NOTES ON ALL FUNDS (continued)

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.

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, 2018, the value of the Village's accumulated vacation time and sick leave for governmental and business-type activities was \$8,627,128, of which \$2,206,025 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 \$750,000 for compensated absences, which is reported in the assigned fund balance of the General Fund as of May 31, 2018, however will be reclassified to restricted fund balance as of June 1, 2018.

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

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, 2018, the Internal Service Fund had a fund balance surplus of \$2,884,206. The Enterprise Funds' portion of the Internal Service Fund's surplus is \$190,239 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, 2018 and 2017:

	Workers' Compensation		General Liability	
	2018	2017	2018	2017
Unpaid Claims as of June 1 st	\$ 1,416,111	\$ 1,387,396	\$ 2,211,824	\$ 2,049,607
Incurred Claims:				
Provision for insured events of the current fiscal year	-0-*	-0-*	335,743	445,377
Increase (decrease) in net Provision for insured events of prior fiscal years	45,130	351,497	(98,926)	(196,653)
Total Incurred Claims and Claim Adjustments	45,130	351,497	236,817	248,724
Payments of:				
Claims during the current year	(343,657)	(322,782)	(175,523)	(86,507)
Unpaid Claims as of May 31 st	\$ 1,117,584	\$ 1,416,111	\$ 2,273,118	\$ 2,211,824

*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, 2018, the Internal Service Fund charged the following premiums:

Primary Government:

General Fund	\$ 3,681,074
Library Fund	159,509
Water Fund	197,000
Pool Fund	65,000
Tennis Fund	<u>9,209</u>
 Total Premiums	 <u>\$ 4,111,792</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 filed a motion in April 2014 seeking to recover approximately \$5.6 million in attorneys' fees and costs, which amount was subject to increase as the case continued. 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 Second 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. On March 23, 2018, plaintiffs, at the district court's direction, filed a supplemental motion for attorneys' fees and costs, seeking an additional \$1.2 million in attorneys' fees and costs for fees and costs incurred since May 2014, bringing the total requested attorneys' fees and costs to approximately \$6.8 million. The Village has disputed the amount being sought by plaintiffs in their supplemental fee motion. The court has not yet rendered a decision on plaintiffs' motion and supplemental motion on attorneys' fees and costs.

INCORPORATED VILLAGE OF GARDEN CITY
NOTES TO FINANCIAL STATEMENTS

4. COMMITMENTS AND CONTINGENCIES (continued)

C. LITIGATION (continued)

The Village believes that it has insurance coverage for such award if granted by the Court. 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.

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 and related costs was \$901,550 for the year ended 2018.

F. CONSTRUCTION AND OTHER CAPITAL ACQUISITION COMMITMENTS

Construction in progress commitments for equipment purchases and other capital acquisition commitments amounting to \$2,360,573 are assigned in the Capital Projects Fund. Construction in progress and other capital commitments for the proprietary funds totaled \$7,670,596, of which \$7,652,610 related to the Water Fund and \$17,986 related to the Pool 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.

INCORPORATED VILLAGE OF GARDEN CITY
NOTES TO FINANCIAL STATEMENTS

5. SUBSEQUENT EVENTS

In August 2018, the Village issued Public Improvement Bonds 2018 Series A and B in the amounts of \$12,735,000 and \$6,000,000, respectively to finance various capital improvements throughout the Village, machinery and equipment purchases, and the replacement of a water tank.

On August 30, 2018, the Village entered into a Stipulation Agreement with the Professional Firefighters Association of Nassau County, Local 1588 ("Union") and individuals constituting current and former Union members, which settled a) all past and pending litigation involving the Village (i.e. officers, Trustees, employees, agents) and the Union and its members, b) settled the terms and conditions of employment between the Village and the Union, beginning June 1, 2011 and continuing through various dates, c) resolved any pending disciplinary investigations or outstanding internal investigations involving the Village and any paid Firefighters and d) allowed for a transition of the Village Fire Department from a combined paid / volunteer force to an all-volunteer force. As a result of this agreement, the Village reported approximately \$1,576,800 of retroactive salary expenditures, employee benefits and related payroll taxes in the General Fund fund statements and governmental activities for the year ended May 31, 2018. In addition, the Village will be making settlement payments for early retirements and separations from service effective August 2018, including payroll taxes, in the amount of approximately \$1,544,400 to certain Union Members, of which \$1,358,000 will be paid during the year ended May 31, 2019 and \$186,400 during the year ended May 31, 2020. The individuals will continue to receive health benefits in accordance with the latest collective bargaining agreement in effect, as well as be eligible to receive any accrued compensated absences as of the date of retirement / separation. The Village has included approximately \$627,000 in the compensated absences liability on the government-wide financial statements for the employees that are expected to retire or separate from service in the year ended May 31, 2019. There are certain individuals that will remain on paid administrative/ disability leave until eligible for retirement.

6. NEW PRONOUNCEMENTS

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

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. 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. 83, "*Certain Assets Retirement Obligations*," establishes criteria for determining the timing and pattern of recognizing a liability and corresponding deferred outflow of resources for asset retirement obligations. It also addresses that the measurement of both the asset retirement obligation and deferred outflows of resources should be based on the estimate of the current value of expected outlays. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2018.

INCORPORATED VILLAGE OF GARDEN CITY
NOTES TO FINANCIAL STATEMENTS

6. NEW PRONOUNCEMENTS (continued)

Statement No. 84, "*Fiduciary Activities*," establishes criteria for identifying fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. 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.

Statement No. 88, "*Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*," the objective of which is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. This Statement 1) defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established, 2) requires that additional information related to debt be disclosed, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses, and 3) requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2018.

INCORPORATED VILLAGE OF GARDEN CITY
NOTES TO FINANCIAL STATEMENTS

6. NEW PRONOUNCEMENTS (continued)

Statement No. 89, "*Accounting for Interest Cost Incurred Before the End of a Construction Period*," the objectives of which are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. 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, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Real Property Taxes				
Real property taxes	\$ 49,589,239	\$ 49,589,239	\$ 49,580,674	\$ (8,565)
Total Real Property Taxes	49,589,239	49,589,239	49,580,674	(8,565)
Other Real Property Tax Items				
Payment in lieu of taxes	717,941	717,941	732,730	14,789
Interest and penalties on real property tax	105,000	105,000	120,598	15,598
Total Other Real Property Tax Items	822,941	822,941	853,328	30,387
Non-Property Tax Items				
Public utilities gross receipts tax	650,000	650,000	630,108	(19,892)
County sales tax	62,000	62,000	62,159	159
Franchise fees	320,000	320,000	346,490	26,490
Total Non-Property Tax Items	1,032,000	1,032,000	1,038,757	6,757
Departmental Income				
Charges for tax advertising	1,600	1,600	1,625	25
Safety inspection fees	935,000	935,000	2,022,707	1,087,707
Parking lots and garages	225,600	225,600	239,700	14,100
Zoning fees	32,500	32,500	47,750	15,250
Dump permits	6,000	6,000	3,975	(2,025)
Sewer charges	2,700	2,700	2,646	(54)
Refuse and garbage fees	147,000	147,000	152,193	5,193
Park and recreational charges	812,750	812,750	707,918	(104,832)
Public works service	300,000	300,000	206,710	(93,290)
Health fees	7,000	7,000	6,250	(750)
Planning commission fees	2,250	2,250	5,250	3,000
Architectural design review fees	50,000	50,000	62,050	12,050
Police impound fees	7,000	7,000	5,300	(1,700)
Total Departmental Income	2,529,400	2,529,400	3,464,074	934,674
Intergovernmental Charges				
Fire protection services	3,090	3,090	3,156	66
Sewer services	279	279	345	66
Total Intergovernmental Charges	3,369	3,369	3,501	132
Use of Money and Property				
Interest and earnings	20,500	20,500	63,895	43,395
Rental real property	36,471	36,471	36,731	260
Total Use of Money and Property	56,971	56,971	100,626	43,655

(Continued)

INCORPORATED VILLAGE OF GARDEN CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended May 31, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
(continued)				
REVENUES				
Licenses and Permits				
Business and occupational licenses	2,250	2,250	1,030	(1,220)
Dog license fund apportionment	4,750	4,750	6,807	2,057
Permits	276,890	283,535	525,669	242,134
Total Licenses and Permits	283,890	290,535	533,506	242,971
Fines and Forfeitures				
Fines and forfeited bail	1,440,000	1,440,000	1,462,236	22,236
Forfeiture of deposits	1,000	22,763	7,132	(15,631)
Total Fines and Forfeitures	1,441,000	1,462,763	1,469,368	6,605
Special Assessments				
Special assessment - parking lot			6,798	6,798
Total Special Assessments	-0-	-0-	6,798	6,798
Sales of Property and Compensation for Loss				
Minor sales - other	46,000	46,000	50,365	4,365
Sales of equipment	25,000	25,000	37,910	12,910
Insurance recoveries	200,000	227,873	276,094	48,221
Other compensation for losses	15,000	15,000	28,913	13,913
Total Sales of Property and Compensation for Loss	286,000	313,873	393,282	79,409
Miscellaneous Local Sources				
Refund of prior year expenses	20,000	20,000	38,005	18,005
Gifts and donations		3,351	35,139	31,788
Interfund revenues			20,000	20,000
Other miscellaneous local source		264,439	264,439	-0-
Unclassified revenues	10,000	10,000	2,503	(7,497)
Total Miscellaneous Local Sources	30,000	297,790	360,086	62,296
State and Local Aid				
Per capita	207,449	207,449	207,449	-0-
Mortgage tax	550,000	550,000	816,650	266,650
Youth programs	3,100	3,100	612	(2,488)
Consolidated local street and highway improvement aid	493,776	493,776	566,837	73,061
Other	43,873	43,873	35,542	(8,331)
Total State and Local Aid	1,298,198	1,298,198	1,627,090	328,892
Federal Aid				
Police grants			7,021	7,021
Total Federal Aid	-0-	-0-	7,021	7,021
Total Revenues	\$ 57,373,008	\$ 57,697,079	\$ 59,438,111	\$ 1,741,032

(Continued)

INCORPORATED VILLAGE OF GARDEN CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended May 31, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
(Continued)				
EXPENDITURES				
General Government Support				
Board of Trustees:				
Equipment		\$ 5,550	\$ 5,550	\$ -0-
Other expenditures	\$ 4,805	77,805	67,333	10,472
Village Justice:				
Personal services	320,930	447,248	395,386	51,862
Other expenditures	41,387	51,387	40,503	10,884
Administration:				
Personal services	419,568	413,091	388,321	24,770
Equipment	13,500	4,500	1,802	2,698
Other expenditures	19,500	19,500	15,324	4,176
Finance:				
Personal services	616,460	608,546	553,290	55,256
Equipment	2,000	10,000	4,421	5,579
Other expenditures	268,500	305,500	212,383	93,117
Clerk-Treasurer:				
Other expenditures	94,199	94,199	70,857	23,342
Purchasing:				
Personal services	228,444	228,444	197,762	30,682
Other expenditures	6,335	6,335	4,733	1,602
Assessment:				
Other expenditures	46,300	46,300	43,910	2,390
Discount on Taxes	35,000	35,000	32,917	2,083
Law:				
Other expenditures	1,216,175	1,153,174	987,672	165,502
Personnel:				
Personal services	104,006	101,645	92,868	8,777
Equipment		24,900	3,407	21,493
Other expenditures	37,638	63,788	44,731	19,057
Engineer:				
Personal services	316,468	322,849	320,716	2,133
Other expenditures	14,673	8,855	7,021	1,834
Elections:				
Other expenditures	3,791	3,941	3,039	902
Buildings:				
Personal services	87,755	96,634	96,018	616
Other expenditures	196,390	384,649	342,558	42,091
St. Paul School:				
Other expenditures	10,000	10,000	395	9,605
Central Garage:				
Personal services	606,684	596,347	594,090	2,257
Equipment	10,000	10,000	8,270	1,730
Other expenditures	161,652	185,442	174,292	11,150
Central Printing and Mailing:				
Other expenditures	30,000	30,000	26,682	3,318
Central Data Processing:				
Personal services	99,326	99,326	99,148	178
Other expenditures	131,467	166,467	156,972	9,495
Municipal Association Dues	20,000	25,000	24,038	962
Refunds of Real Property Taxes	2,978,624	2,270,540	901,550	1,368,990

(Continued)

INCORPORATED VILLAGE OF GARDEN CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended May 31, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
(Continued)				
<u>EXPENDITURES</u>				
General Government Support (continued)				
Insurance charges	3,681,074	3,681,074	3,681,074	-0-
MTA payroll tax	75,103	76,032	76,031	1
Contingency	1,002,764	304		304
Total General Government Support	<u>12,900,518</u>	<u>11,664,372</u>	<u>9,675,064</u>	<u>1,989,308</u>
Public Safety				
Police Department:				
Personal services	9,675,229	9,962,390	9,803,550	158,840
Equipment	8,000	8,000	7,826	174
Other expenditures	468,318	498,182	351,603	146,579
Fire Department:				
Personal services	1,640,768	2,958,162	2,958,084	78
Equipment	101,103	164,698	99,423	65,275
Other expenditures	1,380,833	1,410,165	1,189,313	220,852
Safety Inspection:				
Personal services	706,654	744,745	709,810	34,935
Equipment	14,013	14,013	9,161	4,852
Other expenditures	79,164	132,233	74,539	57,694
Total Public Safety	<u>14,074,082</u>	<u>15,892,588</u>	<u>15,203,309</u>	<u>689,279</u>
Transportation				
Street Administration:				
Personal services	275,153	201,227	201,227	-0-
Other expenditures	42,188	80,464	73,089	7,375
Street Maintenance:				
Personal services	808,919	844,525	842,526	1,999
Other expenditures	232,206	266,680	251,056	15,624
Snow Removal:				
Personal services	160,000	185,692	185,348	344
Other expenditures	206,300	276,143	274,318	1,825
Street Lighting:				
Personal services	138,297	140,138	139,110	1,028
Equipment	1,000	400		400
Other expenditures	546,546	520,929	466,215	54,714
Total Transportation	<u>2,410,609</u>	<u>2,516,198</u>	<u>2,432,889</u>	<u>83,309</u>
Economic Assistance and Opportunity				
Publicity:				
Other expenditures	32,000	47,000	45,087	1,913
Total Economic Assistance and Opportunity	<u>32,000</u>	<u>47,000</u>	<u>45,087</u>	<u>1,913</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, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
(Continued)				
<u>EXPENDITURES</u>				
Culture and Recreation				
Parks:				
Personal services	1,283,706	1,287,216	1,243,493	43,723
Equipment	2,000	2,000	896	1,104
Other expenditures	563,690	612,564	532,159	80,405
Playgrounds and Recreation Centers:				
Personal services	1,766,925	1,786,412	1,635,106	151,306
Equipment	11,245	14,596	13,532	1,064
Other expenditures	1,031,335	1,031,335	816,753	214,582
Concerts:				
Other expenditures	20,000	20,000	6,139	13,861
Historian:				
Other expenditures	1,500	1,500	1,487	13
Total Culture and Recreation	4,680,401	4,755,623	4,249,565	506,058
Home and Community Services				
Sanitary Sewers:				
Personal services	236,267	244,726	244,726	-0-
Equipment	87,900	87,900	55,203	32,697
Other expenditures	91,142	117,142	61,085	56,057
Storm Sewers:				
Personal services	106,337	107,076	107,076	-0-
Other expenditures	38,223	52,485	39,553	12,932
Refuse and Garbage:				
Personal services	1,768,249	1,833,249	1,822,637	10,612
Other expenditures	1,580,727	1,504,261	1,477,786	26,475
Street Cleaning:				
Personal services	487,742	498,806	498,763	43
Other expenditures	87,138	88,157	84,175	3,982
Other Sanitation:				
Personal services	253,203	253,203	250,406	2,797
Other expenditures	30,000	38,883	33,939	4,944
Total Home and Community Services	4,766,928	4,825,888	4,675,349	150,539

(Continued)

INCORPORATED VILLAGE OF GARDEN CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended May 31, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
(Continued)				
<u>EXPENDITURES</u>				
Employee Benefits				
State retirement	1,651,420	1,536,420	1,535,547	873
Police and fire retirement	2,629,968	2,810,565	2,810,565	-0-
Social security	1,667,728	1,542,728	1,542,236	492
Unemployment insurance		11,000	3,724	7,276
Hospital and medical insurance	7,186,759	6,878,743	6,853,127	25,616
Total Employee Benefits	<u>13,135,875</u>	<u>12,779,456</u>	<u>12,745,199</u>	<u>34,257</u>
Debt Service				
Principal	1,924,138	1,924,138	1,924,138	-0-
Interest	485,503	485,503	483,503	2,000
Total Debt Service	<u>2,409,641</u>	<u>2,409,641</u>	<u>2,407,641</u>	<u>2,000</u>
Total Expenditures	<u>54,410,054</u>	<u>54,890,766</u>	<u>51,434,103</u>	<u>3,456,663</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,962,954	2,806,313	8,004,008	5,197,695
Other Financing Sources (Uses)				
Transfers in		92,000	92,000	-0-
Transfers out	(6,436,508)	(7,908,558)	(7,908,558)	-0-
Total Other Financing Sources (Uses)	<u>(6,436,508)</u>	<u>(7,816,558)</u>	<u>(7,816,558)</u>	<u>-0-</u>
Net Change in Fund Balance*	<u>\$ (3,473,554)</u>	<u>\$ (5,010,245)</u>	187,450	<u>\$ 5,197,695</u>
Fund Balance at Beginning of Year			<u>17,393,674</u>	
Fund Balance at End of Year			<u>\$ 17,581,124</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, 2018

<u>Actuarial Valuation Date June 1,</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Liability as a Percentage of Covered Payroll</u>
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, 2018

	2018	2017	2016	2015
NYSERS				
Village's proportion of the collective net pension liability	0.0507633%	0.0524775%	0.0554353%	0.0565780%
Village's proportionate share of the net collective pension liability	\$ 1,638,357	\$ 4,930,894	\$ 8,897,521	\$ 1,911,344
Village's covered-employee payroll	\$ 13,247,399	\$ 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	12.37%	35.97%	66.69%	13.81%
Plan fiduciary net position as a percentage of the total pension liability coming from plan	98.24%	94.70%	90.68%	97.95%
NYSFRS				
Village's proportion of the collective net pension liability	0.0219135%	0.2164597%	0.2346579%	0.2310009%
Village's proportionate share of the net collective pension liability	\$ 2,214,926	\$ 4,486,457	\$ 6,947,722	\$ 635,852
Village's covered-employee payroll	\$ 9,740,443	\$ 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	22.74%	40.07%	68.65%	6.34%
Plan fiduciary net position as a percentage of the total pension liability coming from plan.	96.93%	93.46%	90.24%	99.03%

Notes:

Information prior to 2015 was not available. Additional years will be included as information becomes available.

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, 2018

NYSERS										
For the Years Ended May 31,										
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 2,034,344	\$ 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
Contributions in relation to the contractually required contribution	<u>\$ 2,034,344</u>	<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>
Contribution deficiency (excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>							
Village's covered-employee payroll	\$ 13,607,798	\$ 13,563,955	\$ 13,124,194	\$ 13,832,182	\$ 13,927,676	\$ 14,367,336	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	14.95%	15.14%	18.77%	19.79%	21.11%	18.76%	N/A	N/A	N/A	N/A

NYSPFRS										
For the Years Ended May 31,										
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 2,810,565	\$ 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
Contributions in relation to the contractually required contribution	<u>\$ 2,810,565</u>	<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>
Contribution deficiency (excess)	<u>\$ -0-</u>									
Village's covered-employee payroll	\$ 11,331,876	\$ 10,921,231	\$ 10,816,474	\$ 10,109,876	\$ 11,226,524	\$ 11,399,194	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	24.80%	21.52%	30.62%	25.99%	26.78%	23.15%	N/A	N/A	N/A	N/A

N/A Covered-employee payroll for years ended May 2012 through May 2009 was not available.

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.