

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

FINANCIAL STATEMENTS

For The Year Ended May 31, 2016

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



**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
MAY 31, 2016**

INCORPORATED VILLAGE OF GARDEN CITY, NEW YORK

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
MAY 31, 2016**



Prepared by:

*Finance Department
Irene Woo, CPA, Treasurer*

INCORPORATED VILLAGE OF GARDEN CITY
FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2016
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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Incorporated Village of Garden City, New York, (the "Village") as of and for the year ended May 31, 2016, 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.

PERSONAL SERVICE. TRUSTED ADVICE.

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

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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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As described in Note 1H and 3E to the basic financial statements, the Village adopted new accounting guidance, Governmental Accounting Standard Board Statements ("GASB") No. 68 "Accounting and Financial Reporting for Pensions - Amendment to GASB Statement No. 27" and No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date, an Amendment to GASB 68." Accordingly, the unrestricted net position as of June 1, 2015 has been restated. Our opinions are not modified with respect to this matter.

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.

allrecht, Verjeman, Zureck and Company, P.C.

Hauppauge, New York
November 4, 2016

REQUIRED SUPPLEMENTARY INFORMATION
Management's Discussion and Analysis

INCORPORATED VILLAGE OF GARDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
May 31, 2016

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, 2016. 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 \$26,111,854 (net position) at May 31, 2016.
- The Village's total combined net position increased by \$8,341,683 (not including the cumulative effect of change in accounting principle) of which \$2,984,546 was related to a decrease in the governmental activities net position and \$11,326,229 was related to an increase in the business-type activities net position. The increase in the business-type activities included the recognition of a litigation settlement in the amount of \$10,000,000.
- As of May 31, 2016, the Village's governmental funds reported combined ending fund balances of \$15,521,074. Of this amount, \$976,175 is not in spendable form or is required to remain intact. The remaining \$14,544,899 or approximately 94% 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 \$15,467,638, an increase of \$770,113 from the prior year. The assigned and unassigned fund balance for the General Fund was \$14,491,463.
- The Village's total bonded debt (inclusive of general obligation bonds and a special assessment bond but exclusive of premiums) was \$22,840,535, of which \$14,100,000 relates to governmental activities and \$8,740,535 relates to business-type activities. There was an increase in bonded debt in the amount of \$3,221,035, a result of issuance of \$5,865,535 in general obligation bonds, offset by principal payments made in the current year of \$2,644,500.

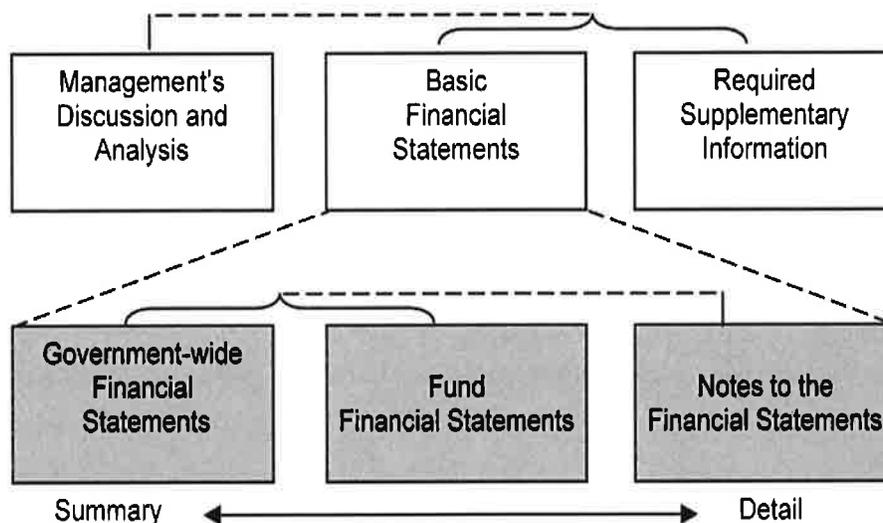
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**INCORPORATED VILLAGE OF GARDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
May 31, 2016**

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, 2016

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Government-wide Financial Statements (continued)

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

**INCORPORATED VILLAGE OF GARDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
May 31, 2016**

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, 2016**

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 outflows by \$26,111,854 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, 2016 and 2015**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Assets						
Current and other assets	\$ 26,314,762	\$ 26,497,413	\$ 15,508,689	\$ 2,888,653	\$ 41,823,451	\$ 29,386,066
Capital assets	57,353,648	53,285,436	18,156,490	16,419,966	75,510,138	69,705,402
Total Assets	83,668,410	79,782,849	33,665,179	19,308,619	117,333,589	99,091,468
Deferred Outflows of Resources	16,306,693	-0-	885,927	-0-	17,192,620	-0-
Liabilities						
Current and other liabilities	9,473,499	8,714,449	3,257,429	1,748,272	12,730,928	10,462,721
Long-term liabilities	81,746,734	60,984,700	11,737,028	9,335,731	93,483,762	70,320,431
Total Liabilities	91,220,233	69,699,149	14,994,457	11,084,003	106,214,690	80,783,152
Deferred Inflows of Resources	2,074,226	-0-	125,439	-0-	2,199,665	-0-
Net Position						
Net investment in capital assets	41,568,955	40,040,740	9,389,444	8,878,414	50,958,399	48,919,154
Restricted	70,608	70,572			70,608	70,572
Unrestricted	(34,958,919)	(30,027,612)	10,041,766	(653,798)	(24,917,153)	(30,681,410)
Total Net Position	\$ 6,680,644	\$ 10,083,700	\$ 19,431,210	\$ 8,224,616	\$ 26,111,854	\$ 18,308,316

Effective June 1, 2015, the Village implemented GASB Statement No. 68, "Accounting and Reporting for Pensions" and GASB Statement No. 71, "Pension Transition Guidance for Contributions Made Subsequent to the Measurement Date." As a result, the Village reported deferred outflows of resources at May 31, 2016 of \$17,192,620, a net proportionate share of New York State Retirement Systems' liability of \$15,845,243 and deferred inflows of resources of \$2,199,665. Additional information on the retirement systems can be found in Note 3.E to the financial statements.

Total assets and deferred outflows of resources of the Village's governmental activities, as of May 31, 2016, were \$99,975,103, an increase of \$20,192,254. Total liabilities and deferred inflows of resources as of May 31, 2016 were \$93,294,459, an increase of \$23,595,310. This resulted in a net position balance of \$6,680,644 for 2016, a decrease of \$3,403,056.

INCORPORATED VILLAGE OF GARDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
May 31, 2016

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Of the Village's governmental activities net position balance, \$41,568,955 was the net investment in capital assets, while \$70,608 was restricted by grantors for a specific purpose, leaving a deficit of \$34,958,919 in the unrestricted net position category.

The largest portion of the governmental activities net position, \$41,568,955, 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, 2016, were \$34,551,106, an increase of \$15,242,487. Total liabilities and deferred inflows as of May 31, 2016 were \$15,119,896, an increase of \$4,035,893. This resulted in a net position balance of \$19,431,210 for 2016, an increase of \$11,206,594.

Of the Village's business-type activities net position balance, \$9,389,444 was the net investment in capital assets, leaving a balance of \$10,041,766 in the unrestricted net position category. The Tennis 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.

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 \$5,355,097 in the current year, bringing the unfunded liability at year end to \$46,341,436. 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, 2016**

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, 2016 and 2015

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Program Revenues						
Charges for services	\$ 4,422,823	\$ 3,646,084	\$ 8,203,070	\$ 7,314,833	\$ 12,625,893	\$ 10,960,917
Operating grants and contributions	780,858	31,476			780,858	31,476
Capital grants and contributions	697,397	2,866,018			697,397	2,866,018
Total Program Revenues	5,901,078	6,543,578	8,203,070	7,314,833	14,104,148	13,858,411
General Revenues						
Real property taxes	48,965,378	48,194,427			48,965,378	48,194,427
Other real property tax items	1,020,619	992,709			1,020,619	992,709
Non-property tax items	1,016,578	1,045,542			1,016,578	1,045,542
Earnings on investments	44,100	105,617	17,730	31,294	61,830	136,911
Sale of property and compensation for loss	432,927	5,043,085			432,927	5,043,085
Grants - unrestricted	943,273	797,869			943,273	797,869
Legal settlement			10,000,000		10,000,000	-0-
Other	1,381,308	1,085,837	3,561	2,185	1,384,869	1,088,022
Total General Revenues	53,804,183	57,265,086	10,021,291	33,479	63,825,474	57,298,565
Total Revenues	59,705,261	63,808,664	18,224,361	7,348,312	77,929,622	71,156,976
Program Expenses						
General government support	13,215,258	12,350,672			13,215,258	12,350,672
Public safety	23,859,451	23,712,330			23,859,451	23,712,330
Transportation	4,988,683	5,360,266			4,988,683	5,360,266
Economic assistance and opportunity	32,470	45,064			32,470	45,064
Culture and recreation	12,162,562	11,742,658			12,162,562	11,742,658
Home and community services	8,103,258	7,908,048			8,103,258	7,908,048
Interest on debt	288,125	268,632			288,125	268,632
Pool			1,305,295	1,312,160	1,305,295	1,312,160
Tennis			389,339	474,828	389,339	474,828
Water			5,243,498	5,388,051	5,243,498	5,388,051
Total Program Expenses	62,649,807	61,387,670	6,938,132	7,175,039	69,587,939	68,562,709
Change in Net Position before Transfers	(2,944,546)	2,420,994	11,286,229	173,273	8,341,683	2,594,267
Transfers in (out)	(40,000)	-0-	40,000	-0-	-0-	-0-
Change in Net Position	(2,984,546)	2,420,994	11,326,229	173,273	8,341,683	2,594,267
Net Position at Beginning of Year, as reported	10,083,700	7,662,706	8,224,616	8,051,343	18,308,316	15,714,049
Cumulative effect of change in accounting principle *	(418,510)	-0-	(119,635)	-0-	(538,145)	-0-
Net Position at Beginning of Year, as restated	9,665,190	7,662,706	8,104,981	8,051,343	17,770,171	15,714,049
Net Position at End of Year	\$ 6,680,644	\$ 10,083,700	\$ 19,431,210	\$ 8,224,616	\$ 26,111,854	\$ 18,308,316

* The Village's financial statements presented herein are for the year ended May 31, 2016 and the cumulative effect of applying GASB Statement No. 68, "Accounting and Reporting for Pensions" and GASB Statement No. 71, "Pension Transition Guidance for Contributions Made Subsequent to the Measurement Date" is shown as an adjustment to the beginning net position of fiscal year 2016. Accordingly, the condensed financial information presented above also reflects this cumulative effect of the accounting change to beginning net position of fiscal year 2016. The condensed financial information for the year ended May 31, 2015 was not restated.

INCORPORATED VILLAGE OF GARDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
May 31, 2016

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

During the year ended May 31, 2016, government-wide revenues increased from the prior year by \$6,772,646 while government-wide expenses increased from the prior year by \$1,025,230.

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 \$776,739, primarily due to a general increase in building, electrical and plumbing inspection fees of \$306,142, as well as an increase in fines and forfeitures of \$364,453 due to increased activity related to summons and parking tickets.
- Increase in the charges for services related to business-type activities of \$888,237, primarily due to an increase in water rates and water sale consumption in the amount of \$849,976.
- Increase in operating grants and contributions of \$749,382, primarily due to the recognition of the state portion of disaster assistance in the amount of \$756,998, related to cleanup costs associated with Hurricane Sandy.
- Decrease in capital grants and contributions, related to governmental activities of \$2,168,621, due to a donation of a building valued at \$1,700,000 and cash in the amount of \$180,000 from Doubleday Court recognized in the prior year. In addition, the Village received \$300,000 from Nassau County's 2006 Environmental Bond Act in the prior year to assist in the remediation and deconstruction of Ellis Hall at St. Paul's campus. These grants and contributions did not recur in the current year.
- Increase in real property taxes of \$770,951 due to an increase in the implied tax rate of the General Fund.
- Decrease in sale of property and compensation for loss of \$4,610,158, primarily as a result of the gain recognized on the sale of the Cherry Valley land in the prior year of which the Village received proceeds in the amount of \$4,690,000.
- Increase in a legal settlement recognized in the Water Fund in the amount of \$10,000,000.
- Increase in general revenue – other of \$295,471, primarily due to the increase in refund of prior year expenditures and insurance recoveries reported in the current year in the amount of \$237,442, a result of a reduction in estimated judgments and claims related to general liability and workers' compensation claims based on an actuarial calculation.

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

- Increase in general government support expenses of \$864,586, primarily a result of increases in tax certiorari settlements against the Village in the current year (\$765,577) and salaries and retirement payouts.

**INCORPORATED VILLAGE OF GARDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
May 31, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

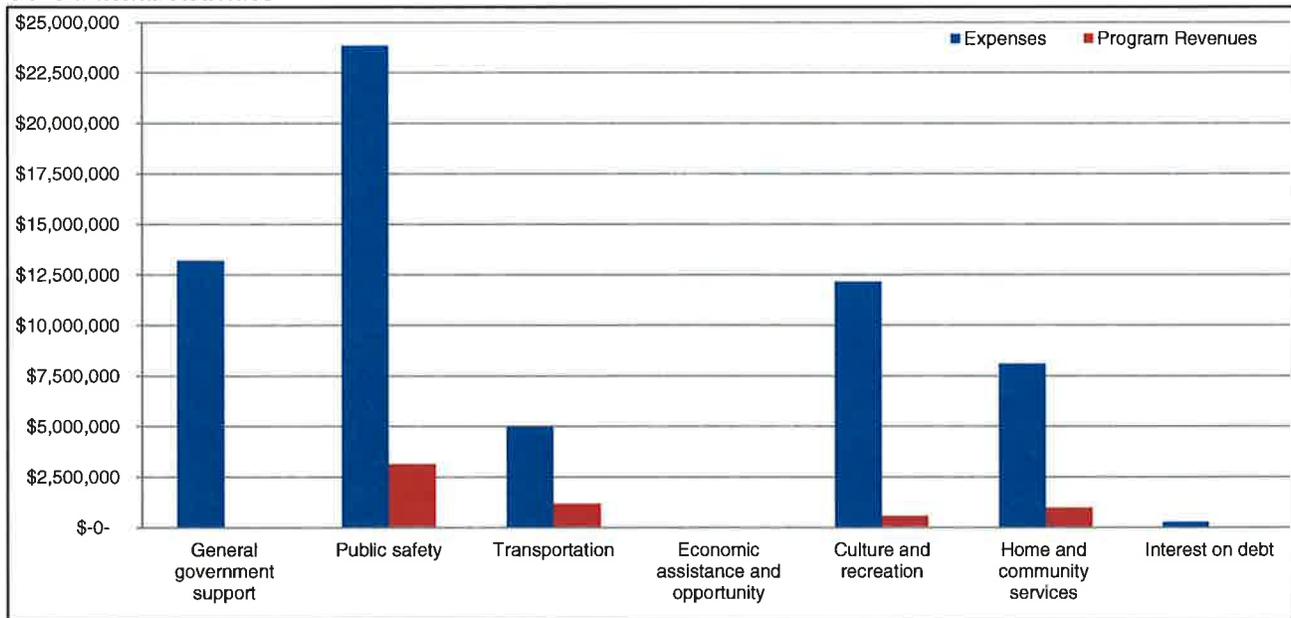
- Decrease in transportation expenses of \$371,583 primarily due to lower payroll, overtime and general material costs for snow removal due to better weather conditions in the current year (\$207,508) and a reduction of street lighting expenses (\$199,137).
- Increase in the culture and recreation expense of \$419,904, due to an increase in pension expense of \$259,346 and additional depreciation expense of \$98,798 recognized related to capital assets included in this category.

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, 2016 and 2015**

	Total Expense of Services		Program Revenues		Net Expense of Services	
	2016	2015	2016	2015	2016	2015
General government support	\$ 13,215,258	\$ 12,350,672	\$ 21,030	\$ 322,442	\$ (13,194,228)	\$ (12,028,230)
Public safety	23,859,451	23,712,330	3,146,595	2,420,887	(20,712,856)	(21,291,443)
Transportation	4,988,683	5,360,266	1,179,621	1,137,961	(3,809,062)	(4,222,305)
Economic assistance and opportunity	32,470	45,064			(32,470)	(45,064)
Culture and recreation	12,162,562	11,742,658	573,263	2,452,594	(11,589,299)	(9,290,064)
Home and community services	8,103,258	7,908,048	980,569	209,694	(7,122,689)	(7,698,354)
Interest on debt	288,125	268,632			(288,125)	(268,632)
	<u>\$ 62,649,807</u>	<u>\$ 61,387,670</u>	<u>\$ 5,901,078</u>	<u>\$ 6,543,578</u>	<u>\$ (56,748,729)</u>	<u>\$ (54,844,092)</u>

**Expenses and Program Revenues
Governmental Activities**



**INCORPORATED VILLAGE OF GARDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
May 31, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

The cost of the governmental activities in the current fiscal year was \$62,649,807. The net cost of these services after being subsidized by program revenues of \$5,901,078 was \$56,748,729.

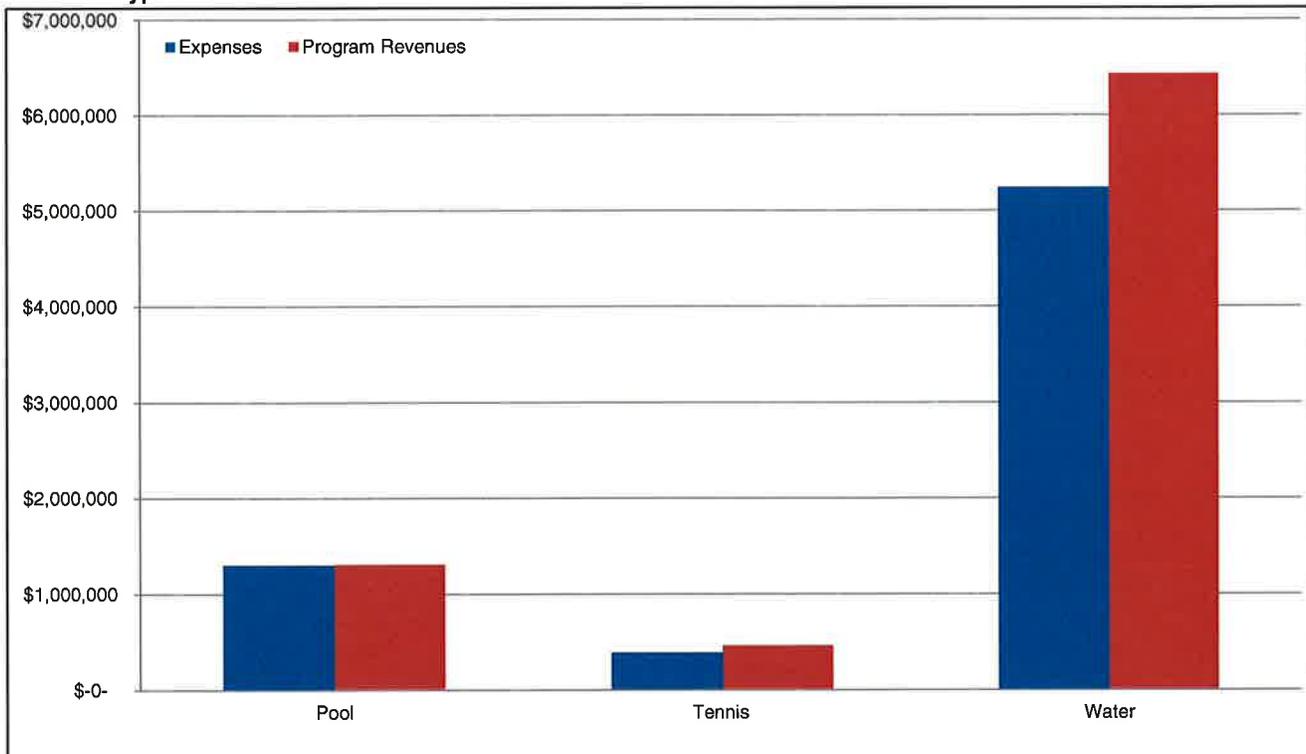
The following illustrates the total cost of services, program revenues by fund and the net cost of services for the Village's business-type activities.

Net (Expense) Revenue of Services *
Business-Type Activities
For Years Ended May 31, 2016 and 2015

	Total Expense of Services		Program Revenues		Net (Expense) Revenue of Services	
	2016	2015	2016	2015	2016	2015
Pool	\$ 1,305,295	\$ 1,312,160	\$ 1,310,507	\$ 1,271,316	\$ 5,212	\$ (40,844)
Tennis	389,339	474,828	462,232	482,113	72,893	7,285
Water	5,243,498	5,388,051	6,430,331	5,561,404	1,186,833	173,353
	<u>\$ 6,938,132</u>	<u>\$ 7,175,039</u>	<u>\$ 8,203,070</u>	<u>\$ 7,314,833</u>	<u>\$ 1,264,938</u>	<u>\$ 139,794</u>

*Presented net of the portion of the Internal Service Fund surplus that was allocated back to the business-type activities for years ended May 31, 2016 and 2015 in the amounts of \$60,889 and \$83,394, respectively. The cumulative amount of the Internal Service Fund's net position that is allocated to the business-type activities as of May 31, 2016 is \$205,909.

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



The cost of the business-type activities in the current fiscal year was \$6,938,132. The net revenue of these services after being subsidized by program revenues of \$8,203,070 was \$1,294,938.

**INCORPORATED VILLAGE OF GARDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
May 31, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

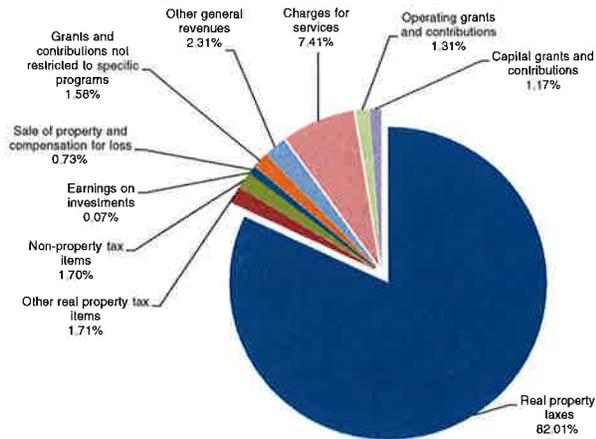
Revenue by Source

Governmental Activities

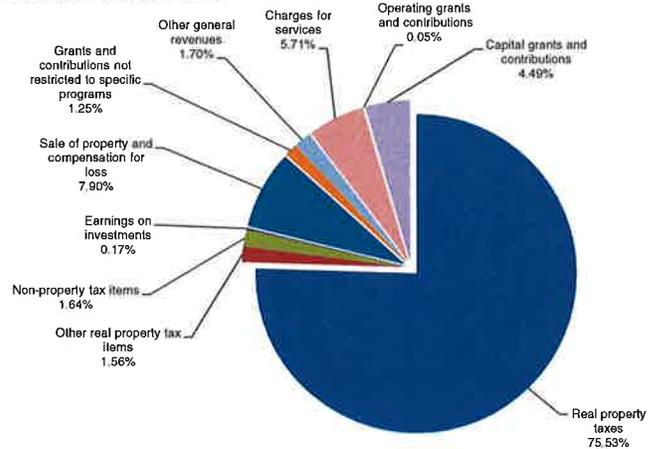
For years ended May 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Real property taxes	\$ 48,965,378	\$ 48,194,427
Other real property tax items	1,020,619	992,709
Non-property tax items	1,016,578	1,045,542
Earnings on investments	44,100	105,617
Sale of property and compensation for loss	432,927	5,043,085
Grants and contributions not restricted to specific programs	943,273	797,869
Other general revenues	1,381,308	1,085,837
Charges for services	4,422,823	3,646,084
Operating grants and contributions	780,858	31,476
Capital grants and contributions	697,397	2,866,018
	<u>\$ 59,705,261</u>	<u>\$ 63,808,664</u>

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



**Revenue by Source
Governmental Activities
For the year ended May 31, 2015**



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, 2016

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS (continued)

Governmental Funds (continued)

At May 31, 2016, the Village's governmental funds reported total ending fund balance of \$15,521,074 a decrease of \$548,492 in comparison to the prior year. The category breakdown is as follows:

- **Nonspendable fund balance** - \$976,175 (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** - \$70,608 (externally enforceable limitations on use) include amounts subject to limitations imposed by creditors, grantors, contributors, or laws and regulations of other governments.
- **Assigned fund balance** - \$5,253,977 (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** - \$9,220,314 (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 \$15,467,638, an increase of \$770,113 from the prior year. Of this amount, \$976,175 is not in spendable form (inventory of material and supplies) and the remaining \$14,491,463 is in spendable form as follows: \$1,271,452 has been assigned by the Village Board for the subsequent year's budget, \$610,191 has been assigned for purchase orders by the Treasurer, \$3,208,238 has been assigned by the Village Board for future employee benefit payments, \$59,336 has been assigned for miscellaneous designations, and the remaining \$9,342,246 represents spendable, unassigned fund balance.

The key elements of the fund balance increase of \$770,113 are as follows:

- There was a budgeted use of prior year fund balance of \$852,618, as well as the prior year encumbrances carried forward in the amount of \$485,248.
- Actual revenues and other financing sources exceeded the final budget by \$2,066,662. This is primarily due to the unexpected collection of the state portion of the emergency disaster grant related to Hurricane Sandy in the amount of \$757,911 and mortgage tax revenues in excess of budgeted expectations in the amount of \$212,013. In addition, safety inspection fees and fines and forfeitures and special assessment revenues exceeded budgeted expectations by \$228,936, \$468,866 and \$239,733, respectively.

INCORPORATED VILLAGE OF GARDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
May 31, 2016

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS (continued)

General Fund (continued)

- Actual expenditures and other financing uses were less than the final budget by \$3,193,228, of which \$610,191 is reserved for encumbrances to be spent in the next fiscal year. General government support expenditures were under budget by \$1,313,563, 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 (\$315,268), unrealized contingency amounts (\$370,560) and lower than anticipated other expenditures across the departments (\$509,154). Public safety expenditures were under budget by \$965,945, due to less other expenditures than expected in the police and fire departments in the amounts of \$220,751 and \$350,549, respectively, and less payroll costs due to a reduction in staff and overtime. Culture and recreation expenditures related to other expenditures were under budget by \$212,861 primarily due to less utility costs, maintenance costs and contractual services for the playground and recreation centers. The Village's employee benefit costs were lower than expected by \$489,835 primarily due to lower contribution rates for the New York State Local Police and Fire Retirement System and open positions.
- Overall, actual revenues and other financing sources decreased from the prior year by \$2,140,663, primarily a result of a decrease in proceeds from the sale of Village properties which took place in the prior year (\$4,690,000) which was offset by increases in real property taxes assessed (\$782,588), higher fines and fees collected due to increased activity related to summons and parking tickets (\$364,453), additional state aid disaster assistance revenue related to debris removal and other cleanup costs from Hurricane Sandy (\$756,998), an increase in mortgage tax (\$145,375), and safety inspection fees collected (\$240,865).
- Overall, actual expenditures and other financing uses increased from the prior year by \$3,297,510, a result of increases in general government support, public safety and employee benefit expenditures in the amounts of \$634,205, \$596,434 and \$670,874, respectively, which was offset by a decrease in transportation expenditures in the amount of \$452,552. During year ended May 31, 2016, the Village transferred out additional funds in the amount of \$1,732,179 compared to the prior year. General government support expenditures increased primarily due an increase in the number of refunds of real property tax settlements in the current year (\$765,577), salaries and retirement payouts which was offset by a decrease in the premium payment made to the Internal Service Fund (\$250,000) for additional funds required in prior year for legal fees related to a specific legal case. Increases related to public safety expenditures were a result of an overall higher salary and overtime costs (\$571,327) for the police department and safety inspection department (\$331,311), due to payouts of sick and vacation accruals for retired employees as well as contractual pay increases, which was offset by the reduction of fire department salaries and overtime costs (\$240,891). The Village also made a one-time payment to the New York State Local Police and Fire Retirement System to fund an early retirement benefit in the amount of \$968,917 which was offset by lower contribution rates. Transfers out increased mainly as a result of the increase in the amount provided to the Capital Project Funds (\$1,738,347) due to the Village increasing the capital expenditure activity compared to the prior year.

Capital Projects Fund

At the end of the current year, the Capital Projects Fund had a total fund deficit balance of \$121,932 a decrease of \$1,232,367 from the prior year. 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 permanent financing sources.

INCORPORATED VILLAGE OF GARDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
May 31, 2016

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS (continued)

Library Fund

At the end of the current year, the total fund balance of the Library Fund, a nonmajor fund (blended component unit) of the Village, was \$175,368, a decrease of \$86,238 from the prior year. Of this amount, \$70,608 is restricted for specific purposes defined by grantors and donors, and \$104,760 is assigned for Library Fund purposes.

The fund balance decrease in the Library Fund from the prior year is the result of a budgeted use of prior years' fund balance of \$96,463, less revenues and other financing sources recognized in the current year in the amount of \$24,716 and an overall increase in expenditures incurred in the amount of \$190,485. The Library Fund's revenue and other financing sources decrease was a result of a reduced transfer from the General Fund to provide funding for Library operations (\$46,168) which was offset by an increase in the revenues recognized in miscellaneous local sources for a refund provided by a utility company for overbilling that took place in the current year (\$17,947). The overall increase in expenditures was primarily a result of increased payroll and health insurance costs (\$66,993), as well as higher costs related to the purchase of additional library materials (\$138,640), which was offset by reduced maintenance costs (\$43,123).

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 information presented below does not include the cumulative effect of the change in accounting principle on net position as of June 1, 2015.

The Pool Fund's deficit net position at year end was \$807,249. This deficit net position decreased from the prior year by \$22,663, a result of a transfer in from the General Fund to fund the cost of outdoor furniture (\$40,000), which was offset by a loss of \$17,337. This loss is due to the Pool Fund's expenditures, including depreciation expense, the continued recognition of other postemployment benefits (OPEB) costs and interest for debt service continuing to exceed the Pool Fund's revenue, which is derived mainly from membership and guest fees. In the current year, the Pool Fund was able to generate additional membership and guest fees (\$27,946).

The Tennis Fund's deficit in net position at year end was \$1,335. The Tennis Fund's net position increased from the prior year by \$72,072, the result less membership and guest fees generated compared to prior year (\$18,282) and reducing miscellaneous operating expenses (\$36,885), interest paid on bonded debt (\$2,240) and assets that were fully depreciated in the prior year resulting in less depreciation (\$53,353).

The Water Fund's net position at year end was \$20,031,215, an increase of \$11,170,605 from the prior year. The increase in net position was primarily related to the recognition of legal settlement revenue in the amount of \$10,000,000 in the current year (see Note 4.D). In addition, the Water Fund recognized additional operating revenues in the amount of \$868,927 from water sales and public fire protection revenues due to an increase in rates and consumption, as well as a decrease in operating expenses in the amount of \$161,918, mainly a result less electricity costs (\$91,724), less repair work costs (\$43,195) and a reduction of payroll (\$42,827).

INCORPORATED VILLAGE OF GARDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
May 31, 2016

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS (continued)

Proprietary Funds (continued)

The Internal Service Fund's net position at year end was \$2,804,814. The Internal Service Fund's net position increased from the prior year by \$950,346 which is consistent with the change reported in the prior year. Overall operating revenues and expenses were consistent with prior year. There was an increase in the amount recognized related to the over accrual of estimated claims related to workers' compensation and liability cases (\$188,691), which was offset by the decrease in premiums from the General Fund (\$250,000) for a specific legal settlement and the related legal fees. There was a decrease in general liability claims (\$196,573) which was offset by an increase in workers' compensation costs and claims (\$290,113) compared to the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Village appropriated expenditures in the original General Fund budget in excess of estimated revenues in the amount of \$1,337,866, by designating unreserved fund balance from the prior year in the amount of \$852,618 and reappropriating prior year encumbrances in the amount of \$485,248. Over the course of the year, the Board of Trustees revised the budget as needed so that expenditures do not exceed appropriations. In the General Fund, various transfers between appropriations, as well as additional expenditures appropriated from fund balance, were approved for this purpose. The amount of appropriated fund balance was increased by \$3,151,911 from the original budget. The increase in appropriated fund balance was primarily to provide funding for significant payouts of sick and vacation due to retirements (\$979,664), a payment to NYS Police and Fire Retirement System to allow for earlier retirement for police (\$968,617) and an increase in amounts transferred to Capital Projects Fund for various projects not anticipated in the original budget (\$1,179,000).

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, 2016, amounts to \$57,353,648 and \$18,156,490, 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, 2016, the Village's major capital expenditures were as follows:

Road repairs	\$	1,879,906
Senior Recreation center		1,583,280
Fire Department renovations		1,247,292
Public Works equipment		966,547
Community Park field rehabilitation		837,440
Pool facility bathroom renovations		790,442
Water mechanical equipment		513,399
Sidewalk repairs and curb replacement		437,355

**INCORPORATED VILLAGE OF GARDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
May 31, 2016**

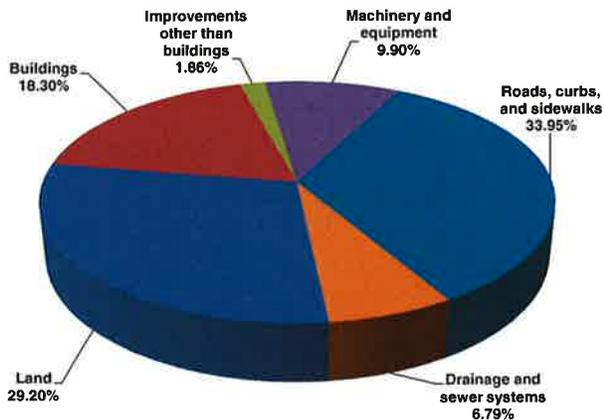
CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Capital Assets (continued)

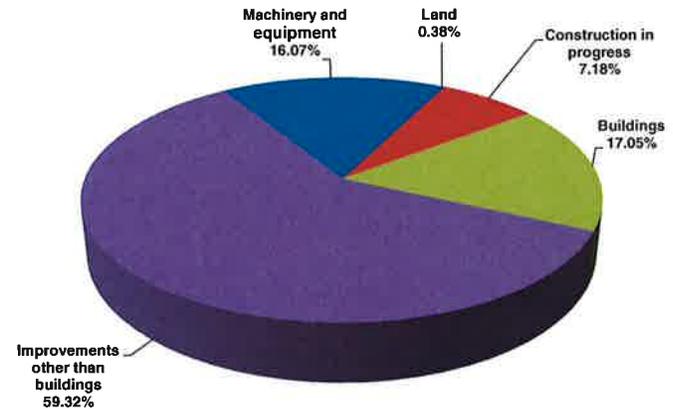
**Capital Assets - Net of Accumulated Depreciation
As of May 31, 2016 and 2015**

	Governmental Activities		Business-type Activities	
	2016	2015	2016	2015
Land	\$ 16,748,023	\$ 16,594,667	\$ 69,212	\$ 69,212
Construction in progress			1,303,840	264,193
Buildings	10,495,871	8,087,705	3,095,885	3,355,097
Improvements other than buildings	1,067,859	1,238,207	10,770,248	9,373,696
Machinery and equipment	5,676,793	4,549,528	2,917,305	3,357,768
Infrastructure:				
Roads, curbs, and sidewalks	19,468,271	18,964,535		
Drainage and sewer systems	3,896,831	3,850,794		
Total net capital assets	<u>\$ 57,353,648</u>	<u>\$ 53,285,436</u>	<u>\$ 18,156,490</u>	<u>\$ 16,419,966</u>

**Capital Assets - Net of Accumulated Depreciation
Governmental Activities
As of May 31, 2016**



**Capital Assets - Net of Accumulated Depreciation
Business-type Activities
As of May 31, 2016**



The Village has five-year capital improvement plans for the General Fund. 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 \$14,100,000 and \$8,740,535 for its governmental and business-type activities, respectively. The entire debt is backed by the full faith and credit of the Village. The Village also has \$50,229 outstanding in capital loans payable.

**INCORPORATED VILLAGE OF GARDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
May 31, 2016**

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Debt Administration (continued)

Outstanding debt at May 31, 2016 and 2015

	2016	2015
Governmental Activities:		
Capital loans payable	\$ 50,229	\$ 230,577
Special assessment bond payable with governmental commitment		300,000
General obligation bonds payable, exclusive of premium	14,100,000	11,809,500
Total outstanding debt, governmental activities	\$ 14,150,229	\$ 12,340,077
Business-type Activities:		
General obligation bonds payable, exclusive of premium	\$ 8,740,535	\$ 7,510,000
Total outstanding debt, business-type activities	\$ 8,740,535	\$ 7,510,000

The above does not include premiums related to general obligation bonds in the amount of \$135,242 and \$26,511 for the governmental activities and business-type activities, respectively, as of May 31, 2016 and \$87,957 and \$31,552 respectively, as of May 31, 2015.

During the current fiscal year, the Village's debt, inclusive of bonded debt and capital loans, increased by \$3,040,687 or 15.32%, a result of the issuance of \$5,865,535 in general obligation bonds offset by \$2,824,848 in principal payments made during the current year.

Moody's Investment Services maintained the Village's credit rating at "Aaa" during the year ended May 31, 2016.

Debt Limit

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

The constitutional method for determining full valuation is calculated by taking the assessed valuation of taxable real estate as shown upon the latest completed assessment roll and dividing the same by the equalization rate as determined by the State Board of Equalization and Assessment. The State Legislature is required to prescribe the manner by which such ratio shall be determined. Average full valuation is determined by taking the sum of the full valuation of the last completed assessment roll and the four preceding assessment rolls and dividing such sum by five. The percentage of debt contracting power exhausted at November 2, 2015 was 2.98%.

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

**INCORPORATED VILLAGE OF GARDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
May 31, 2016**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Property Tax

The Village has adopted a budget for the 2016-2017 fiscal year, which factors in inflation and other adjustments to revenues and expenditures as well as prior year positive fund balances. The 2016-2017 budget includes a minimal increase in real property tax revenues of \$58,730. The tax levy increase was .12% which is under 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 2016-2017 budget.

Tax Assessment Trends

Assessment reductions resulting from tax certiorari actions continue to erode the Village tax base. The Village anticipates that this trend will continue for the year ending May 31, 2016.

LEGAL CONTINGENCY

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

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

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

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BASIC FINANCIAL STATEMENTS

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INCORPORATED VILLAGE OF GARDEN CITY
GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF NET POSITION
May 31, 2016

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Current Assets:			
Cash	\$ 24,193,433	\$ 4,361,211	\$ 28,554,644
Accounts receivable	249,135	935,606	1,184,741
Due from other governments	333,045		333,045
Due from legal settlement		10,000,000	10,000,000
Restricted cash	70,608		70,608
Tax sale certificates	492,366		492,366
Inventory of material and supplies	976,175	211,872	1,188,047
Total Current Assets	<u>26,314,762</u>	<u>15,508,689</u>	<u>41,823,451</u>
Noncurrent Assets:			
Non-depreciable capital assets	16,748,023	1,373,052	18,121,075
Depreciable capital assets, net of depreciation	40,605,625	16,783,438	57,389,063
Total Noncurrent Assets	<u>57,353,648</u>	<u>18,156,490</u>	<u>75,510,138</u>
Total Assets	<u>83,668,410</u>	<u>33,665,179</u>	<u>117,333,589</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	16,306,693	885,927	17,192,620
Total Deferred Outflows of Resources	<u>16,306,693</u>	<u>885,927</u>	<u>17,192,620</u>
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued liabilities	3,951,345	744,146	4,695,491
Due to New York State retirement systems	768,163	40,277	808,440
Unearned revenues	182,380	742,284	924,664
Internal balances	(614,091)	614,091	-0-
Noncurrent liabilities due within one year:			
Compensated absences	605,650	12,098	617,748
Claims and judgments payable	794,166		794,166
Tax certioraris payable	2,284,917		2,284,917
Capital loans payable	50,229		50,229
General obligation bonds payable	1,450,740	1,104,533	2,555,273
Total Current Liabilities	<u>9,473,499</u>	<u>3,257,429</u>	<u>12,730,928</u>
Noncurrent Liabilities:			
Compensated absences	8,046,497	160,734	8,207,231
Claims and judgments payable	2,642,837		2,642,837
Other postemployment benefits payable	43,324,883	3,016,553	46,341,436
General obligation bonds payable	12,784,502	7,662,513	20,447,015
Net pension liability - proportionate share	14,948,015	897,228	15,845,243
Total Noncurrent Liabilities	<u>81,746,734</u>	<u>11,737,028</u>	<u>93,483,762</u>
Total Liabilities	<u>91,220,233</u>	<u>14,994,457</u>	<u>106,214,690</u>
DEFERRED INFLOWS OF RESOURCES			
Pensions	2,074,226	125,439	2,199,665
Total Deferred Inflows of Resources	<u>2,074,226</u>	<u>125,439</u>	<u>2,199,665</u>
NET POSITION			
Net investment in capital assets	41,568,955	9,389,444	50,958,399
Restricted for culture and recreation	70,608		70,608
Unrestricted	(34,958,919)	10,041,766	(24,917,153)
Total Net Position	<u>\$ 6,680,644</u>	<u>\$ 19,431,210</u>	<u>\$ 26,111,854</u>

See notes to the financial statements.

INCORPORATED VILLAGE OF GARDEN CITY
GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF ACTIVITIES
Year Ended May 31, 2016

Function/Program	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities:				
General government support	\$ 13,215,258	\$ 21,030		
Public safety	23,859,451	3,144,483	\$ 2,112	
Transportation	4,988,683	482,224		\$ 697,397
Economic assistance and opportunity	32,470			
Culture and recreation	12,162,562	552,428	20,835	
Home and community services	8,103,258	222,658	757,911	
Interest on debt	288,125			
Total Governmental Activities	62,649,807	4,422,823	780,858	697,397
Business-type Activities:				
Pool	1,305,295	1,310,507		
Tennis	389,339	462,232		
Water	5,243,498	6,430,331		
Total Business-type Activities	6,938,132	8,203,070	-0-	-0-
Total Primary Government	\$ 69,587,939	\$ 12,625,893	\$ 780,858	\$ 697,397

GENERAL REVENUES:

Real property taxes
Other real property tax items
Non-property tax items
Earnings on investments
Sale of property and compensation for loss
Grants and contributions not restricted to specific programs
Legal settlement
Other

TRANSFERS

Total General Revenues and Transfers

Change in Net Position

Net Position at Beginning of Year, as Reported
Cumulative Effect of Change in Accounting Principle
Net Position at Beginning of Year, as Restated

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
\$ (13,194,228)		\$ (13,194,228)
(20,712,856)		(20,712,856)
(3,809,062)		(3,809,062)
(32,470)		(32,470)
(11,589,299)		(11,589,299)
(7,122,689)		(7,122,689)
(288,125)		(288,125)
<u>(56,748,729)</u>	\$ -0-	<u>(56,748,729)</u>
	5,212	5,212
	72,893	72,893
	<u>1,186,833</u>	<u>1,186,833</u>
-0-	1,264,938	1,264,938
<u>(56,748,729)</u>	<u>1,264,938</u>	<u>(55,483,791)</u>
48,965,378		48,965,378
1,020,619		1,020,619
1,016,578		1,016,578
44,100	17,730	61,830
432,927		432,927
943,273		943,273
	10,000,000	10,000,000
1,381,308	3,561	1,384,869
(40,000)	40,000	-0-
<u>53,764,183</u>	<u>10,061,291</u>	<u>63,825,474</u>
<u>(2,984,546)</u>	<u>11,326,229</u>	<u>8,341,683</u>
10,083,700	8,224,616	18,308,316
(418,510)	(119,635)	(538,145)
<u>9,665,190</u>	<u>8,104,981</u>	<u>17,770,171</u>
<u>\$ 6,680,644</u>	<u>\$ 19,431,210</u>	<u>\$ 26,111,854</u>

See notes to financial statements.

INCORPORATED VILLAGE OF GARDEN CITY
BALANCE SHEET
GOVERNMENTAL FUNDS
May 31, 2016

	Major Funds		Nonmajor Fund	Totals
	General	Capital Projects	Library	
ASSETS				
Cash	\$ 16,216,934	\$ 1,377,289	\$ 357,393	\$ 17,951,616
Accounts receivable	249,012		123	249,135
Due from other funds	820,000			820,000
Due from other governments	333,045			333,045
Restricted cash			70,608	70,608
Tax sale certificates	492,366			492,366
Inventory of materials and supplies	976,175			976,175
Total Assets	<u>\$ 19,087,532</u>	<u>\$ 1,377,289</u>	<u>\$ 428,124</u>	<u>\$ 20,892,945</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 2,243,183	\$ 1,499,221	\$ 186,558	\$ 3,928,962
Due to New York State retirement systems	716,965		51,198	768,163
Unearned revenues	167,380		15,000	182,380
Total Liabilities	<u>3,127,528</u>	<u>1,499,221</u>	<u>252,756</u>	<u>4,879,505</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable real property taxes	492,366			492,366
Total Deferred Inflows of Resources	<u>492,366</u>	<u>-0-</u>	<u>-0-</u>	<u>492,366</u>
FUND BALANCES (DEFICITS)				
Nonspendable	976,175			976,175
Restricted			70,608	70,608
Assigned	5,149,217		104,760	5,253,977
Unassigned	9,342,246	(121,932)		9,220,314
Total Fund Balances (Deficits)	<u>15,467,638</u>	<u>(121,932)</u>	<u>175,368</u>	<u>15,521,074</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 19,087,532</u>	<u>\$ 1,377,289</u>	<u>\$ 428,124</u>	<u>\$ 20,892,945</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, 2016

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 15,521,074

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	115,962,186	
Accumulated depreciation	<u>(75,356,561)</u>	57,353,648

Deferred outflows of resources are included in the Statement of Net Position. 16,306,693

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. 6,035,908

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	(8,652,147)	
Claims and judgments payable	(3,437,003)	
Tax certioraris payable	(2,284,917)	
Other postemployment benefits payable	(43,324,883)	
Capital loans payable	(50,229)	
General obligation bonds payable, inclusive of related premium	(14,235,242)	
Net pension liability - net proportionate share	<u>(14,948,015)</u>	(86,932,436)

Interest and retainage 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, these liabilities are included in the Statement of Net Position. (22,383)

Deferred inflows of resources related to the pension plans are included in the Statement of Net Position. (2,074,226)

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. 492,366

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 6,680,644

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, 2016

	Major Funds		Nonmajor Fund	Total Governmental Funds
	General	Capital Projects	Library	
REVENUES				
Real property taxes	\$ 48,920,819			\$ 48,920,819
Other real property tax items	1,020,619			1,020,619
Non-property tax items	1,016,578			1,016,578
Departmental income	2,155,862			2,155,862
Intergovernmental charges	3,435			3,435
Use of money and property	50,463		\$ 2,580	53,043
Licenses and permits	306,480			306,480
Fines and forfeitures	1,777,904		39,863	1,817,767
Special assessments	239,733			239,733
Sale of property and compensation for loss	490,154	\$ 40,447		530,601
Fees and services			32,685	32,685
Miscellaneous local sources	102,087		47,797	149,884
State and local aid	2,224,992		20,835	2,245,827
Total Revenues	<u>58,309,126</u>	<u>40,447</u>	<u>143,760</u>	<u>58,493,333</u>
EXPENDITURES				
Current:				
General government support	9,736,929			9,736,929
Public safety	14,049,502			14,049,502
Transportation	2,507,392			2,507,392
Economic assistance and opportunity	32,470			32,470
Culture and recreation	4,609,172		3,400,830	8,010,002
Home and community services	4,896,602			4,896,602
Employee benefits	12,713,317			12,713,317
Capital outlay		8,636,826		8,636,826
Debt service:				
Principal	1,689,848			1,689,848
Interest	293,170			293,170
Total Expenditures	<u>50,528,402</u>	<u>8,636,826</u>	<u>3,400,830</u>	<u>62,566,058</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>7,780,724</u>	<u>(8,596,379)</u>	<u>(3,257,070)</u>	<u>(4,072,725)</u>
OTHER FINANCING SOURCES (USES)				
Principal amount of bond issuance		3,500,000		3,500,000
Premium on bonds	64,233			64,233
Transfers in		3,864,012	3,170,832	7,034,844
Transfers out	(7,074,844)			(7,074,844)
Total Other Financing Sources (Uses)	<u>(7,010,611)</u>	<u>7,364,012</u>	<u>3,170,832</u>	<u>3,524,233</u>
Net Change in Fund Balances	770,113	(1,232,367)	(86,238)	(548,492)
Fund Balances at				
Beginning of Year	<u>14,697,525</u>	<u>1,110,435</u>	<u>261,606</u>	<u>16,069,566</u>
Fund Balances (Deficits) at End of Year	<u>\$ 15,467,638</u>	<u>\$ (121,932)</u>	<u>\$ 175,368</u>	<u>\$ 15,521,074</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, 2016

NET CHANGE IN FUND BALANCES		\$ (548,492)
<p>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:</p>		
Capital outlay	\$ 8,817,678	
Depreciation expense	(4,692,036)	
Loss on dispositions	<u>(57,430)</u>	4,068,212
Net change in deferred outflows of resources not reported in the governmental fund statements related to pensions		14,303,400
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		44,560
Retainage is recorded as an expenditure on the fund statements when the relating capital project is substantially complete, and on the Statement of Activities when it is incurred.		33,956
<p>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:</p>		
Compensated absences	237,607	
Tax certioraris payable	(484,917)	
Other postemployment benefits payable	(5,075,499)	
Repayment of capital loans	180,348	
Bonds issued	(3,500,000)	
Premium on bonds issued	(64,233)	
Net pension liability - proportionate share	(12,609,439)	
Repayment of special assessment bond with governmental commitment	300,000	
Repayment of bond principal	1,209,500	
Amortization of bond premiums	16,948	
Accrued interest costs	<u>5,045</u>	(19,784,640)
Net change in deferred inflows of resources not reported in the governmental fund statements related to pensions		(1,990,999)
<p>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:</p>		
Claims and judgments payable	1,108,270	
Workers' compensation premium and other Internal Service Fund changes in activity	<u>(218,813)</u>	<u>889,457</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ (2,984,546)</u>

See notes to the financial statements.

INCORPORATED VILLAGE OF GARDEN CITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
May 31, 2016

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				Internal Service Fund
	Pool	Tennis	Water	Total Enterprise Funds	
ASSETS					
Current Assets:					
Cash	\$ 598,323	\$ 274,779	\$ 3,488,109	\$ 4,361,211	\$ 6,241,817
Accounts receivable	4,108	100	931,398	935,606	
Due from legal settlement			10,000,000	10,000,000	
Inventory of materials and supplies			211,872	211,872	
Total Current Assets	<u>602,431</u>	<u>274,879</u>	<u>14,631,379</u>	<u>15,508,689</u>	<u>6,241,817</u>
Noncurrent Assets:					
Non-depreciable capital assets	790,442		582,610	1,373,052	
Depreciable capital assets, net of depreciation	1,639,438	6,931	15,137,069	16,783,438	
Total Noncurrent Assets	<u>2,429,880</u>	<u>6,931</u>	<u>15,719,679</u>	<u>18,156,490</u>	<u>-0-</u>
Total Assets	<u>3,032,311</u>	<u>281,810</u>	<u>30,351,058</u>	<u>33,665,179</u>	<u>6,241,817</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pensions	80,963	69,989	734,975	885,927	
Total Deferred Outflows of Resources	<u>80,963</u>	<u>69,989</u>	<u>734,975</u>	<u>885,927</u>	<u>-0-</u>
LIABILITIES					
Current Liabilities:					
Accounts payable and accrued liabilities	218,176	9,813	516,157	744,146	
Collections in advance- membership fees	682,599	59,685		742,284	
Due to New York State retirement systems	3,681	3,182	33,414	40,277	
Due to other funds	820,000			820,000	
Compensated absences	1,463	799	9,836	12,098	
General obligation bonds payable	212,251	50,000	842,282	1,104,533	
Claims and judgments payable					794,166
Total Current Liabilities	<u>1,938,170</u>	<u>123,479</u>	<u>1,401,689</u>	<u>3,463,338</u>	<u>794,166</u>
Noncurrent Liabilities:					
Compensated absences	19,435	10,619	130,680	160,734	
Other postemployment benefits payable	249,818	131,060	2,635,675	3,016,553	
General obligation bonds payable	1,637,513		6,025,000	7,662,513	
Claims and judgments payable					2,642,837
Net pension liability - proportionate share	64,123	75,396	757,709	897,228	
Total Noncurrent Liabilities	<u>1,970,889</u>	<u>217,075</u>	<u>9,549,064</u>	<u>11,737,028</u>	<u>2,642,837</u>
Total Liabilities	<u>3,909,059</u>	<u>340,554</u>	<u>10,950,753</u>	<u>15,200,366</u>	<u>3,437,003</u>
DEFERRED INFLOWS OF RESOURCES					
Pensions	11,464	9,910	104,065	125,439	
Total Deferred Inflows of Resources	<u>11,464</u>	<u>9,910</u>	<u>104,065</u>	<u>125,439</u>	<u>-0-</u>
NET POSITION					
Net investment in capital assets	580,116	(43,069)	8,852,397	9,389,444	
Unrestricted	(1,387,365)	44,404	11,178,818	9,835,857	2,804,814
Total Net Position	<u>\$ (807,249)</u>	<u>\$ 1,335</u>	<u>\$ 20,031,215</u>	<u>19,225,301</u>	<u>\$ 2,804,814</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>205,909</u>	
Net Position of business-type activities				<u>\$ 19,431,210</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, 2016

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				Internal Service Fund
	Pool	Tennis	Water	Total Enterprise Funds	
OPERATING REVENUES					
Charges for services:					
Water sales			\$ 5,550,340	\$ 5,550,340	
Public fire protection			675,529	675,529	
Water services for other governments			150,942	150,942	
Intergovernmental sales			15,194	15,194	
Membership and guest fees	\$ 1,202,995	\$ 459,784		1,662,779	
Other operating revenues	107,512	2,448	38,326	148,286	\$ 1,209,086
Premiums Charged for Risk Retention:					
General fund					3,681,074
Enterprise funds					305,691
Component unit - Garden City Public Library					177,232
Total Operating Revenues	<u>1,310,507</u>	<u>462,232</u>	<u>6,430,331</u>	<u>8,203,070</u>	<u>5,373,083</u>
OPERATING EXPENSES					
Pumping			1,087,144	1,087,144	
Transmission and distribution			637,640	637,640	
Purification			370,871	370,871	
Other operating expenses	849,335	290,431	739,079	1,878,845	
Administrative and general	224,863	88,667	1,190,097	1,503,627	15,500
Depreciation	206,848	6,931	1,069,972	1,283,751	
Excess insurance					1,343,513
Claims and judgments					805,937
Workers' compensation					2,262,751
Total Operating Expenses	<u>1,281,046</u>	<u>386,029</u>	<u>5,094,803</u>	<u>6,761,878</u>	<u>4,427,701</u>
Income from Operations	<u>29,461</u>	<u>76,203</u>	<u>1,335,528</u>	<u>1,441,192</u>	<u>945,382</u>
NON-OPERATING REVENUES (EXPENSES)					
Interest on investments	2,633	322	14,775	17,730	4,964
Legal settlement			10,000,000	10,000,000	
Insurance recovery			3,561	3,561	
Interest on debt	(49,431)	(4,453)	(183,259)	(237,143)	
Total Non-Operating Revenues (Expenses)	<u>(46,798)</u>	<u>(4,131)</u>	<u>9,835,077</u>	<u>9,784,148</u>	<u>4,964</u>
Income (loss) before transfers	<u>(17,337)</u>	<u>72,072</u>	<u>11,170,605</u>	<u>11,225,340</u>	<u>950,346</u>
Transfer in	<u>40,000</u>			<u>40,000</u>	
Changes in Net Position	<u>22,663</u>	<u>72,072</u>	<u>11,170,605</u>	<u>11,265,340</u>	<u>950,346</u>
Total Net Position at Beginning of Year, as reported					
	(817,797)	(59,801)	8,957,194		1,854,468
Cumulative effect of change in accounting principle					
	(12,115)	(10,936)	(96,584)		-0-
Total Net Position - beginning, as restated					
	<u>(829,912)</u>	<u>(70,737)</u>	<u>8,860,610</u>		<u>1,854,468</u>
Total Net Position at End of Year					
	<u>\$ (807,249)</u>	<u>\$ 1,335</u>	<u>\$ 20,031,215</u>		<u>\$ 2,804,814</u>
Adjustment for the net effect of the current year activity between the Internal Service Fund and Enterprise Funds				<u>60,889</u>	
Changes in Net Position of business-type activities				<u>\$ 11,326,229</u>	

See notes to the financial statements.

INCORPORATED VILLAGE OF GARDEN CITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended May 31, 2016

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				Internal Service Fund
	Pool	Tennis	Water	Total Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES					
Revenue Collected:					
Water sales			\$ 5,504,157	\$ 5,504,157	
Public fire protection			675,529	675,529	
Water services for other governments			150,942	150,942	
Intergovernmental sales			15,194	15,194	
Membership and guest fees	\$ 1,548,893	\$ 456,555		2,005,448	
Other receipts	107,512	2,448	38,318	148,278	\$ 1,209,086
Cash for interfund services provided					4,163,997
Payments for Expenses:					
Payments to suppliers	(109,688)	(107,888)	(1,486,304)	(1,703,880)	(5,535,971)
Compensation and related expenses	(688,409)	(235,809)	(2,114,236)	(3,038,454)	
Cash paid for internal services provided	(77,306)	(10,232)	(218,153)	(305,691)	
Net Cash Provided (Used) by Operating Activities	781,002	105,074	2,565,447	3,451,523	(162,888)
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES					
Due to other funds	820,000			820,000	
Transfers from other funds	40,000			40,000	
Net Cash Provided by Noncapital and Related Financing Activities	860,000	-0-	-0-	860,000	-0-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	(856,954)		(1,965,996)	(2,822,950)	
Proceeds from capital debt			2,365,535	2,365,535	
Insurance recovery			3,561	3,561	
Principal paid on capital debt	(210,000)	(50,000)	(875,000)	(1,135,000)	
Interest paid on capital debt	(50,556)	(4,750)	(173,766)	(229,072)	
Net Cash Used by Capital and Related Financing Activities	(1,117,510)	(54,750)	(645,666)	(1,817,926)	-0-
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and earnings received	382	322	11,985	12,689	4,964
Net Cash Provided by Investing Activities	382	322	11,985	12,689	4,964
Net Change in Cash	523,874	50,646	1,931,766	2,506,286	(157,924)
Cash at Beginning of Year	74,449	224,133	1,556,343	1,854,925	6,399,741
Cash at End of Year	\$ 598,323	\$ 274,779	\$ 3,488,109	\$ 4,361,211	\$ 6,241,817

(continued)

See notes to the financial statements.

INCORPORATED VILLAGE OF GARDEN CITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended May 31, 2016

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	\$ 29,461	\$ 76,203	\$ 1,335,528	\$ 1,441,192	\$ 945,382
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Accounts receivable	307	(60)	(46,183)	(45,936)	
Inventory			(67,814)	(67,814)	
Deferred outflows related to pension	(73,081)	(63,638)	(650,026)	(786,745)	
Depreciation expense	206,848	6,931	1,069,972	1,283,751	
Accounts payable and accrued liabilities	177,668	4,095	70,251	252,014	
Due to New York State retirement system	(280)	221	(15,934)	(15,993)	
Compensated absences	(1,903)	(1,296)	(31,617)	(34,816)	
Other postemployment benefits payable	40,801	17,768	221,029	279,598	
Collections in advance	345,591	(3,169)		342,422	
Net pension liability - proportionate share	45,058	58,915	584,636	688,609	
Deferred inflows related to pension	10,532	9,104	95,605	115,241	
Claims and judgments payable					(1,108,270)
Net Cash Provided (Used) by Operating Activities	\$ 781,002	\$ 105,074	\$ 2,565,447	\$ 3,451,523	\$ (162,888)

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

Litigation settlement receivable			\$ 10,000,000	\$ 10,000,000	
Amortization of bond premiums	\$ 2,251		2,790	5,041	
Accounts payable and accrued liabilities related to capital assets	4,900		192,417	197,317	
Total Noncash Investing, Capital and Financing Activities	\$ 7,151	\$ -0-	\$ 10,195,207	\$ 10,202,358	\$ -0-

See notes to the financial statements.

INCORPORATED VILLAGE OF GARDEN CITY
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUND
 May 31, 2016

	Agency Fund
ASSETS	
Cash	\$ 4,512,187
Due from others	10,531
Total Assets	\$ 4,522,718
 LIABILITIES	
Building fees and other deposits	\$ 3,947,944
Justice court fund	182,781
Other agency liabilities	391,993
Total Liabilities	\$ 4,522,718

See notes to the financial statements.

INCORPORATED VILLAGE OF GARDEN CITY
NOTES TO FINANCIAL STATEMENTS
May 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

A. REPORTING ENTITY

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

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

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

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

INCORPORATED VILLAGE OF GARDEN CITY
NOTES TO FINANCIAL STATEMENTS
May 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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. 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.

INCORPORATED VILLAGE OF GARDEN CITY
NOTES TO FINANCIAL STATEMENTS
May 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements (continued)

Governmental Funds (continued)

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.

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 Fund 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 Fund 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.

INCORPORATED VILLAGE OF GARDEN CITY
NOTES TO FINANCIAL STATEMENTS
May 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements (continued)

Proprietary Funds (continued)

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

The Internal Service Fund includes the following fund:

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

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

The Village has reported the following fiduciary fund:

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

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.

INCORPORATED VILLAGE OF GARDEN CITY
NOTES TO FINANCIAL STATEMENTS
May 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

1. CASH AND CASH EQUIVALENTS

Cash consists of funds deposited in demand accounts and time deposit accounts. For purposes of the Statement of Cash Flows, the Village considers all highly liquid investments with a maturity when purchased of three months or less to be cash equivalents. At May 31, 2016, the Village did not have any cash equivalents. The Statement of Cash Flows presented uses the direct method of reporting cash flows.

INCORPORATED VILLAGE OF GARDEN CITY
NOTES TO FINANCIAL STATEMENTS
May 31, 2016

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)

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, 2016.

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 Fund represent amounts charged for services or facilities provided by the General Fund. The amounts paid by the fund receiving the benefits of the service or facilities are reflected as an expenditure of that 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.

INCORPORATED VILLAGE OF GARDEN CITY
NOTES TO FINANCIAL STATEMENTS
May 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

2. RECEIVABLES, PAYABLES AND TRANSFERS (continued)

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.

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 amounts, indicating that they do not constitute "available spendable resources" even though they are a component of net current assets.

4. CAPITAL ASSETS

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

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

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

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

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

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

INCORPORATED VILLAGE OF GARDEN CITY
NOTES TO FINANCIAL STATEMENTS
May 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

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 \$17,192,620, of which \$16,306,693 relates to governmental activities and \$885,927 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 \$2,199,665, of which \$2,074,226 relates to governmental activities and \$125,439 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, the special assessment bond 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.

INCORPORATED VILLAGE OF GARDEN CITY
NOTES TO FINANCIAL STATEMENTS
May 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

7. LONG-TERM OBLIGATIONS (continued)

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.

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.

INCORPORATED VILLAGE OF GARDEN CITY
NOTES TO FINANCIAL STATEMENTS
May 31, 2016

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)

- 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, 2016, the Village did not have any committed fund balance.
- 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 Auditor.
- 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.

INCORPORATED VILLAGE OF GARDEN CITY
NOTES TO FINANCIAL STATEMENTS
May 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. REVENUE AND EXPENDITURES/EXPENSES (continued)

1. REAL PROPERTY TAX ASSESSMENT AND COLLECTION PROCEDURES (continued)

For the year ended May 31, 2016, the maximum amount of taxes which could be levied by the Village based on the foregoing was \$125,855,747. The actual real property taxes levied by the Village for the year ended May 31, 2016 was \$48,941,780. 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.

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.

INCORPORATED VILLAGE OF GARDEN CITY
NOTES TO FINANCIAL STATEMENTS
May 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. REVENUE AND EXPENDITURES/EXPENSES (continued)

4. 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 Statements of the Governmental Accounting Standards Board (GASB) that are applicable for the year ended May 31, 2016, including GASB Statement No. 68 *Accounting and Financial Reporting for Pensions – Amendment to GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement date, an amendment to GASB 68*. The implementation of these Statements requires the Village to report as a liability its portion of the collective net pension liabilities in the New York State Employees' Retirement System and the New York State and Local Police and Fire Retirement System. The implementation of the Statements also requires the Village to report a deferred outflow of resources and a deferred inflow of resources for the effect of the net change in the Village's proportion of the collective net pension liabilities and difference during the measurement period between the Village's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. Also, included as a deferred outflow, is the Village's contribution to the pension system subsequent to the measurement date. See Notes 3.E and 5 for the financial statement impact of implementation of the Statements.

INCORPORATED VILLAGE OF GARDEN CITY
NOTES TO FINANCIAL STATEMENTS
May 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 following 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 Auditor 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 for each year. Budgets are adopted on a basis of accounting consistent with GAAP. In the event that actual revenues received exceed budgeted amounts, additional budgetary appropriations may be made. The Capital Project Fund is budgeted on a project or grant basis.

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

INCORPORATED VILLAGE OF GARDEN CITY
NOTES TO FINANCIAL STATEMENTS
 May 31, 2016

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

B. FUND BALANCE

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

	General Fund	Capital Projects Fund	Library Fund	Total
Fund Balances:				
Nonspendable:				
Inventory	\$ 976,175			\$ 976,175
Total Nonspendable	<u>976,175</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>976,175</u>
Restricted for:				
Grantor and donor restrictions			70,608	70,608
Total Restricted	<u>-0-</u>	<u>-0-</u>	<u>70,608</u>	<u>70,608</u>
Assigned to:				
Subsequent year's budget	1,271,452		104,760	1,376,212
Purchases on order	610,191			610,191
Compensated absences	3,208,238			3,208,238
Other assignments	59,336			59,336
Total Assigned	<u>5,149,217</u>	<u>-0-</u>	<u>104,760</u>	<u>5,253,977</u>
Unassigned, reported in:				
General Fund	9,342,246			9,342,246
Capital Projects fund		(121,932)		(121,932)
Total Unassigned	<u>9,342,246</u>	<u>(121,932)</u>	<u>-0-</u>	<u>9,220,314</u>
Total Fund Balances	<u>\$ 15,467,638</u>	<u>\$ (121,932)</u>	<u>\$ 175,368</u>	<u>\$ 15,521,074</u>

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.

INCORPORATED VILLAGE OF GARDEN CITY
NOTES TO FINANCIAL STATEMENTS
May 31, 2016

3. DETAIL NOTES ON ALL FUNDS (continued)

A. CASH AND CASH EQUIVALENTS (continued)

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, 2016, the Village's cash book balance was \$33,136,658. This amount is inclusive of Fiduciary Fund deposits of \$4,512,187 and restricted cash of \$70,608 but exclusive of petty cash of \$781. The bank balance was \$33,810,943. Of the bank balance, \$980,648 was covered by Federal deposit insurance, and \$32,830,295 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, 2016, the Village of Garden City did not have any investments subject to credit risk, interest-rate risk or concentration of credit risk.

The Library Fund's cash includes amounts received from donors in previous years that may only be used for specific purposes. Accordingly, the amount of \$70,608 is shown as restricted cash on the Balance Sheet and Statement of Net Position.

B. INTERFUND RECEIVABLE, PAYABLE AND TRANSFERS

The interfund receivable and payable at May 31, 2016 between the Pool Fund and the General Fund in the amount of \$820,000 was for a temporary loan to provide a financing for a capital project. The interfund loan is expected to be repaid by May 31, 2017.

For the year ended May 31, 2016, transfers were used to move General Fund resources to the Library Fund for operations, the Pool Fund for capital purchases, and the Capital Project Fund for capital improvements.

INCORPORATED VILLAGE OF GARDEN CITY
NOTES TO FINANCIAL STATEMENTS
 May 31, 2016

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, 2016 is as follows:

	Transfers In		Transfers Out
Major Funds:			
General Fund			\$ 7,074,844
Capital Projects Fund	\$ 3,864,012		
Nonmajor Fund:			
Library Fund	3,170,832		
Proprietary Fund:			
Pool Fund	40,000		
Total	\$ 7,074,844		\$ 7,074,844

C. CAPITAL ASSETS

A summary of changes within the governmental activities capital assets for the year ended May 31, 2016 is as follows:

	Balance June 1, 2015	Additions	Deletions	Balance May 31, 2016
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 16,594,667	\$ 153,356		\$ 16,748,023
Depreciable capital assets:				
Buildings	26,969,172	3,939,865		30,909,037
Improvements other than buildings	7,653,805	64,871		7,718,676
Machinery and equipment	20,056,007	2,090,196	\$ 971,991	21,174,212
Infrastructure:				
Roads, curbs and sidewalks	42,796,181	2,279,085		45,075,266
Drainage and sewer systems	10,794,690	290,305		11,084,995
Total depreciable capital assets	108,269,855	8,664,322	971,991	115,962,186
Less accumulated depreciation:				
Buildings	18,881,467	1,531,699		20,413,166
Improvements other than buildings	6,415,598	235,219		6,650,817
Machinery and equipment	15,506,479	905,501	914,561	15,497,419
Infrastructure:				
Roads, curbs and sidewalks	23,831,646	1,775,349		25,606,995
Drainage and sewer systems	6,943,896	244,268		7,188,164
Total accumulated depreciation	\$ 71,579,086	\$ 4,692,036	\$ 914,561	75,356,561
Total net depreciable capital assets				40,605,625
Total net capital assets				\$ 57,353,648
Depreciation expense was charged to governmental functions as follows:				
General government support				\$ 1,022,663
Public safety				443,049
Transportation				1,396,993
Culture and recreation				1,260,112
Home and community services				569,219
Total depreciation expense - governmental activities				\$ 4,692,036

INCORPORATED VILLAGE OF GARDEN CITY
NOTES TO FINANCIAL STATEMENTS
 May 31, 2016

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, 2016 is as follows:

	Balance June 1, 2015	Additions	Deletions	Balance May 31, 2016
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 69,212			\$ 69,212
Construction in progress	264,193	\$ 1,341,521	\$ 301,874	1,303,840
Total capital assets not being depreciated	<u>333,405</u>	<u>1,341,521</u>	<u>301,874</u>	<u>1,373,052</u>
Depreciable capital assets:				
Buildings	10,451,971			10,451,971
Improvements other than buildings	15,288,666	1,727,922		17,016,588
Machinery and equipment	13,690,831	252,706		13,943,537
Total depreciable capital assets	<u>39,431,468</u>	<u>1,980,628</u>	<u>-0-</u>	<u>41,412,096</u>
Less accumulated depreciation:				
Buildings	7,096,874	259,212		7,356,086
Improvements other than buildings	5,914,970	331,370		6,246,340
Machinery and equipment	10,333,063	693,169		11,026,232
Total accumulated depreciation	<u>\$ 23,344,907</u>	<u>\$ 1,283,751</u>	<u>\$ -0-</u>	<u>24,628,658</u>
Total net depreciable capital assets				<u>16,783,438</u>
Total net capital assets				<u>\$ 18,156,490</u>
Depreciation expense was charged to functions as follows:				
Culture and recreation - pool and tennis activities				\$ 213,779
Home and community services - water services				1,069,972
Total depreciation expense - business-type activities				<u>\$ 1,283,751</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, 2016.

INCORPORATED VILLAGE OF GARDEN CITY
NOTES TO FINANCIAL STATEMENTS
 May 31, 2016

3. DETAIL NOTES ON ALL FUNDS (continued)

D. INDEBTEDNESS

LONG-TERM DEBT

Capital Loans Payable

The Village's capital loans payable consists of two loans due to the New York Power Authority ("NYPA"), an outside third party. The borrowings were used to finance capital projects performed by the Village and was based on a variable rate. The remaining principal and interest payments, in the amounts of \$50,229 and \$47, respectively, will be paid during the fiscal year ended May 31, 2017. The variable rate at May 31, 2016 was .86%.

Special Assessment Bond Payable

The Village had \$300,000 of special assessment debt outstanding from an original issue of \$2,250,000 to provide funds for the improvement of a parking lot. The Village received 84.949% of the resources to repay the debt from amounts levied against the property owners directly benefiting from the capital project financed. The remaining 15.051% of the debt service requirements came from the Village's general revenues. The bond was paid in full during the fiscal year ended May 31, 2016.

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.

At May 31, 2016, 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%	\$ 410,000
Library reconstruction, 2008	1,005,000	2017	3.000% - 3.380%	125,000
Community Park improvements, 2008	2,350,000	2022	3.000% - 3.600%	1,030,000
Village Hall improvements, 2010	2,555,500	2025	1.500% - 3.500%	1,370,000
Various road and lighting improvements, resurfacing of parking fields, 2012	3,875,000	2027	2.000% - 2.625%	2,580,000
Various road and building improvements, acquisition of fire truck, 2014	2,189,500	2024	1.000 - 2.000%	1,995,000
Various road and curb installation, building demolition, 2015	3,090,000	2025	2.000% - 2.375%	3,090,000
Senior recreation center/road repairs, 2015	3,500,000	2025	1.250% - 2.000%	3,500,000
			Total Governmental Activities	<u>\$ 14,100,000</u>

INCORPORATED VILLAGE OF GARDEN CITY
NOTES TO FINANCIAL STATEMENTS
 May 31, 2016

3. DETAIL NOTES ON ALL FUNDS (continued)

D. INDEBTEDNESS (continued)

LONG-TERM DEBT (continued)

General Obligation Bonds Payable (continued)

Business-type Activities:

Description of Issue and Purpose	Original Debt	Year of Final Maturity	Interest Rate	Outstanding Balance
Water Fund:				
Water system improvements, serial bonds, 2006	\$ 1,585,000	2021	4.100% - 4.200%	\$ 665,000
Water system improvements, serial bonds, 2008	4,365,000	2022	3.000% - 3.600%	1,885,000
Water system improvements, serial bonds, 2010	4,210,000	2025	1.500% - 3.500%	1,950,000
Water system improvements, serial bonds, 2015	2,365,535	2030	2.000% - 2.750%	2,365,535
Pool Fund:				
Pool reconstruction, 2002	950,000	2017	4.300% - 4.750%	80,000
Pool improvements, 2012	2,135,000	2027	2.000% - 2.625%	1,745,000
Tennis Fund:				
Tennis structure, 2002	600,000	2017	4.300% - 4.750%	50,000
Total Business-type Activities				\$ 8,740,535

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, 2017	\$ 1,435,000	\$ 347,259	\$ 1,782,259
2018	1,585,000	287,594	1,872,594
2019	1,625,000	252,485	1,877,485
2020	1,690,000	214,355	1,904,355
2021	1,695,000	174,350	1,869,350
2022 - 2026	6,010,000	331,272	6,341,272
2027	60,000	1,576	61,576
Total	\$ 14,100,000	\$ 1,608,891	\$ 15,708,891

Business-type Activities:

	Water Fund		Pool Fund		Tennis Fund		Total Principal and Interest
	Principal	Interest	Principal	Interest	Principal	Interest	
Years ending May 31, 2017	\$ 840,535	\$ 219,759	\$ 210,000	\$ 44,156	\$ 50,000	\$ 2,375	\$ 1,366,825
2018	860,000	175,419	130,000	37,756			1,203,175
2019	880,000	149,621	130,000	35,156			1,194,777
2020	860,000	87,860	130,000	32,556			1,110,416
2021	765,000	94,821	130,000	29,956			1,019,777
2022 - 2026	1,770,000	219,686	905,000	95,001			2,989,687
2027 - 2031	890,000	58,829	190,000	4,988			1,143,817
Total	\$ 6,865,535	\$ 1,005,995	\$ 1,825,000	\$ 279,569	\$ 50,000	\$ 2,375	\$ 10,028,474

INCORPORATED VILLAGE OF GARDEN CITY
NOTES TO FINANCIAL STATEMENTS
 May 31, 2016

3. DETAIL NOTES ON ALL FUNDS (continued)

D. INDEBTEDNESS (continued)

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activities for the year ended May 31, 2016 are as follows:

	Balance, as restated			Balance	Noncurrent	Noncurrent
	June 1, 2015	Increases	Reductions	May 31, 2016	liabilities due	liabilities
					within one year	
Governmental Activities:						
General obligation bonds	\$ 11,809,500	\$ 3,500,000	\$ 1,209,500	\$ 14,100,000	\$ 1,435,000	\$ 12,665,000
Plus premiums on issuance	87,957	64,233	16,948	135,242	15,740	119,502
Total general obligation bonds	11,897,457	3,564,233	1,226,448	14,235,242	1,450,740	12,784,502
Compensated absences	8,889,754	738,673	976,280	8,652,147	605,650	8,046,497
Claims and judgments payable	4,545,273	517,865	1,626,135	3,437,003	794,166	2,642,837
Tax certioraris payable	1,800,000	1,957,449	1,472,532	2,284,917	2,284,917	
Net pension liability - proportionate share	2,338,576	17,962,086	5,352,647	14,948,015		14,948,015
Other postemployment benefits payable	38,249,384	7,281,932	2,206,433	43,324,883		43,324,883
Capital loans payable	230,577		180,348	50,229	50,229	
Special assessment bond payable with governmental commitment	300,000		300,000	-0-		
Governmental activities long-term activities	<u>\$ 68,251,021</u>	<u>\$ 32,022,238</u>	<u>\$ 13,340,823</u>	<u>\$ 86,932,436</u>	<u>\$ 5,185,702</u>	<u>\$ 81,746,734</u>
Business-type Activities:						
General obligation bonds	\$ 7,510,000	\$ 2,365,535	\$ 1,135,000	\$ 8,740,535	\$ 1,100,535	\$ 7,640,000
Plus premiums on issuance	31,552		5,041	26,511	3,998	22,513
Total general obligation bonds	7,541,552	2,365,535	1,140,041	8,767,046	1,104,533	7,662,513
Compensated absences	207,648	1,793	36,609	172,832	12,098	160,734
Net pension liability - proportionate share	208,620	1,032,622	344,014	897,228		897,228
Other postemployment benefits payable	2,736,955	444,750	165,152	3,016,553		3,016,553
Business-type activities long-term activities	<u>\$ 10,694,775</u>	<u>\$ 3,844,700</u>	<u>\$ 1,685,816</u>	<u>\$ 12,853,659</u>	<u>\$ 1,116,631</u>	<u>\$ 11,737,028</u>

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 and tax certioraris payable, the capital loans payable and the special assessment bond payable will be liquidated through the General Fund.

INCORPORATED VILLAGE OF GARDEN CITY
NOTES TO FINANCIAL STATEMENTS
May 31, 2016

3. DETAIL NOTES ON ALL FUNDS (continued)

E. RETIREMENT SYSTEMS

Plan Description

The Village participates in the New York State and Local Employees' Retirement System ("ERS") and the New York State and Local Police and Fire Retirement System ("PFRS") which are collectively referred to as New York State and Local Retirement Systems (the "Systems"). These are cost-sharing multiple-employer retirement systems. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the "Fund"), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct System benefits are established under the provisions of the New York State Retirement and Social Security Law ("RSSL"). Once a public employer elects to participate in the System, the election is irrevocable.

The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The 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.

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

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

INCORPORATED VILLAGE OF GARDEN CITY
NOTES TO FINANCIAL STATEMENTS
May 31, 2016

3. DETAILED NOTES ON ALL FUNDS (continued)

E. RETIREMENT SYSTEMS (continued)

Benefits Provided (continued)

Tiers 3, 4, and 5

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

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

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

Tier 6

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

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

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.

INCORPORATED VILLAGE OF GARDEN CITY
NOTES TO FINANCIAL STATEMENTS
May 31, 2016

3. DETAIL NOTES ON ALL FUNDS (continued)

E. RETIREMENT SYSTEMS (continued)

Benefits Provided (continued)

Ordinary Disability Benefits

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

Accidental Disability Benefits

For all eligible Tier 1 and Tier 2 members, the accidental disability benefit is a pension of 75% of final average salary, with an offset for any workers' compensation benefits received. The benefit for eligible Tier 3, 4 and 5 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

Ordinary Death Benefits

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

Post-Retirement Benefit Increases

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

Contributions

The Systems are noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976 who contribute 3% of their salary for the first ten years of membership; and employees who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS), who generally contribute 3% of their salary for the entire length of service. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

INCORPORATED VILLAGE OF GARDEN CITY
NOTES TO FINANCIAL STATEMENTS
 May 31, 2016

3. DETAIL NOTES ON ALL FUNDS (continued)

E. RETIREMENT SYSTEMS (continued)

Contributions (continued)

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>	
2016 \$	2,534,997	\$ (37,618)	\$ (22,813)	\$ 2,474,566
2015	2,774,380	(97,910)	(24,967)	2,651,503
2014	2,995,570	92,883	(26,958)	3,061,495

<u>Annual Required Contribution - PFRS</u>				
<u>Amount</u>	<u>Credits & Miscellaneous Adjustments</u>	<u>Prepayment Discount</u>	<u>Total Payment</u>	
2016 \$	2,461,576	\$ 818,824	\$ (22,152)	\$ 3,258,248
2015	2,902,432	(21,770)	(26,120)	2,854,542
2014	3,003,357	(9,634)	(27,028)	2,966,695

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 of Resources Related to Pensions

At May 31, 2016, the Village reported a liability of \$15,845,243 for its proportionate share of the net pension liability for the Systems. The net pension liability was measured as of March 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2015. 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
 May 31, 2016

3. DETAIL NOTES ON ALL FUNDS (continued)

E. RETIREMENT SYSTEMS (continued)

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

Below is the proportionate share of the net pension liability of the Systems and the related employer allocation percentage as of March 31, 2016 (measurement date).

	<u>Net Pension Liability</u>	<u>Allocation of the System's Total Net Pension Liability</u>	<u>Change in Allocation of the System's Total Net Pension Liability since Prior Measurement Date</u>
ERS	\$ 8,897,521 *	0.0554353%	0.0011427%
PFRS	6,947,722	0.2346579%	-0.0036570%

*The Village's portion of the net pension liability for ERS in the amount of \$8,897,521 is reported in the governmental activities and business-type activities in the amount of \$8,000,294 and \$897,227, 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, 2015 to March 31, 2016.

For the year ended May 31, 2016, the Village recognized pension expense of \$6,073,066 in the government-wide and proprietary fund financial statements, of which \$5,727,939 was related to governmental activities and \$345,127 was for business-type activities.

At May 31, 2016 deferred outflows of resources related to the pension were reported from the following sources:

	<u>Deferred Outflows of Resources</u>	
	<u>ERS</u>	<u>PFRS</u>
Differences between expected and actual experience	\$ 44,961	\$ 62,315
Changes of assumptions	2,372,701	2,995,140
Net difference between projected and actual earnings on pension plan investments	5,278,498	3,893,636
Changes in proportion and differences between the Village's contributions and proportionate share of contributions	51,560	1,649,216
Village's contribution subsequent to the measurement date	369,013	475,580
Total Deferred Outflow - Pension	<u>\$ 8,116,733</u>	<u>\$ 9,075,887</u>

At May 31, 2016 deferred inflows of resources related to the pension were reported from the following sources:

	<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>PFRS</u>
Differences between expected and actual experience	\$ 1,054,653	\$ 1,050,412
Changes in proportion and differences between the Village's contributions and proportionate share of contributions	94,600	-0-
Total Deferred Inflow - Pension	<u>\$ 1,149,253</u>	<u>\$ 1,050,412</u>

INCORPORATED VILLAGE OF GARDEN CITY
NOTES TO FINANCIAL STATEMENTS
 May 31, 2016

3. DETAIL NOTES ON ALL FUNDS (continued)

E. RETIREMENT SYSTEMS (continued)

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

Contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended May 31, 2017. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

	Governmental Activities	
	ERS	PFRS
Plan year ending March 31, 2017	\$ 1,669,839	\$ 1,745,716
2018	1,669,839	1,745,716
2019	1,669,839	1,745,716
2020	1,594,905	1,692,346
2021	-0-	616,896
	\$ 6,604,422	\$ 7,546,390

Actuarial Assumptions

The total pension liability as of the measurement date of March 31, 2016 was determined by using an actuarial valuation as of April 1, 2015, 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, 2016	March 31, 2016
Actuarial valuation date	April 1, 2015	April 1, 2015
Interest rate	7.0%	7.0%
Salary increases	3.8%	4.5%
Decrement tables	April 1, 2010 - March 31, 2015 System's Experience	April 1, 2010 - March 31, 2015 System's Experience
Inflation rate	2.5%	2.5%

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

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

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

INCORPORATED VILLAGE OF GARDEN CITY
NOTES TO FINANCIAL STATEMENTS
 May 31, 2016

3. DETAIL NOTES ON ALL FUNDS (continued)

E. RETIREMENT SYSTEMS (continued)

Actuarial Assumptions (continued)

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2016 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Rate of Return</u>
Domestic equity	38.0%	7.30%
International equity	13.0%	8.55%
Private equity	10.0%	11.00%
Real estate	8.0%	8.25%
Absolute return strategies	3.0%	6.75%
Opportunistic portfolio	3.0%	8.60%
Real assets	3.0%	8.65%
Bonds and mortgages	18.0%	4.00%
Cash	2.0%	2.25%
Inflation indexed bonds	2.0%	4.00%
	<u>100.0%</u>	

Discount Rate

The discount rate used to calculate the total pension liability was 7.0% for the System. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	<u>1% Decrease (6.0%)</u>	<u>Current Assumption (7.0%)</u>	<u>1% Increase (8.0%)</u>
Village's proportionate share of the net pension liability (asset) for:			
ERS	\$ 20,063,264	\$ 8,897,521	\$ (537,054)
PFRS	15,518,468	6,947,722	(236,421)

INCORPORATED VILLAGE OF GARDEN CITY
NOTES TO FINANCIAL STATEMENTS
 May 31, 2016

3. DETAIL NOTES ON ALL FUNDS (continued)

E. RETIREMENT SYSTEMS (continued)

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

The components of the current year net pension liability of the employers participating in the Systems' as of March 31, 2016 were as follows (in thousands):

	ERS	PFRS
Valuation date	April 1, 2015	April 1, 2015
Employers' total pension liability	\$ 172,303,544	\$ 30,347,727
Plan fiduciary net position	(156,253,265)	(27,386,940)
Employers' net pension liability	\$ 16,050,279	\$ 2,960,787
Ratio of plan fiduciary net position to the Employers' total pension liability	90.68%	90.24%

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

F. DEFERRED COMPENSATION PLAN

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

Each year, participants may contribute a minimum of \$260 and up to 100% of includible compensation for the plan year, as defined in the Plan. Participants who have attained age 50 before the end of the plan year are eligible to make catch-up contributions. An additional catch-up is allowed for previous missed contributions for participants who are within three years of retirement. Participants may also contribute amounts representing distributions from other qualified plans. Each participant's account is credited with the participant's contribution and allocation of the Plan's earnings, and charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined by the Plan. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. Participants are immediately vested in their contributions plus actual earnings thereon. The amount of participant contributions, including amounts rolled over from other qualified plans, was \$1,491,229 for the Plan year ended December 31, 2015.

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

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

INCORPORATED VILLAGE OF GARDEN CITY
NOTES TO FINANCIAL STATEMENTS
 May 31, 2016

3. DETAIL NOTES ON ALL FUNDS (continued)

G. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

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

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

All retirees are eligible for Medicare Part B reimbursement based on yearly income (2014 income used for the 2016 determination) with the minimum reimbursement being \$1,259 and the maximum reimbursement being \$4,028, 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, 2014, the effective date of the most recent OPEB valuation, is as follows:

	Primary Government	Governmental Activities	Business-type Activities
Active employees	262	247	15
Retired employees *	218	205	13
Total	<u>480</u>	<u>452</u>	<u>28</u>

*This includes 20 surviving spouses.

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

INCORPORATED VILLAGE OF GARDEN CITY
NOTES TO FINANCIAL STATEMENTS
 May 31, 2016

3. DETAIL NOTES ON ALL FUNDS (continued)

G. OTHER POSTEMPLOYMENT BENEFITS (continued)

Funding Policy

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

Annual Other Postemployment Benefit Cost and Net Obligation

For the year ended May 31, 2016, the Village's annual other postemployment benefits cost (expense) was \$7,726,682 of which \$7,281,932 was related to governmental activities and \$444,750 was related to business-type activities. The annual expense, inclusive of current health insurance premiums, totaled \$2,371,585 for retirees and their beneficiaries, of which \$2,206,433 was related to governmental activities and \$165,152 was related to business-type activities. The result was an increase in the other postemployment benefits liability of \$5,355,097 of which \$5,075,499 was related to governmental activities and \$279,598 was related to business-type activities for the year ended May 31, 2016.

Benefit Obligations and Normal Cost

	Primary Government	Governmental Activities	Business-type Activities
Actuarial Accrued Liability (AAL)			
Active employees	\$ 57,515,407	\$ 54,597,304	\$ 2,918,103
Retired employees	43,689,917	40,641,637	3,048,280
Total Actuarial Accrued Liability (AAL)	101,205,324	95,238,941	5,966,383
Actuarial value of plan assets	-0-	-0-	-0-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 101,205,324</u>	<u>\$ 95,238,941</u>	<u>\$ 5,966,383</u>
Funded Ratio	0.00%	0.00%	0.00%
Normal cost at the beginning of the year	\$ 2,416,210	\$ 2,279,299	\$ 136,911
Amortization cost at the beginning of the year	\$ 5,628,772	\$ 5,296,938	\$ 331,834
Annual covered payroll	\$ 23,972,996	n/a**	n/a**
UAAL as a percentage of covered payroll	422.16%	n/a**	n/a**

** Information was only available for the total primary government

The Village's annual other postemployment benefit cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The unfunded actuarial accrued liability for the Village for the year ended May 31, 2016 amounted to \$101,205,324.

INCORPORATED VILLAGE OF GARDEN CITY
NOTES TO FINANCIAL STATEMENTS
 May 31, 2016

3. DETAIL NOTES ON ALL FUNDS (continued)

G. OTHER POSTEMPLOYMENT BENEFITS (continued)

Annual Other Postemployment Benefit Cost and Net Obligation (continued)

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

Level Dollar Amortization Method
Calculation of ARC under the Projected Unit Credit Cost Method

	Primary Government	Governmental Activities	Business-type Activities
Normal cost	\$ 2,416,210	\$ 2,279,299	\$ 136,911
Amortization of unfunded actuarial liability (UAAL) over 30 years	5,628,772	5,296,938	331,834
Interest	321,799	303,049	18,750
Annual required contribution (ARC)	8,366,781	7,879,286	487,495
Interest on net OPEB obligation	1,639,453	1,529,975	109,478
Adjustment to ARC	(2,279,552)	(2,127,329)	(152,223)
OPEB Cost	7,726,682	7,281,932	444,750
Less: Contribution for year ended May 31, 2016	2,371,585	2,206,433	165,152
Increase in other postemployment benefits liability	5,355,097	5,075,499	279,598
Other postemployment benefits liability at May 31, 2015	40,986,339	38,249,384	2,736,955
Other postemployment benefits liability at May 31, 2016	\$ 46,341,436	\$ 43,324,883	\$ 3,016,553
Percent of annual OPEB cost contributed	30.69%	30.30%	37.13%

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, 2016	\$ 7,726,682	\$ 2,371,585	30.69%	\$ 46,341,436
May 31, 2015	7,814,693	2,179,324	27.89%	40,986,339
May 31, 2014	7,480,265	2,108,693	28.19%	35,350,970

INCORPORATED VILLAGE OF GARDEN CITY
NOTES TO FINANCIAL STATEMENTS
 May 31, 2016

3. DETAIL NOTES ON ALL FUNDS (continued)

G. OTHER POSTEMPLOYMENT BENEFITS (continued)

Funded Status and Funding Progress (continued)

The projected funded status of the plan as of June 1, 2014 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	\$ 101,205,324	\$ -0-	\$ 101,205,324	0.00%	\$ 23,972,996	422.16%

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. 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, 2014 actuarial valuation, the liabilities were computed using the projected unit credit 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 a 4.0% inflation rate. The valuation assumes an initial 7.0%-9.0% healthcare cost trend and post-retirement benefit increase (inclusive of the 4.0% inflation rate) and reduced increments to a rate of 5.0% after ten years. The actuarial valuation does not incorporate an assumption for projected salary increases as the projected unit credit actuarial cost method does not include a salary component.

H. COMPENSATED ABSENCES

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

INCORPORATED VILLAGE OF GARDEN CITY
NOTES TO FINANCIAL STATEMENTS
May 31, 2016

3. DETAIL NOTES ON ALL FUNDS (continued)

H. COMPENSATED ABSENCES (continued)

Estimated vacation, sick leave, and compensatory absences accumulated by governmental fund type employees have been recorded in the Statements of Net Assets. 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, 2016, the value of the Village's accumulated vacation time and sick leave for governmental and business-type activities was \$8,824,879, of which \$3,208,238 was included in the assigned fund balance of the General Fund.

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.

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.

INCORPORATED VILLAGE OF GARDEN CITY
NOTES TO FINANCIAL STATEMENTS
 May 31, 2016

4. COMMITMENTS AND CONTINGENCIES (continued)

B. SELF-INSURANCE PROGRAM

At May 31, 2016, the Internal Service Fund had a fund balance surplus of \$2,804,814. The Enterprise Funds' portion of the Internal Service Fund's surplus is \$205,909 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, 2016 and 2015:

	Workers' Compensation		General Liability	
	2016	2015	2016	2015
Unpaid Claims as of June 1 st	\$ 1,882,010	\$ 2,539,080	\$ 2,663,263	\$ 2,787,064
Incurred Claims:				
Provision for insured events of the current fiscal year	-0-*	-0-*	517,865	635,958
Decrease in net provision for insured events of prior fiscal years	<u>(251,459)</u>	<u>(288,635)</u>	<u>(908,818)</u>	<u>(677,115)</u>
Total Incurred Claims and Claim Adjustments	<u>(251,459)</u>	<u>(288,635)</u>	<u>(390,953)</u>	<u>(41,157)</u>
Payments of:				
Claims during the current year	<u>(243,155)</u>	<u>(368,435)</u>	<u>(222,703)</u>	<u>(82,644)</u>
Unpaid Claims as of May 31 st	<u>\$ 1,387,396</u>	<u>\$ 1,882,010</u>	<u>\$ 2,049,607</u>	<u>\$ 2,663,263</u>

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

INCORPORATED VILLAGE OF GARDEN CITY
NOTES TO FINANCIAL STATEMENTS
 May 31, 2016

4. COMMITMENTS AND CONTINGENCIES (continued)

B. SELF-INSURANCE PROGRAM (continued)

During the year ended May 31, 2016, the Internal Service Fund charged the following premiums:

Primary Government:

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

C. LITIGATION

The Village has been the defendant in an action filed in federal district court in 2005 entitled MHANY Management et al. v. Incorporated Village of Garden City, et al. The plaintiffs alleged, among other things, that the Village engaged in discrimination in connection with the 2004 rezoning of certain parcels of property owned by Nassau County and used principally as the headquarters for the Nassau County Department of Social Services. The case was tried in June 2013 and on December 6, 2013 the U.S. District Court ruled that the Village had violated the Fair Housing Act as well as 42 U.S. Code §1981 and §1983 and the Equal Protection Clause of the Fourteenth Amendment. The plaintiffs were not awarded monetary damages. However, among other things, the Court directed the Village: (1) not to engage in discriminatory conduct in connection with residential real property-related matters, (2) to enact a fair housing resolution and (3) to retain a fair housing compliance officer to, among other things, oversee the Village's compliance with the terms of the judgment. As the prevailing party, plaintiffs have filed a motion seeking to recover approximately \$5.6 million in attorneys' fees and costs, which amount is subject to increase as the case continues. The Village is disputing the amount sought by plaintiffs. On September 11, 2014, the court granted the Village's motion to defer ruling on the plaintiffs' attorneys' fees and costs request pending the outcome of an appeal that the Village has filed of the trial court decision with the 2nd Circuit U.S. Court of Appeals. The appeal was orally argued on May 29, 2015. The Second Circuit in a March 26, 2016 decision remanded the issue of "disparate impact" to the District Court and affirmed the District Court's findings on the remaining causes of action. Since the Village was not successful on appeal, the plaintiffs are entitled to attorneys' fees and costs. The Village believes that it has insurance coverage for such award. However, the insurance carrier has not conceded that such coverage would apply to the disparate treatment claim since it involves intentional acts and has reserved its rights. In the event that after plaintiffs are awarded attorneys' fees the carrier denies coverage, the Village intends to take all reasonable steps to enforce payment. For the foregoing reasons, it is not possible to estimate the potential loss, if any, to the Village as a result of this litigation.

INCORPORATED VILLAGE OF GARDEN CITY
NOTES TO FINANCIAL STATEMENTS
May 31, 2016

4. COMMITMENTS AND CONTINGENCIES (continued)

D. LITIGATION SETTLEMENT

On June 21, 2016, the Village entered into a settlement agreement with a third party which requires the Village to perform ongoing operations, treatments, monitoring and maintenance obligations for specific wells for a period not to exceed thirty years. This settlement was the result of a lawsuit initiated by the Village in a previous year to recover past costs and expenses for investigating and responding to hazardous substances that contaminated the supply wells. The settlement amount of \$10,000,000 was reflected as an amount due from litigation settlement in the Statement of Net Position.

E. 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.

F. TAX CERTIORARI PROCEEDINGS

From time to time, the Village is involved in tax certiorari proceedings under which taxpayers seek reduction in the assessed value of property upon which taxes are measured. A reduction in assessed valuation may result in a refund of real property taxes previously paid by the claimant. The amount refunded to Village taxpayers as a result of tax certiorari proceedings was \$1,472,532 for the year ended 2016.

G. CONSTRUCTION AND OTHER CAPITAL ACQUISITION COMMITMENTS

Construction in progress commitments for equipment purchases and other capital acquisition commitments amounting to \$2,273,872 are restricted or assigned in the Capital Projects Fund.

H. 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
 May 31, 2016

5. CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE

For the fiscal year ended May 31, 2016, the Village implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions – Amendment to GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment to GASB 68*. The implementation of Statement No. 68 and No. 71 resulted in the retroactive reporting of a deferred outflow of resources, deferred inflows of resources and a long-term liability related to the Village’s participation in the Systems. As a result, the Village’s June 1, 2015 governmental activities net position decreased by \$418,510 from \$10,083,700 to \$9,665,190. Business-type activities net position was decreased by \$119,635 from \$8,224,616 to \$8,104,981.

	Governmental Activities	Business- type Activities
Net position beginning of year, as reported	\$ 10,083,700	\$ 8,224,616
GASB Statements No. 68 and 71 implementation		
Beginning System liability - Employees' Retirement System	(2,338,576)	(208,620)
Beginning deferred outflow of resources	2,003,294	99,183
Beginning deferred inflow of resources	(83,228)	(10,198)
Net position beginning of year, as restated	\$ 9,665,190	\$ 8,104,981

6. NEW PRONOUNCEMENTS

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

Statement No. 72 *“Fair Value Measurement and Application”* includes requirements that will enhance the comparability of financial statements among governments by requiring the measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015.

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”* of which the objective is to clarify the existing guidance as well as establish new requirements for pensions not covered by Statement No. 67 and No. 68. The requirements of this Statement are effective for fiscal years beginning after June 15, 2015 - except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for fiscal years beginning after June 15, 2016.

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. 76, *“The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,”* the objective of which is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively.

INCORPORATED VILLAGE OF GARDEN CITY
NOTES TO FINANCIAL STATEMENTS
May 31, 2016

6. NEW PRONOUNCEMENTS (continued)

Statement No. 77, "*Tax Abatement Disclosures*," the objective of which is to improve financial reporting by providing the users of financial statements with information about the nature and magnitude of tax abatements, and helping the users understand how tax abatements affect a government's future ability to raise resources and meet its financial obligations, as well as the impact on the government's financial position and economic condition. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015.

Statement No. 78, "*Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*," amends the scope and applicability of Statement No. 68. This Statement establishes accounting and financial reporting standards for defined benefit pensions provided to employees of a state or local governmental employers through a cost-sharing multiple employer defined benefit pension plan that meets certain criteria of Statement No. 68 and that (a) is not a state or local governmental pension plan, (b) is used to provided defined benefit pensions both to employees of state/local governmental employers as well as to employees of non-state/local governmental employers and (c) has no predominant state or local governmental employer, either individually or collectively with other state or local governmental employers that provide pensions through the pension plan. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015.

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

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 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, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Real Property Taxes				
Real property taxes	\$ 48,961,779	\$ 48,961,779	\$ 48,920,819	\$ (40,960)
Total Real Property Taxes	48,961,779	48,961,779	48,920,819	(40,960)
Other Real Property Tax Items				
Payment in lieu of taxes	966,748	966,748	918,858	(47,890)
Interest and penalties on real property tax	105,400	105,400	101,761	(3,639)
Total Other Real Property Tax Items	1,072,148	1,072,148	1,020,619	(51,529)
Non-Property Tax Items				
Public utilities gross receipts tax	675,000	675,000	624,035	(50,965)
County sales tax	62,000	62,000	62,159	159
Franchise fees	320,000	320,000	330,384	10,384
Total Non-Property Tax Items	1,057,000	1,057,000	1,016,578	(40,422)
Departmental Income				
Charges for tax advertising	1,600	1,600	2,300	700
Safety inspection fees	777,500	777,500	1,006,436	228,936
Parking lots and garages	192,000	192,000	221,400	29,400
Zoning fees	35,000	35,000	33,535	(1,465)
Dump permits	5,000	5,000	4,635	(365)
Sewer charges	2,700	2,700	2,646	(54)
Refuse and garbage fees	150,000	150,000	142,753	(7,247)
Park and recreational charges	483,950	483,950	459,879	(24,071)
Public works service	215,000	215,000	229,618	14,618
Health fees	7,000	7,000	5,330	(1,670)
Planning commission fees	2,000	2,000	6,730	4,730
Architectural design review fees	30,000	30,000	34,400	4,400
Police impound fees	-0-	-0-	6,200	6,200
Total Departmental Income	1,901,750	1,901,750	2,155,862	254,112
Intergovernmental Charges				
Fire protection services	3,650	3,650	3,330	(320)
Sewer services	350	350	105	(245)
Total Intergovernmental Charges	4,000	4,000	3,435	(565)
Use of Money and Property				
Interest and earnings	79,500	79,500	21,648	(57,852)
Rental real property	22,815	22,815	28,815	6,000
Total Use of Money and Property	102,315	102,315	50,463	(51,852)

(Continued)

INCORPORATED VILLAGE OF GARDEN CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended May 31, 2016

(continued)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Licenses and Permits				
Business and occupational licenses	3,300	3,300	2,210	(1,090)
Dog license fund apportionment	4,500	4,500	7,142	2,642
Permits	170,500	170,500	297,128	126,628
Total Licenses and Permits	178,300	178,300	306,480	128,180
Fines and Forfeitures				
Fines and forfeited bail	1,250,000	1,250,000	1,718,866	468,866
Forfeiture of deposits	1,000	20,270	59,038	38,768
Total Fines and Forfeitures	1,251,000	1,270,270	1,777,904	507,634
Special Assessments				
Special assessment - parking lot			239,733	239,733
Total Special Assessments	-0-	-0-	239,733	239,733
Sales of Property and Compensation for Loss				
Minor sales - other	11,000	11,000	33,378	22,378
Sales of equipment	20,000	20,000	86,681	66,681
Insurance recoveries	200,000	261,328	359,644	98,316
Other compensation for losses	25,000	25,000	10,451	(14,549)
Total Sales of Property and Compensation for Loss	256,000	317,328	490,154	172,826
Miscellaneous Local Sources				
Refund of prior year expenses	259,733	259,733	67,646	(192,087)
Gifts and donations			1,747	1,747
Interfund revenues	20,000	20,000	20,000	-0-
Unclassified revenues	10,000	10,000	12,694	2,694
Total Miscellaneous Local Sources	289,733	289,733	102,087	(187,646)
State and Local Aid				
Per capita	207,449	207,449	207,449	-0-
Mortgage tax	500,000	500,000	712,013	212,013
Emergency disaster assistance			757,911	757,911
Youth programs	5,900	5,900		(5,900)
Consolidated local street and highway improvement aid	401,525	401,525	457,663	56,138
Special state grant			2,112	2,112
Other	37,200	37,200	87,844	50,644
Total State and Local Aid	1,152,074	1,152,074	2,224,992	1,072,918
Total Revenues	\$ 56,226,099	\$ 56,306,697	\$ 58,309,126	\$ 2,002,429

(Continued)

INCORPORATED VILLAGE OF GARDEN CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended May 31, 2016

(Continued)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>EXPENDITURES</u>				
General Government Support				
Board of Trustees:				
Equipment		\$ 10,000	\$ 9,531	\$ 469
Other expenditures	\$ 9,200	9,200	8,968	232
Village Justice:				
Personal services	314,358	313,854	283,691	30,163
Other expenditures	33,183	36,183	30,492	5,691
Clerk-Treasurer:				
Personal services	855,936	937,043	917,910	19,133
Equipment	13,213	7,528	7,334	194
Other expenditures	405,904	453,575	268,644	184,931
Purchasing:				
Personal services	261,273	293,262	242,556	50,706
Other expenditures	7,450	7,450	5,247	2,203
Assessment:				
Personal services	42,839	45,228	44,550	678
Other expenditures	10,500	56,700	37,815	18,885
Tax Advertising and Expense:				
Other expenditures		1,406	1,406	-0-
Discount on Taxes	32,500	31,094	28,676	2,418
Law:				
Other expenditures	1,041,000	1,150,200	958,882	191,318
Personnel:				
Personal services	173,399	108,399	98,483	9,916
Other expenditures	25,243	114,743	89,360	25,383
Engineer:				
Personal services	224,152	280,963	280,963	-0-
Other expenditures	12,750	13,613	12,935	678
Elections:				
Personal services	1,075	1,140	1,140	-0-
Other expenditures	1,675	2,069	2,069	-0-
Buildings:				
Personal services	84,914	94,077	94,077	-0-
Other expenditures	236,473	246,861	232,628	14,233
St. Paul School:				
Other expenditures	8,500	28,996	28,171	825
Central Garage:				
Personal services	189,697	263,524	263,524	-0-
Equipment		10,282	10,282	-0-
Other expenditures	178,811	221,697	221,323	374
Central Printing and Mailing:				
Other expenditures	26,000	26,000	25,444	556
Central Data Processing:				
Personal services	101,225	101,711	101,711	-0-
Other expenditures	264,262	249,776	185,931	63,845
Municipal Association Dues	24,000	24,000	21,785	2,215
Refunds of Real Property Taxes	1,800,000	1,787,800	1,472,532	315,268

(Continued)

INCORPORATED VILLAGE OF GARDEN CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended May 31, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
(Continued)				
EXPENDITURES				
General Government Support (continued)				
Insurance charges	3,681,074	3,681,074	3,681,074	-0-
MTA payroll tax	75,000	70,484	67,795	2,689
Contingency	1,309,900	370,560		370,560
Total General Government Support	<u>11,445,506</u>	<u>11,050,492</u>	<u>9,736,929</u>	<u>1,313,563</u>
Public Safety				
Police Department:				
Personal services	8,960,895	9,620,814	9,508,920	111,894
Equipment	11,498	11,498	11,432	66
Other expenditures	571,395	578,935	358,184	220,751
Fire Department:				
Personal services	2,268,900	2,258,168	2,018,989	239,179
Equipment	63,491	122,111	93,028	29,083
Other expenditures	1,401,813	1,408,813	1,058,264	350,549
Safety Inspection:				
Personal services	503,295	791,087	791,087	-0-
Equipment		6,680	6,482	198
Other expenditures	173,327	217,341	203,116	14,225
Total Public Safety	<u>13,954,614</u>	<u>15,015,447</u>	<u>14,049,502</u>	<u>965,945</u>
Transportation				
Street Administration:				
Personal services	224,636	246,766	246,766	-0-
Equipment	1,319	1,319		1,319
Other expenditures	53,500	49,375	45,546	3,829
Street Maintenance:				
Personal services	702,987	715,821	715,821	-0-
Other expenditures	270,535	320,759	316,340	4,419
Snow Removal:				
Personal services	278,650	279,369	279,369	-0-
Other expenditures	141,200	192,570	191,194	1,376
Street Lighting:				
Personal services	167,890	156,167	156,167	-0-
Equipment		7,998	7,998	-0-
Other expenditures	696,705	558,436	548,191	10,245
Total Transportation	<u>2,537,422</u>	<u>2,528,580</u>	<u>2,507,392</u>	<u>21,188</u>
Economic Assistance and Opportunity				
Publicity:				
Other expenditures	41,000	41,000	32,470	8,530
Total Economic Assistance and Opportunity	<u>41,000</u>	<u>41,000</u>	<u>32,470</u>	<u>8,530</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, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
(Continued)				
<u>EXPENDITURES</u>				
Culture and Recreation				
Parks:				
Personal services	1,576,346	1,542,523	1,506,143	36,380
Equipment	7,040	8,357	8,357	-0-
Other expenditures	400,629	409,649	383,741	25,908
Playgrounds and Recreation Centers:				
Personal services	1,792,025	1,842,096	1,841,310	786
Equipment	34,186	34,186	22,420	11,766
Other expenditures	993,005	958,222	832,758	125,464
Concerts:				
Other expenditures	25,500	25,500	13,014	12,486
Historian:				
Other expenditures	1,500	1,500	1,429	71
Total Culture and Recreation	<u>4,830,231</u>	<u>4,822,033</u>	<u>4,609,172</u>	<u>212,861</u>
Home and Community Services				
Sanitary Sewers:				
Personal services	269,248	268,551	268,551	-0-
Equipment	43,000	43,000	22,768	20,232
Other expenditures	120,440	108,251	96,191	12,060
Storm Sewers:				
Personal services	114,822	102,446	102,446	-0-
Other expenditures	41,000	41,595	38,172	3,423
Refuse and Garbage:				
Personal services	1,835,696	1,937,168	1,937,168	-0-
Other expenditures	1,514,585	1,518,514	1,504,745	13,769
Street Cleaning:				
Personal services	457,843	491,742	491,742	-0-
Other expenditures	177,045	173,045	169,102	3,943
Other Sanitation:				
Personal services	252,166	232,654	232,654	-0-
Other expenditures	53,600	33,894	33,063	831
Total Home and Community Services	<u>4,879,445</u>	<u>4,950,860</u>	<u>4,896,602</u>	<u>54,258</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, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
(Continued)				
EXPENDITURES (continued)				
Employee Benefits				
State retirement	1,991,204	1,978,889	1,833,707	145,182
Police and fire retirement	2,486,811	3,604,084	3,312,410	291,674
Social security	1,542,900	1,533,172	1,518,080	15,092
Unemployment insurance	25,000	25,000	10,138	14,862
Hospital and medical insurance	6,062,007	6,062,007	6,038,982	23,025
Total Employee Benefits	<u>12,107,922</u>	<u>13,203,152</u>	<u>12,713,317</u>	<u>489,835</u>
Debt Service				
Principal	1,690,500	1,690,692	1,689,848	844
Interest	419,566	419,374	293,170	126,204
Total Debt Service	<u>2,110,066</u>	<u>2,110,066</u>	<u>1,983,018</u>	<u>127,048</u>
Total Expenditures	<u>51,906,206</u>	<u>53,721,630</u>	<u>50,528,402</u>	<u>3,193,228</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,319,893	2,585,067	7,780,724	5,195,657
Other Financing Sources (Uses)				
Premium on bonds			64,233	64,233
Transfers out	(5,657,759)	(7,074,844)	(7,074,844)	-0-
Total Other Financing Sources (Uses)	<u>(5,657,759)</u>	<u>(7,074,844)</u>	<u>(7,010,611)</u>	<u>64,233</u>
Net Change in Fund Balance*	<u>\$ (1,337,866)</u>	<u>\$ (4,489,777)</u>	770,113	<u>\$ 5,259,890</u>
Fund Balance at Beginning of Year			<u>14,697,525</u>	
Fund Balance at End of Year			<u>\$ 15,467,638</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, 2016

Actuarial Valuation Date June 1,	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
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%
2008	\$ -0-	\$ 80,844,585	\$ 80,844,585	0.00%	\$ 25,511,693	316.89%

INCORPORATED VILLAGE OF GARDEN CITY
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
May 31, 2016

	<u>2016</u>	<u>2015</u>
NYSERS		
Village's proportion of the collective net pension liability	0.0554353%	0.0565780%
Village's proportionate share of the net collective pension liability	\$ 8,897,521	\$ 1,911,344
Village's covered-employee payroll	\$ 13,341,738	\$ 13,844,965
Village's proportionate share of the net collective pension liability as a percentage of its covered-employee payroll	66.69%	13.81%
Plan fiduciary net position as a percentage of the total pension liability coming from plan	90.68%	97.95%
NYSPPRS		
	<u>2016</u>	<u>2015</u>
Village's proportion of the collective net pension liability	0.2346579%	0.2310009%
Village's proportionate share of the net collective pension liability	\$ 6,947,722	\$ 635,852
Village's covered-employee payroll	\$ 10,120,871	\$ 10,032,068
Village's proportionate share of the net collective pension liability as a percentage of its covered-employee payroll	68.65%	6.34%
Plan fiduciary net position as a percentage of the total pension liability coming from plan.	90.24%	99.03%

INCORPORATED VILLAGE OF GARDEN CITY
SCHEDULE OF PENSION CONTRIBUTIONS
May 31, 2016

NYSERS
For the Years Ended May 31,

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 2,463,618	\$ 2,736,701	\$ 2,940,224	\$ 2,695,215	\$ 2,275,745	\$ 1,793,315	\$ 930,736	\$ 1,227,727	\$ 1,253,033	\$ 1,223,221
Contributions in relation to the contractually required contribution	\$ 2,463,618	\$ 2,736,701	\$ 2,940,224	\$ 2,695,215	\$ 2,275,745	\$ 1,793,315	\$ 930,736	\$ 1,227,727	\$ 1,253,033	\$ 1,223,221
Contribution deficiency (excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Village's covered-employee payroll	\$ 13,124,194	\$ 13,832,182	\$ 13,927,676	\$ 14,367,336	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	18.77%	19.79%	21.11%	18.76%	N/A	N/A	N/A	N/A	N/A	N/A

NYSPPRS
For the Years Ended May 31,

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 3,312,410	\$ 2,627,421	\$ 3,006,540	\$ 2,639,070	\$ 2,197,288	\$ 1,761,929	\$ 1,134,728	\$ 1,408,229	\$ 1,409,933	\$ 1,336,795
Contributions in relation to the contractually required contribution	\$ 3,312,410	\$ 2,627,421	\$ 3,006,540	\$ 2,639,070	\$ 2,197,288	\$ 1,761,929	\$ 1,134,728	\$ 1,408,229	\$ 1,409,933	\$ 1,336,795
Contribution deficiency (excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Village's covered-employee payroll	\$ 10,329,698	\$ 9,786,963	\$ 10,950,756	\$ 10,580,296	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	32.07%	26.85%	27.46%	24.94%	N/A	N/A	N/A	N/A	N/A	N/A

N/A Covered- employee payroll for years ended May 2012 through May 2007 was not available.