

Glen Cove City School District, New York

Financial Statements and
Supplementary Information

Year Ended June 30, 2016

Glen Cove City School District, New York

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Independent Auditors' Report

**The Board of Education of the
Glen Cove City School District, New York**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Glen Cove City School District, New York ("School District") as of and for the year ended June 30, 2016, and the related notes to the financial statements which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 School District'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 School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the School District, as of June 30, 2016, and the respective changes in financial position, thereof, and the respective budgetary comparison for the General and Special Aid funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the schedules included under Required Supplementary Information in the accompanying 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2016 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

October 13, 2016

Glen Cove City School District, New York

Management's Discussion and Analysis June 30, 2016

The following is a discussion and analysis of the Glen Cove City School District's ("School District") financial performance for the fiscal year ended June 30, 2016. This section is a summary of the School District's financial activities based on currently known facts, decisions or conditions. It is also based on both the District-wide and fund-level financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

Financial Highlights

Key financial highlights for the fiscal year 2015-2016 are as follows:

- In the district-wide financial statements, revenues increased by 2.5% to \$84,396,311 and expenses increased 1.5% to \$80,665,759 resulting in an increase in net position of \$3,730,552 for the year ended June 30, 2016.
- Also noteworthy on the district-wide financial statements for the year ended June 30, 2016, is the provisions of GASB Statement No. 68. This pronouncement established new accounting and financial reporting requirements associated with the School District's participation in the cost sharing multiple employer pension plans administered by the New York State and Local Employees' Retirement System ("ERS") and the New York State Teachers' Retirement System ("TRS"). Under the new standards, cost-sharing employers are required to report in their district-wide financial statements a net pension liability (asset), pension expense and pension-related deferred inflows and outflows of resources based on their proportionate share of the collective amounts for all of the municipalities and school districts in the plan. At June 30, 2016, the School District reported in its Statement of Net Position a liability of \$3,694,725 for its proportionate share of the ERS net pension liability, while also reporting a net pension asset of \$22,704,389 for its proportionate share of the TRS net pension asset. More detailed information about the School District's pension plan reporting in accordance with the provisions of GASB Statement No. 68, including amounts reported as pension expense and deferred inflows/outflows of resources, is presented in note 3,F in the notes to financial statements.
- The School District's General Fund reflected an increase in fund balance of \$2,748,123.
- The amount of unassigned fund balance that can be retained by the General Fund is limited to no more than 4% of the ensuing year's budget. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$3,349,290 or 4%, and therefore within the statutory limit.
- The School District continued to offer all programs, without reducing services, while maintaining adequate fund balances.

Overview of the Financial Statements

This annual report consists of an introductory section, management's discussion and analysis (this section), the basic financial statements, required supplementary information and other supplementary information. The basic financial statements include two kinds of statements that present different views of the School District:

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the School District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the School District, reporting the School District's operations in *more detail* than the District-wide statements.
- The *governmental fund financial statements* tell how basic services such as regular and special education were financed in the *short-term* as well as what remains for future spending.
- *Fiduciary fund financial statements* provide information about the financial relationships in which the School District acts solely as a *trustee* or *agent* for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School District's budget for the year.

Table A-1 summarizes the major features of the School District's financial statements, including the portion of the School District's activities they cover and the type of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Table A-1: Major Features of the District-Wide and Fund Financial Statements			
	District-Wide Financial Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activity monies
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities and Changes in Net Position 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balance 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or are available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

District-Wide Financial Statements

The District-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the School District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two district-wide statements, the Statement of Net Position and the Statement of Activities, report the School District's *net position* and how it has changed. Net position - the difference between the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources - is one way to measure the School District's financial health or *position*.

- Over time, increases or decreases in the School District's net position are an indicator of whether its financial status is improving or deteriorating, respectively.
- To assess the School District's overall health, you need to consider additional non-financial factors such as changes in the School District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the School District's activities are shown as *governmental activities*; most of the School District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and State formula aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the School District's funds, focusing on its most significant or "major" funds - not the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The School District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The School District has two types of funds:

- Governmental funds: Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, reconciliations of the District-wide and governmental funds statements are provided which explain the relationship (or differences) between them.

- **Fiduciary funds:** The School District is the trustee or fiduciary, for assets that belong to others, such as and student activities funds. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

The financial statements for the governmental and fiduciary funds can be found in the basic financial statements section of this report.

Notes to Financial Statements

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

Financial Analysis of the School District as a Whole

As noted earlier, net position may serve over time as a useful indicator of the School District's financial position. This MD&A includes a summary of two district-wide statements that focus on operations of the School District as a whole. These statements measure inputs and outflows using an economic resources measurement focus, and use the accrual basis of accounting. Activities that are fiduciary in nature are not included in these statements.

In the case of the School District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by (\$6,859,633) at the close of the current fiscal year.

Net Position

	2016	2015
Current Assets	\$ 24,310,551	\$ 24,153,676
Net Pension Asset	22,704,389	24,673,535
Capital Assets, net	13,439,639	14,288,646
Total Assets	60,454,579	63,115,857
Deferred Outflows of Resources		
Deferred amounts on pensions	8,211,200	6,361,363
Current Liabilities	8,115,958	11,077,041
Long-term Liabilities	59,137,920	52,058,599
Total Liabilities	67,253,878	63,135,640
Deferred Inflows of Resources		
Deferred amounts on pensions	8,271,534	16,931,765
Net Position		
Net Investment in capital assets	7,508,988	7,623,778
Restricted		
Capital projects	51,624	114,356
Tax certiorari	2,481,208	349,395
Workers compensation benefits	404,923	415,322
Unemployment benefits	94,910	100,900
Retirement system contributions	1,500,000	-
School lunch	270,309	312,496
Special Purposes	97,739	107,841
Unrestricted	(19,269,334)	(19,614,273)
Total Net Position	\$ (6,859,633)	\$ (10,590,185)

By far, the largest component of the School District's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to the students and consequently, these assets are not available for future spending. It should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Those assets subject to external restrictions listed above constitute \$4,900,713 of net position and are comprised of amounts restricted for specific purposes. The remaining balance represents an unrestricted net deficit of \$(19,269,334). This deficit results mainly from the accrual of the School District's Other Post Employment Benefit Obligations ("OPEB") aggregating \$40,016,330 which is reflected as a liability on the district-wide financial statement. The recognition of OPEB obligations is required under the provisions of GASB Statement No. 45. These obligations include any benefits provided to retirees, other than a pension, including health insurance.

The School District's net position increased by 35.2% from the year before to a net deficit of \$(6,859,633) from a balance of \$(10,590,185) at June 30, 2015, due in part to the implementation of GASB Statement Nos. 68 and 71.

Net investment in capital assets at June 30, 2016, increased by \$114,470 due to a reduction in bonds and installment purchase debt.

Overall, the School District's total net position increased by \$3,730,552 for the year ending June 30, 2016 due to the impact of GASB Statements Nos. 68 and 71, as discussed in detail in Note 3,F in the notes to financial statements.

Changes in Net Position

	2016	2015
REVENUES		
Program Revenues		
Charges for Services	\$ 706,613	\$ 614,091
Operating Grants and Contributions	4,222,750	4,250,748
Total Program Revenues	4,929,363	4,864,839
General Revenues		
Real Property Taxes	60,548,376	59,514,646
Other Tax Items	7,432,322	7,674,737
Non-property taxes	1,467,391	1,500,023
Unrestricted Use of Money and Property	19,473	29,127
Sale of Property and Compensation for Loss	213,631	70,200
Unrestricted State Aid	9,480,294	8,383,295
Miscellaneous	305,461	284,914
Total General Revenues	79,466,948	77,456,942
Total Revenues	84,396,311	82,321,781
PROGRAM EXPENSES		
General Support	10,685,796	10,166,014
Instruction	63,869,700	63,238,344
Pupil Transportation	4,489,416	4,428,660
Community Services	20,922	22,247
Cost of Food Sales	1,419,390	1,408,910
Other	10,999	1,337
Interest	169,536	223,353
Total Expenses	80,665,759	79,488,865
Change in Net Position	3,730,552	2,832,916
NET POSITION		
Beginning, as reported	(10,590,185)	(19,798,111)
Cumulative Effect of Change In Accounting Principle	-	6,027,518
Prior Period Adjustment	-	347,492
Beginning, as restated	(10,590,185)	(13,423,101)
Ending	\$ (6,859,633)	\$ (10,590,185)

As seen above, governmental activities increased the School District's net position by \$3,730,552 during the current fiscal year exclusive of adjustments to the opening net position. Noteworthy is the impact of the requirements of GASB Statement No. 45 that requires recognition of OPEB expenses and GASB Statement Nos. 68 and 71 that requires school districts to recognize their proportionate share of assets, deferred outflows of resources, liabilities and deferred inflows of resources of the various pension systems (ERS and TRS). Other changes in these activities follow below:

Revenues

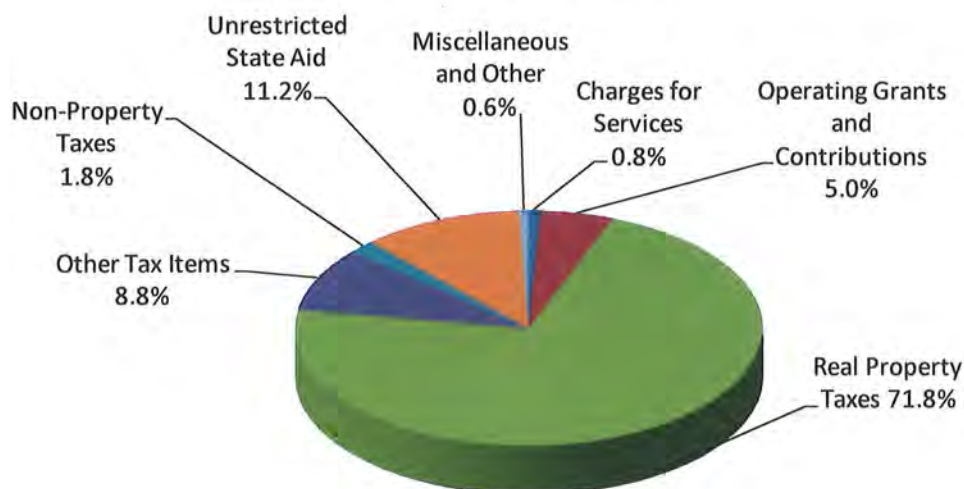
- The School District's fiscal year 2016 revenues totaled \$84,396,311. Property and other taxes and State sources accounted for most of the School District's revenue representing 71.8% and 11.2%, respectively. The remainder came from other charges for services, operating grants, miscellaneous and use of money and property.
- Revenues increased 2.5% or \$2,074,530, primarily as a direct result of an increase in property taxes of \$1,033,730 and an increase in unrestricted state aid of \$1,096,999. Although the increase in property taxes was a result of a higher tax levy in the 2015-16 fiscal year, it is noteworthy that it was under the maximum allowable tax levy limit associated with the New York State Real Property Tax Cap Legislation.

Expenses

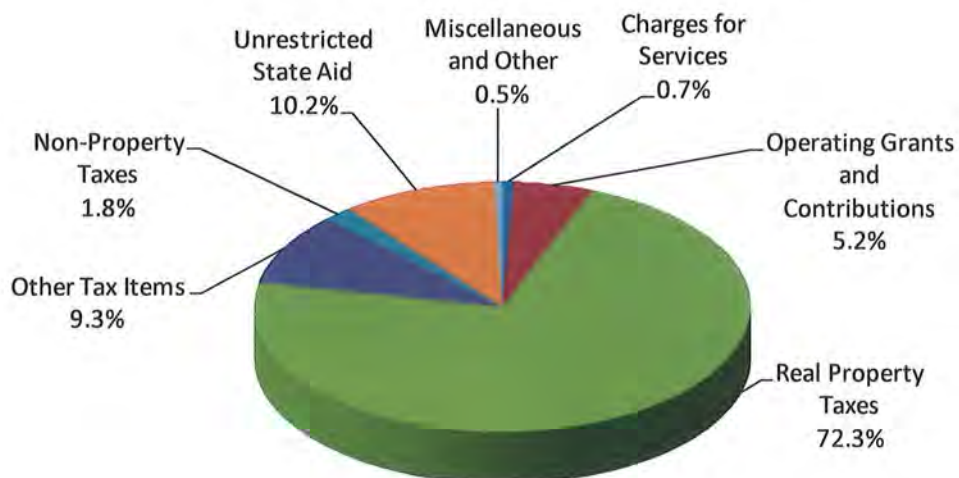
- The School District's fiscal year 2016 expenses totaled \$80,665,759. These expenses (85%) are predominantly related to instruction and transporting students. The School District's administrative and business activities accounted for 15% of total costs.
- Instruction program expenses in the aggregate increased by \$631,356 or 53.6% from the prior year due in part to the implementation of GASB Statement No. 68. This compares to an increase of 44.2% in expenditures for general support.

As indicated on the graphs that follow, the School District relies upon real property taxes as its primary revenue source for Governmental Activities. The School District's instruction costs account for approximately 79.2% of its expenses.

**Sources of Revenue for Fiscal Year 2016
Governmental Activities**



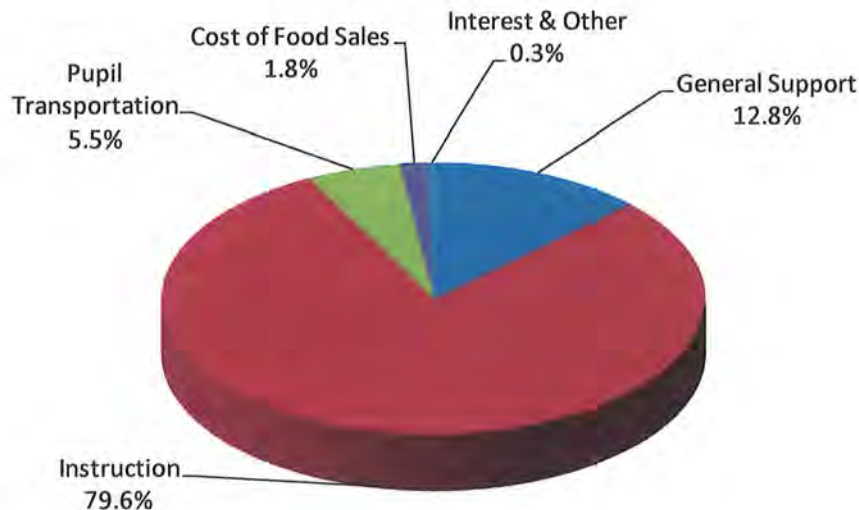
**Sources of Revenue for Fiscal Year 2015
Governmental Activities**



Expenses for Fiscal Year 2016 Governmental Activities



Expenses for Fiscal Year 2015 Governmental Activities



Financial Analysis of the School District's Funds

Variances between years for the governmental fund financial statements are not the same as variances between years for the District-wide financial statements. The School District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Based on this presentation, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt.

As noted earlier, the School District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

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

The Government Accounting Standards Board ("GASB") issued Statement No. 54 "*Fund Balance Reporting and Governmental Fund Type Definitions*" in February 2009. The requirements of GASB Statement No. 54 became effective for the School District's fiscal period ending June 30, 2012. GASB Statement No. 54 abandoned the reserved and unreserved classifications of fund balance and replaced them with five new classifications: nonspendable, restricted, committed, assigned and unassigned. As of the end of the current fiscal year, the School District's governmental funds reported combined fund balances of \$15,121,433, an increase of \$2,614,126 from the prior year. The composition of the combined fund balances are as follows:

Nonspendable	\$ 14,252
Restricted	8,964,311
Assigned	2,793,580
Unassigned	3,349,290

The definitions of the types of items included in each of these categories are included in Note 1 to the financial statements. A detailed chart of each of the individual amounts in each category is included in Note 3, I to the financial statements.

General Fund Budgetary Highlights

The General Fund is the primary operating fund of the School District. The adopted budget for fiscal year 2015-2016 of \$82,486,118 was increased by \$232,152 as a result of prior year encumbrances. During the fiscal year, appropriation transfers within the budget were made to address the operational needs of the School District. The final adjusted budget for the fiscal year ending June 30, 2016 was \$82,756,569.

Revenues fell short of the amount contained in the final budget by (\$61,311), but savings of \$5,351,831 were derived on the expenditure side of the budget, thus creating a budgetary surplus of \$5,288,520 at June 30, 2016. The revenues were less than budgeted due to the timing of tax collections. The expenditure savings occurred as a result of favorable salary breakage across all functional areas, combined with lower than expected increases in the health insurance premiums which resulted in lower than expected employee benefit costs and savings realized by curtailing discretionary spending in all functional areas. Expenditures under budget were realized in General Support (\$671,426), Instruction (\$3,017,216) and Employee Benefits (\$1,620,155).

At the end of the current fiscal year, the total fund balance of the General Fund was \$14,701,761, of which \$3,349,290 was unassigned, representing 4.00% of the ensuing year's budget. As previously mentioned, New York State Law limits the amount of unassigned fund balance that can be retained to 4% of the ensuing year's budget, exclusive of the amount designated for the subsequent year's budget.

Capital Assets and Debt Administration

Capital Assets

By the end of 2016, the School District had invested \$13,439,636 net of depreciation, in a broad range of capital assets, including school buildings, maintenance facilities, athletic facilities, computer and audio-visual equipment, and administrative offices. The change in capital assets, net of accumulated depreciation, is delineated below and provides comparative balances from the prior year.

Class	June 30, 2016	June 30, 2015
Land	\$ 239,225	\$ 239,225
Construction-in-Progress	-	365,569
Land Improvements	24,208	75,448
Buildings and Improvements	12,383,460	12,729,030
Machinery and Equipment	792,746	879,374
Total Capital Assets, net of accumulated depreciation	<u>\$ 13,439,639</u>	<u>\$ 14,288,646</u>

Long-Term Debt

The School District had general obligation and other long-term debt outstanding as follows:

	June 30, 2016	June 30, 2015
Bonds Payable	\$ 2,400,000	\$ 2,625,000
Installment Purchase Debt Payable	3,530,651	4,058,844
Claims Payable	3,330,985	4,431,426
Compensated Absences	6,165,229	5,266,944
Net Pension Liability	3,694,725	820,741
Other Post Employment Benefit Obligations Payable	40,016,330	34,855,644
	<u>\$ 59,137,920</u>	<u>\$ 52,058,599</u>

At June 30, 2016, the School District reported a liability of \$3,694,725 for its proportionate share of the net pension liability of ERS. The net pension liability was measured as of March 31, 2016, and the total liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

More detailed information about the School District's long-term liabilities is presented in Note 3,F in the notes to financial statements.

Factors Bearing on the Future of District

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

- The voters of the School District approved the 2016-2017 budget for \$83,705,760. The School District plans on the use of \$2,285,000 of reserves for next year's budget.
- The national economy continues to have a negative impact on virtually every municipal budget. A result could be that State aid to the School District could be negatively impacted in amount and/or timing.
- The "Tax Levy Limitation Law" which was enacted on June 24, 2011 and extended through June 2020, restricts the amount of property taxes that may be levied by or on behalf of a school district in a particular year. Although there are exceptions, exemptions and overrides to the limitation, the new Law is expected to make budgetary decisions more difficult.
- Significant increases in the cost of health insurance and contributions to the retirement systems continue to place a greater burden on the School District's finances. Contributions to the State Retirement Systems are one of the exemptions to the "Tax Levy Limitation Law".
- The School District is currently the only one in both Nassau and Suffolk Counties which must pay tax certiorari judgments directly to the taxpayers. In all other school districts, they are paid by the County. This is an unanticipated annual expenditure which places significant financial burden on the budget.

Contacting the District's Financial Management

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

Glen Cove City School District
District Offices
Attn: Assistant Superintendent for Business
Doris Lane
Glen Cove, New York 11542
(516) 759-7214

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Glen Cove City School District, New YorkStatement of Net Position
June 30, 2016

	Governmental Activities
ASSETS	
Cash and equivalents	\$ 19,771,601
Receivables	
Taxes	1,703,635
Accounts	5,699
State and Federal aid	2,670,985
Due from other governments	144,379
Inventories	14,252
Net pension asset	22,704,389
Capital assets	
Not being depreciated	239,225
Being depreciated, net	13,200,414
Total Assets	<u>60,454,579</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>8,211,200</u>
LIABILITIES	
Accounts payable	752,779
Accrued liabilities	643,187
Due to other governments	1,637,147
Due to retirement systems	4,920,436
Unearned revenues	96,491
Accrued interest payable	65,918
Non-current liabilities	
Due within one year	3,373,621
Due in more than one year	55,764,299
Total Liabilities	<u>67,253,878</u>
DEFERRED INFLOWS OF RESOURCES	<u>8,271,534</u>
NET POSITION	
Net investment in capital assets	7,508,988
Restricted	
Capital projects	51,624
Tax certiorari	2,481,208
Workers' compensation benefits	404,923
Unemployment benefits	94,910
Retirement system contributions	1,500,000
School lunch	270,309
Special purposes	97,739
Unrestricted	<u>(19,269,334)</u>
Total Net Position	<u><u>\$ (6,859,633)</u></u>

The notes to the financial statements are an integral part of this statement.

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Glen Cove City School District, New York

Statement of Activities
Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
General support	\$ 10,685,796	\$ 10,816	\$ 33,904	\$ -	\$ (10,641,076)
Instruction	63,869,700	222,204	3,178,505	-	(60,468,991)
Pupil transportation	4,489,416	-	117,800	-	(4,371,616)
Community services	20,922	14,770	-	-	(6,152)
Cost of food sales	1,419,390	458,823	891,644	-	(68,923)
Other	10,999	-	897	-	(10,102)
Interest	169,536	-	-	-	(169,536)
Total Governmental Activities	\$ 80,665,759	\$ 706,613	\$ 4,222,750	\$ -	(75,736,396)
General revenues					
Real property taxes					60,548,376
Other tax items					
School tax relief reimbursement					5,422,608
Payments in lieu of taxes					1,801,113
Interest and penalties on real property taxes					208,601
Non-property taxes					
Non-property tax distribution from County					1,467,391
Unrestricted use of money and property					19,473
Sale of property and compensation for loss					213,631
Unrestricted State aid					9,480,294
Miscellaneous					305,461
Total General Revenues					79,466,948
Change in Net Position					3,730,552
Net Position - Beginning					(10,590,185)
Net Position - Ending					\$ (6,859,633)

The notes to the financial statements are an integral part of this statement.

Glen Cove City School District, New York

Balance Sheet
Governmental Funds
June 30, 2016

	General	Special Aid	Capital Projects
ASSETS			
Cash and equivalents	\$ 19,048,968	\$ 66,906	\$ 503,037
Receivables			
Taxes	1,703,635	-	-
Accounts	5,699	-	-
State and Federal aid	864,021	1,744,788	-
Due from other governments	144,379	-	-
Due from other funds	2,220,527	-	-
Inventories	-	-	-
Total Assets	<u>\$ 23,987,229</u>	<u>\$ 1,811,694</u>	<u>\$ 503,037</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 687,980	\$ 64,799	\$ -
Accrued liabilities	637,696	2,776	-
Due to other governments	1,632,493	2,660	-
Due to other funds	187,781	1,724,972	451,413
Due to retirement systems	4,920,436	-	-
Unearned revenues	80,004	16,487	-
Total Liabilities	8,146,390	1,811,694	451,413
Deferred inflows of resources			
Deferred tax revenues	1,139,078	-	-
Total Liabilities and Deferred Inflows of Resources	<u>9,285,468</u>	<u>1,811,694</u>	<u>451,413</u>
Fund balances			
Nonspendable	-	-	-
Restricted	8,814,948	-	51,624
Assigned	2,537,523	-	-
Unassigned	3,349,290	-	-
Total Fund Balances	<u>14,701,761</u>	<u>-</u>	<u>51,624</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 23,987,229</u>	<u>\$ 1,811,694</u>	<u>\$ 503,037</u>

The notes to the financial statements are an integral part of this statement.

<u>Non-Major Governmental</u>	<u>Total Governmental Funds</u>
\$ 152,690	\$ 19,771,601
-	1,703,635
-	5,699
62,176	2,670,985
-	144,379
187,781	2,408,308
14,252	14,252
<u>\$ 416,899</u>	<u>\$ 26,718,859</u>

\$ -	\$ 752,779
2,715	643,187
1,994	1,637,147
44,142	2,408,308
-	4,920,436
-	96,491

48,851	10,458,348
--------	------------

-	1,139,078
---	-----------

<u>48,851</u>	<u>11,597,426</u>
---------------	-------------------

14,252	14,252
97,739	8,964,311
256,057	2,793,580
-	3,349,290

<u>368,048</u>	<u>15,121,433</u>
----------------	-------------------

<u>\$ 416,899</u>	<u>\$ 26,718,859</u>
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Glen Cove City School District, New York

Reconciliation of Governmental Funds Balance Sheet to the District-Wide Statement of Net Position June 30, 2016

Fund Balances - Total Governmental Funds	\$ 15,121,433
--	---------------

Amounts Reported for Governmental Activities in the Statement of Net
Position are Different Because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>13,439,639</u>
---	-------------------

Governmental funds do not report the effect of assets or liabilities related to net pension assets (liabilities) whereas these amounts are deferred and amortized in the statement of activities. Deferred amounts on net pension assets (liabilities)	<u>(60,334)</u>
---	-----------------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Real property taxes	<u>1,139,078</u>
---	------------------

Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds. Net pension asset	<u>22,704,389</u>
---	-------------------

Long-term liabilities that are not due and payable in the current period are not reported in the funds. Accrued interest payable Bonds payable Installment purchase debt payable Claims payable Compensated absences Net pension liability Other post employment benefit obligations payable	 (65,918) (2,400,000) (3,530,651) (3,330,985) (6,165,229) (3,694,725) (40,016,330) <u>(59,203,838)</u>
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Net Position of Governmental Activities	<u><u>\$ (6,859,633)</u></u>
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The notes to the financial statements are an integral part of this statement.

Glen Cove City School District, New York

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2016

	General	Special Aid	Capital Projects
REVENUES			
Real property taxes	\$ 60,053,949	\$ -	\$ -
Other tax items	7,432,322	-	-
Non-property taxes	1,467,391	-	-
Charges for services	236,974	-	-
Use of money and property	64,193	-	-
Sale of property and compensation for loss	213,631	-	-
State aid	9,866,908	927,258	-
Federal aid	103,975	1,785,231	-
Food sales	-	-	-
Miscellaneous	398,263	425	-
Total Revenues	<u>79,837,606</u>	<u>2,712,914</u>	<u>-</u>
EXPENDITURES			
Current			
General support	8,608,568	-	-
Instruction	45,696,090	2,679,050	-
Pupil transportation	4,362,895	147,250	-
Community services	18,411	-	-
Employee benefits	17,400,461	-	-
Cost of food sales	-	-	-
Other	-	-	-
Debt service			
Principal	773,463	-	-
Interest	178,941	-	-
Capital outlay	-	-	39,246
Total Expenditures	<u>77,038,829</u>	<u>2,826,300</u>	<u>39,246</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,798,777</u>	<u>(113,386)</u>	<u>(39,246)</u>
OTHER FINANCING SOURCES (USES)			
Installment purchase debt issued	-	-	20,270
Transfers in	62,732	113,386	-
Transfers out	(113,386)	-	(62,732)
Total Other Financing Sources (Uses)	<u>(50,654)</u>	<u>113,386</u>	<u>(42,462)</u>
Net Change in Fund Balances	2,748,123	-	(81,708)
FUND BALANCES			
Beginning of Year	<u>11,953,638</u>	<u>-</u>	<u>133,332</u>
End of Year	<u>\$ 14,701,761</u>	<u>\$ -</u>	<u>\$ 51,624</u>

The notes to the financial statements are an integral part of this statement.

Non-Major Governmental	Total Governmental Funds
\$ -	\$ 60,053,949
-	7,432,322
-	1,467,391
-	236,974
974	65,167
-	213,631
26,240	10,820,406
865,327	2,754,533
374,069	374,069
84,754	483,442
<u>1,351,364</u>	<u>83,901,884</u>
-	8,608,568
-	48,375,140
-	4,510,145
-	18,411
-	17,400,461
1,392,654	1,392,654
10,999	10,999
-	773,463
-	178,941
-	39,246
<u>1,403,653</u>	<u>81,308,028</u>
<u>(52,289)</u>	<u>2,593,856</u>
-	20,270
-	176,118
-	(176,118)
<u>-</u>	<u>20,270</u>
(52,289)	2,614,126
<u>420,337</u>	<u>12,507,307</u>
<u>\$ 368,048</u>	<u>\$ 15,121,433</u>

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Glen Cove City School District, New York

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2016

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net Change in Fund Balances - Total Governmental Funds	\$ 2,614,126
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.	
Capital outlay expenditures	39,246
Depreciation expense	(888,253)
	(849,007)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Real property taxes	494,427
Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Installment purchase debt issued	(20,270)
Principal paid on serial bonds	225,000
Principal paid on installment purchase debt	548,463
	753,193
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued interest	9,405
Claims	1,100,441
Compensated absences	(898,285)
Pension assets (liabilities)	5,666,938
Other post employment benefit obligations	(5,160,686)
	717,813
Change in Net Position of Governmental Activities	\$ 3,730,552

The notes to the financial statements are an integral part of this statement.

Glen Cove City School District, New York

Statement of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual
General and Special Aid Funds
Year Ended June 30, 2016

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 60,774,617	\$ 60,774,617	\$ 60,053,949	\$ (720,668)
Other tax items	7,352,902	7,352,902	7,432,322	79,420
Non-property taxes	1,300,000	1,300,000	1,467,391	167,391
Charges for services	175,850	175,850	236,974	61,124
Use of money and property	77,000	77,000	64,193	(12,807)
Sale of property and compensation for loss	-	29,449	213,631	184,182
State aid	9,959,249	9,959,249	9,866,908	(92,341)
Federal aid	156,500	156,500	103,975	(52,525)
Miscellaneous	65,000	75,350	398,263	322,913
Total Revenues	79,861,118	79,900,917	79,837,606	(63,311)
EXPENDITURES				
Current				
General support	9,425,613	9,492,596	8,608,568	884,028
Instruction	48,595,531	48,753,227	45,696,090	3,057,137
Pupil transportation	4,356,049	4,364,876	4,362,895	1,981
Community services	23,350	23,350	18,411	4,939
Employee benefits	19,232,324	19,020,616	17,400,461	1,620,155
Debt service				
Principal	746,651	773,463	773,463	-
Interest	193,752	183,441	178,941	4,500
Total Expenditures	82,573,270	82,611,569	77,038,829	5,572,740
Excess (Deficiency) of Rev- enues Over Expenditures	(2,712,152)	(2,710,652)	2,798,777	5,509,429
OTHER FINANCING SOURCES (USES)				
Transfers in	-	62,732	62,732	-
Transfers out	(145,000)	(145,000)	(113,386)	31,614
Total Other Financing Sources (Uses)	(145,000)	(82,268)	(50,654)	31,614
Net Change in Fund Balances	(2,857,152)	(2,792,920)	2,748,123	5,541,043
FUND BALANCES				
Beginning of Year	2,857,152	2,792,920	11,953,638	9,160,718
End of Year	\$ -	\$ -	\$ 14,701,761	\$ 14,701,761

The notes to the financial statements are an integral part of this statement.

Special Aid Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
939,234	939,234	927,258	(11,976)
2,085,789	2,085,789	1,785,231	(300,558)
425	425	425	-
<u>3,025,448</u>	<u>3,025,448</u>	<u>2,712,914</u>	<u>(312,534)</u>
-	-	-	-
3,023,198	3,023,198	2,679,050	344,148
147,250	147,250	147,250	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>3,170,448</u>	<u>3,170,448</u>	<u>2,826,300</u>	<u>344,148</u>
<u>(145,000)</u>	<u>(145,000)</u>	<u>(113,386)</u>	<u>31,614</u>
145,000	145,000	113,386	(31,614)
-	-	-	-
<u>145,000</u>	<u>145,000</u>	<u>113,386</u>	<u>(31,614)</u>
-	-	-	-
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Glen Cove City School District, New York

Statement of Assets and Liabilities

Fiduciary Fund

June 30, 2016

	<u>Agency</u>
ASSETS	
Cash and equivalents	<u>\$ 74,552</u>
LIABILITIES	
Accounts payable	\$ 4,963
Employee payroll deductions	176
Student activity funds	<u>69,413</u>
 Total Liabilities	 <u>\$ 74,552</u>

The notes to the financial statements are an integral part of this statement.

Note 1 - Summary of Significant Accounting Policies

The Glen Cove City School District, New York ("School District"), operates in accordance with the provisions of the Education Law of the State of New York. The Board of Education is the legislative body responsible for overall operation of the School District and is elected by the voters of the School District. The Superintendent serves as the chief executive officer. The School District's primary function is to provide education for its pupils. Services such as transportation of pupils, administration, finance and plant maintenance support the primary function.

The accounting policies of the School District conform to generally accepted accounting principles for local governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the School District's more significant accounting policies:

A. Financial Reporting Entity

The financial reporting entity consists of a) the primary government, which is the School District b) organizations for which the School District is financially accountable and c) other organizations for which the nature and significance of their relationship with the School District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by GASB.

In evaluating how to define the School District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the School District's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, there are no other entities which would be included in the financial statements.

The School District participates in the Nassau County Board of Cooperative Educational Services ("BOCES"), a jointly governed entity. BOCES is a voluntary cooperative association of school districts in a geographic area that share planning, services and programs, which provide educational and support services. There is no authority or process by which a school district can terminate its status as a BOCES Component. BOCES' governing board is elected based on the vote of members of the participating districts' governing boards. BOCES' budget is comprised of separate budgets for administrative, program and capital costs. BOCES charges the districts for program costs based on participation and for administrative and capital costs. Each component school district's share of administrative and capital costs is determined by resident public school enrollment as defined in Education Law. Copies of BOCES' financial statements can be requested from Nassau County BOCES, 71 Clinton Road, Garden City, New York 11530.

B. District-Wide Financial Statements

The district-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the School District as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used.

Note 1 - Summary of Significant Accounting Policies (Continued)

The Statement of Net Position presents the financial position of the School District at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The School District does not allocate indirect expenses to functions in the Statement of Activities.

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

C. Fund Financial Statements

The accounts of the School District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The School District maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Fiduciary funds are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the district-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explain the adjustments necessary to transform the fund based financial statements into the governmental activities column of the district-wide presentation. The School District's resources are reflected in the fund financial statements in two broad fund categories, in accordance with generally accepted accounting principles as follows:

Fund Categories

- a. Governmental Funds - Governmental Funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following represents the School District's major governmental funds.

General Fund - The General Fund constitutes the primary operating fund of the School District and is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditure for specified purposes other than debt service or capital

Note 1 - Summary of Significant Accounting Policies (Continued)

projects. The major special revenue fund of the School District is the Special Aid Fund. The Special Aid Fund is used to account for special projects or programs supported in whole or in part with Federal, State or local funds.

Capital Projects Fund - The 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 major capital facilities and other capital assets.

The School District also reports the following non-major governmental funds:

Special Revenue Funds:

School Lunch Fund - The School Lunch Fund is used to record the operations of the breakfast and lunch programs of the School District.

Special Purpose Fund - The Special Purpose Fund is used to account for assets held by the School District in accordance with the terms of a trust agreement.

- b. Fiduciary Fund (Not Included in District-Wide Financial Statements) - Fiduciary Funds are used to account for assets held by the School District in an agency capacity on behalf of others. Among the activities included in the Agency Fund are the student activity funds. The Agency Fund is also utilized to account for payroll tax withholdings that are payable to other jurisdictions.

D. 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 (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The Agency Fund has no measurement focus but utilizes the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. Property taxes associated with the current fiscal period as well

Note 1 - Summary of Significant Accounting Policies (Continued)

as charges for services and intergovernmental revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made. 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, certain claims, net pension liability and other post employment benefit obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances

Deposits and Risk Disclosure

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and certificates of deposit with original maturities of less than three months.

The School District's deposits and investment policies are governed by State statutes. The School District has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The School District is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions, and accordingly, the School District's policy provides for no credit risk on investments.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The School District has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the School District's name. The School District's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at June 30, 2016.

The School District was invested only in the above mentioned obligations and, accordingly, was not exposed to any interest rate or credit risk.

Note 1 - Summary of Significant Accounting Policies (Continued)

Taxes Receivable - Real property taxes attach as an enforceable lien on real property as of July 1st. Taxes are collected during the period August 1 to June 30. The City of Glen Cove, New York ("City") is responsible for the billing and collection of the taxes. The City guarantees the full payment of the School District warrant and assumes responsibility for the uncollected taxes. This amount is generally paid to the School District no later than December 31st.

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the School District. Receivables are recorded and revenues recognized as earned or as specific program expenditures are incurred. Allowances are recorded when appropriate.

Due From/To Other Funds - During the course of its operations, the School District has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2016, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Inventories - Inventories in the School Lunch Fund consist of food and supplies and are recorded at cost on a first-in, first-out basis or, in the case of surplus food, at a stated value which approximates market. These inventories consist primarily of items held for consumption. The cost is recorded as inventory at the time individual inventory items are purchased. The School District uses the consumption method to relieve inventory. In the fund financial statements, reported amounts are equally offset by a reservation of fund balance, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

Capital Assets - Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the district-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

Land and construction-in-progress are not depreciated. Property, plant and equipment of the School District are depreciated using the straight line method over the following estimated useful lives.

<u>Class</u>	<u>Life in Years</u>
Land Improvements	30
Buildings and Improvements	30
Machinery and Equipment	7

Note 1 - Summary of Significant Accounting Policies (Continued)

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheet.

Unearned Revenues - Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In the district-wide financial statements, unearned revenues consist of revenue received in advance and/or amounts from grants received before the eligibility requirements have been met.

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The School District has reported unearned revenues of \$80,004 for miscellaneous revenue collected in advance in the General Fund and \$16,487 for grants received in advance in the Special Aid Fund.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The School District has reported deferred inflows of resources of \$1,139,078 for real property taxes in the General Fund. This amount is deferred and recognized as an inflow of resources in the period that the amount become available.

The School District also reports deferred outflows of resources and deferred inflows of resources in relation to its pension obligations. These amounts are detailed in the discussion of the School District's pension plans in Note 3F.

Long-Term Liabilities - In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expended as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as Capital Projects or Debt Service funds expenditures.

Compensated Absences - The various collective bargaining agreements provide for the payment of accumulated vacation and sick leave upon separation from service. The liability for such accumulated leave is reflected in the district-wide Statement of Net Position as current and long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability

Note 1 - Summary of Significant Accounting Policies (Continued)

has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

Net Pension Liability (Asset) - The net pension liability (asset) represents the School District's proportionate share of the net pension liability (asset) of the New York State and Local Employees' Retirement System and the New York State Teachers' Retirement System. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 68, *"Accounting and Financial Reporting for Pensions"* and GASB Statement No. 71, *"Pension Transition for Contributions Made Subsequent to the Measurement Date"*.

Net Position - Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position on the Statement of Net Position includes, net investment in capital assets, restricted for capital projects, tax certiorari, workers' compensation benefits, unemployment benefits, retirement system contributions, school lunch and special purposes. The balance is classified as unrestricted.

Fund Balance - Generally, fund balance represents the difference between current assets and deferred outflows of resources and current liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in General Municipal Law or Education Law of the State of New York.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The Board of Education is the highest level of decision making authority for the School that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the entity removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the Board of Education.

Note 1 - Summary of Significant Accounting Policies (Continued)

Assigned fund balance, in the General Fund, represents amounts constrained either by the entity's highest level of decision making authority or a person with delegated authority from the governing board to assign amounts for a specific intended purpose. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all funds except the General Fund includes all remaining amounts, except for negative balances, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows of resources, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows of resources.

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the School District's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the School District's policy to use fund balance in the following order: committed, assigned, and unassigned.

F. Encumbrances

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General and Special Aid funds. Encumbrances outstanding at year-end are generally reported as assigned fund balance since they do not constitute expenditures or liabilities.

G. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 13, 2016.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

The School District generally follows the procedures enumerated below in establishing the budgetary data reflected in the fund financial statements:

- a) At least seven days prior to the budget hearing, a copy of the budget is made available to the voters.
- b) At the budget hearing, the voters may raise questions concerning the items contained in the budget.
- c) The Board of Education establishes a date for the annual meeting, which by law will be held on the third Tuesday in May.
- d) The voters are permitted to vote upon the General Fund budget at the annual meeting.
- e) If the original proposed budget is not approved by the voters, the Board of Education has the option of either resubmitting the original or revising the budget for voter approval at a special meeting held at a later date; or the Board of Education may, at that point, adopt a contingency budget. If the Board of Education decides to submit either the original or a revised budget to the voters for a second time, and the voters do not approve the second budget submittal, the Board of Education must adopt a contingency budget and the tax levy cannot exceed the total tax levy of the prior year (0% levy growth). In addition, the administrative component of the contingency budget shall not comprise a greater percentage of the contingency budget exclusive of the capital component than the lesser of either 1) the percentage the administrative component had comprised in the prior year budget exclusive of the capital component; or 2) the percentage the administrative component had comprised in the last proposed defeated budget exclusive of the capital component.
- f) Formal budgetary integration is employed during the year as a management control device for General and Special Aid funds.
- g) Budgets for General and Special Aid funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. The Board of Education does not adopt an annual budget for the School Lunch and Special Purpose funds.
- h) The Board of Education has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board of Education. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.

Note 2 - Stewardship, Compliance and Accountability (Continued)

- i) Appropriations in General and Special Aid funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

Budgeted amounts are as originally adopted, or as amended by the Board of Education.

B. Limitation on Fund Balance

The School District is limited to the amount of committed, assigned and unassigned fund balance, with certain exceptions, that can be retained. New York State law limits this amount to 4% of the ensuing year's budget.

C. Property Tax Limitation

The School District is not limited as to the maximum amount of real property taxes which may be raised. However, on June 24, 2011, the Governor signed Chapter 97 of the Laws of 2011 ("Tax Levy Limitation Law"). This law applies to all local governments, including school districts.

The Tax Levy Limitation Law restricts the amount of real property taxes that may be levied by a School District in a particular year. The original legislation that established the Tax levy Limitation Law was set to expire on June 16, 2016. Chapter 20 of the Laws of 2015 extends the Tax Levy Limitation Law through June 2020.

Pursuant to the Tax Levy Limitation Law, the tax levy of a school district cannot increase by more than the lesser of two percent or the annual increase in the consumer price index. Certain adjustments would be permitted as defined by Section 1220 of the Real Property Tax Law. A school district could exceed the tax levy limitation only if the budget is approved by at least 60% of the vote. There are certain exemptions to the tax levy limitation, such as expenditures made on account of certain tort settlements and certain increases in the actuarial contribution rates of the various public employee retirement systems.

D. Uninsured and Uncollateralized Deposits

Pursuant to Section 10 of General Municipal Law, when deposits exceed Federal Deposit Insurance Coverage ("FDIC"), any amounts not insured under the Federal Deposit Insurance Act must be properly secured. Local governments must obtain a pledge of eligible securities, or obtain other permissible security, to ensure that the amount of deposits and investments in excess of FDIC insurance will not be lost in the event of a bank or a trust company failure or other events of default. The School District's written investment policy also requires the proper securitization of these deposits. As of June 30, 2016, \$667,987 of the School District's bank balances of \$21,642,998 was exposed to custodial credit risk as they were uninsured and uncollateralized.

Glen Cove City School District, New York

Notes to Financial Statements (Continued)
June 30, 2016

Note 3 - Detailed Notes on All Funds**A. Cash and Equivalents**

As of June 30, 2016, the carrying amount of the School District's deposits with financial institutions was \$19,846,153. The bank balance of the deposits was \$21,642,998 and was exposed to custodial risk as follows:

Covered by Federal Depository Insurance	\$ 750,000
Covered by third party collateral agreements	20,225,011
Uninsured and uncollateralized	<u>667,987</u>
	<u><u>\$ 21,642,998</u></u>

B. Taxes Receivable

Taxes receivable at June 30, 2016 consisted of the following:

Tax liens	<u><u>\$ 1,703,635</u></u>
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Taxes receivable are offset in the fund financial statements by deferred tax revenues of \$1,139,078, which represents taxes receivable which were not collected within the first sixty days of the subsequent year.

C. Due From/To Other Funds

The composition of interfund balances at June 30, 2016 is as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 2,220,527	\$ 187,781
Special Aid	-	1,724,972
Capital Projects	-	451,413
Non-Major Governmental	<u>187,781</u>	<u>44,142</u>
	<u><u>\$ 2,408,308</u></u>	<u><u>\$ 2,408,308</u></u>

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments between funds are made.

Glen Cove City School District, New York

Notes to Financial Statements (Continued)

June 30, 2016

Note 3 - Detailed Notes on All Funds (Continued)

D. Capital Assets

Changes in the School District's capital assets are as follows:

Class	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
Capital Assets, not being depreciated				
Land	\$ 239,225	\$ -	\$ -	\$ 239,225
Construction-in-Progress	365,569	-	365,569	-
Total Capital Assets, not being depreciated	<u>\$ 604,794</u>	<u>\$ -</u>	<u>\$ 365,569</u>	<u>\$ 239,225</u>
Capital Assets, being depreciated				
Land improvements	\$ 882,273	\$ -	\$ -	\$ 882,273
Buildings and Improvements	28,949,337	384,545	-	29,333,882
Machinery and Equipment	3,155,669	20,270	-	3,175,939
Total Capital Assets, being depreciated	<u>32,987,279</u>	<u>404,815</u>	<u>-</u>	<u>33,392,094</u>
Less Accumulated Depreciation for				
Land improvements	806,825	51,240	-	858,065
Buildings and Improvements	16,220,307	730,115	-	16,950,422
Machinery and Equipment	2,276,295	106,898	-	2,383,193
Total Accumulated Depreciation	<u>19,303,427</u>	<u>888,253</u>	<u>-</u>	<u>20,191,680</u>
Total Capital Assets, being Depreciated, net	<u>\$ 13,683,852</u>	<u>\$ (483,438)</u>	<u>\$ -</u>	<u>\$ 13,200,414</u>
Capital Assets, net	<u>\$ 14,288,646</u>	<u>\$ (483,438)</u>	<u>\$ 365,569</u>	<u>\$ 13,439,639</u>

Depreciation expense was charged to School District functions and programs as follows:

General Support	\$ 90,424
Instruction	769,849
Pupil Transportation	1,244
Cost of Food Sales	<u>26,736</u>
Total Depreciation Expense	<u>\$ 888,253</u>

Glen Cove City School District, New York

Notes to Financial Statements (Continued)
June 30, 2016

Note 3 - Detailed Notes on All Funds (Continued)

E. Accrued Liabilities

Accrued liabilities at June 30, 2016 were as follows:

	General Fund	Special Aid Fund	Non-Major Governmental Funds	Total
Payroll and Employee Benefits	<u>\$ 637,696</u>	<u>\$ 2,776</u>	<u>\$ 2,715</u>	<u>\$ 643,187</u>

F. Long-Term Liabilities

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2016:

	Balance July 1, 2015	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2016	Due Within One-Year
Bonds Payable	<u>2,625,000</u>	<u>\$ -</u>	<u>\$ 225,000</u>	<u>\$ 2,400,000</u>	<u>\$ 225,000</u>
Other Non-current Liabilities:					
Installment Purchase Debt Payable	4,058,844	20,270	548,463	3,530,651	562,163
Claims Payable	4,431,426	580,080	1,680,521	3,330,985	1,969,458
Compensated Absences	5,266,944	1,428,285	530,000	6,165,229	617,000
Net Pension Liability	820,741	2,873,984	-	3,694,725	-
Other Post Employment Benefit Obligations Payable	<u>34,855,644</u>	<u>8,040,238</u>	<u>2,879,552</u>	<u>40,016,330</u>	<u>-</u>
Total Non-current Liabilities	<u>49,433,599</u>	<u>12,942,857</u>	<u>5,638,536</u>	<u>56,737,920</u>	<u>3,148,621</u>
Total Long-Term Liabilities	<u>\$ 52,058,599</u>	<u>\$ 12,942,857</u>	<u>\$ 5,863,536</u>	<u>\$ 59,137,920</u>	<u>\$ 3,373,621</u>

The School District's indebtedness for bonds, installment purchase debt, claims, compensated absences, net pension liability and other post employment benefit obligations is satisfied by the General Fund.

Bonds Payable

Bonds payable at June 30, 2016 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2016
Serial Bonds	2010	\$ 3,456,250	May 2026	2.5 - 3.375 %	<u>\$ 2,400,000</u>

Interest expenditures of \$78,187 were recorded in the fund financial statements in the General Fund. Interest expense of \$77,484 was recorded in the district-wide financial statements.

Glen Cove City School District, New York

Notes to Financial Statements (Continued)
 June 30, 2016

Note 3 - Detailed Notes on All Funds (Continued)**Installment Purchase Debt Payable**

The School District, in 2012, entered into a lease agreement for the acquisition of certain equipment. The terms of the agreement provide for the repayment of the principal amount of \$5,621,161 in ten annual installments of \$632,715, including interest at 2.44%. The balance due at June 30, 2016 was \$3,491,828.

The School District, in 2014, entered into a lease agreement for the acquisition of a utility truck. The terms of the agreement provide for the repayment of the principal amount of \$33,832 in five annual installments of \$7,414, including interest at 4.59%. The balance due at June 30, 2016 was \$13,826.

The School District, in 2015, entered into a lease agreement for the acquisition of a plow truck. The terms of the agreement provide for the repayment of the principal amount of \$41,714 in five annual installments of \$9,088, including interest at 4.47%. The balance due at June 30, 2016 was \$24,997.

Interest expenditures of \$100,754 were recorded in the fund financial statements in the General Fund. Interest expense of \$92,052 was recorded in the district-wide financial statements.

Payments to Maturity

The annual requirements to amortize all outstanding bonded debt as of June 30, 2016 including interest payments of \$734,353 are as follows:

Year Ending June 30,	Bonds		Installment Purchase Debt	
	Principal	Interest	Principal	Interest
2017	\$ 225,000	\$ 72,563	\$ 562,163	\$ 87,053
2018	225,000	66,937	576,211	73,005
2019	225,000	61,313	583,203	58,599
2020	225,000	54,562	588,535	44,180
2021	1,250,000	162,813	1,220,539	44,890
2022-2026	250,000	8,438	-	-
	<u>\$ 2,400,000</u>	<u>\$ 426,626</u>	<u>\$ 3,530,651</u>	<u>\$ 307,727</u>

Year Ending June 30,	Total	
	Principal	Interest
2017	\$ 787,163	\$ 159,616
2018	801,211	139,942
2019	808,203	119,912
2020	813,535	98,742
2021	2,470,539	207,703
2022-2026	250,000	8,438
	<u>\$ 5,930,651</u>	<u>\$ 734,353</u>

Note 3 - Detailed Notes on All Funds (Continued)

The above general obligation bonds and installment purchase debt are direct obligations of the School District for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the School District.

Claims Payable

The district-wide financial statement reflects workers' compensation benefit liabilities, which are based upon estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported, but not settled, and of claims that have been incurred but not reported (IBNR's). The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claim costs depend on such complex factors as inflation, changes in doctrines of legal liability and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount. Claim liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency and other economic and social factors. A provision for inflation in the calculation of estimated future claim costs is implicit in the calculation because reliance is placed both on actual historical data that reflects past inflation and other factors that are considered to be appropriate modifiers of past experience.

An analysis of unpaid claim liabilities is as follows:

	<u>2016</u>	<u>2015</u>
Unpaid Claims - Beginning of Year	\$ 893,685	\$ 1,154,255
Incurred Claims including IBNR's	364,347	58,701
Claims Paid	<u>(294,329)</u>	<u>(319,271)</u>
Unpaid Claims - End of Year	<u>\$ 963,703</u>	<u>\$ 893,685</u>
Due within One Year	<u>\$ 96,000</u>	<u>\$ 90,000</u>

This amount has been recorded as an expense and liability in the district-wide financial statements. Claims payable also includes a liability of \$2,367,282 for court ordered tax certiorari refunds, which were not due and payable at year-end. These amounts have been recorded as an expense in the district-wide financial statements. The portion of tax certiorari due and payable within one year is \$1,873,458.

Compensated Absences

Under the terms of existing collective bargaining agreements, the School District is required to compensate certain employees for accumulated sick leave. For these employees to receive reimbursement, they must be eligible for retirement, and must give notice pursuant to contract provisions. Clerical, custodial employees and administrators are granted vacation in varying amounts, based primarily on length of service and service position. These benefits may be forfeited if not taken within the varying time periods. The value of the compensated absences is calculated based on pay rates in effect at year-end has been reflected in the district-wide financial statements.

Note 3 - Detailed Notes on All Funds (Continued)

Pension Plans

Employees' Retirement System

The School District participates in the New York State and Local Employees' Retirement System ("ERS"). This is a cost-sharing, multiple-employer defined benefit pension plan. ERS provides retirement benefits as well as death and disability benefits. The net position of the ERS is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all net assets and record changes in plan net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the ERS. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the ERS, 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 School District also participates in the Public Employees' Group Life Insurance Plan, which provides death benefits in the form of life insurance. The ERS 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.

The ERS is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% of their salary for their entire length 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 ERS's fiscal year ending March 31. Contribution rates for the plan's year ending in 2016 are as follows:

<u>Tier/Plan</u>	<u>Rate</u>
1 75I	20.9%
2 75I	19.0
3 A14	16.1
4 A15	16.1
5 A15	13.2
6 A15	9.4

At June 30, 2016, the School District reported a liability of \$3,694,725 for its proportionate share of the net pension liability. 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 that date. The School District's proportion of the net pension liability was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. At June 30, 2016, the School District's proportion was .0230197% which was a decrease of .0012752% from its proportion measured as of March 15, 2015.

Glen Cove City School District, New York

Notes to Financial Statements (Continued)
 June 30, 2016

Note 3 - Detailed Notes on All Funds (Continued)

For the year ended June 30, 2016, the School District recognized pension expense in the district-wide financial statements of \$1,343,170. Pension expenditures of \$966,173 were recorded in the fund financial statements and were charged to the General Fund. At June 30, 2016, the School District reported deferred outflows of resources and deferred inflows of resources related to ERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 18,670	\$ 437,948
Changes of assumptions	985,272	-
Net difference between projected and actual earnings on pension plan investments	2,191,913	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	116,928	27,375
School District contributions subsequent to the measurement date	241,909	-
	<u>\$ 3,554,692</u>	<u>\$ 465,323</u>

The \$248,784 reported as deferred outflows of resources related to the ERS resulting from the School District's accrued contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the ERS will be recognized in pension expense as follows:

Year Ended March 31,	
2017	\$ 729,591
2018	729,591
2019	729,591
2020	658,687

The total pension liability at 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 March 31, 2016. Significant actuarial assumptions used in the April 1, 2015 valuation were as follows:

Actuarial cost method	Entry age normal
Inflation	2.5%
Salary scale	3.8%, indexed by service
Investment rate of return	7.0%, compounded annually, net of Investment expenses, including inflation
Cost of living adjustments	1.0% annually

Note 3 - Detailed Notes on All Funds (Continued)

Annuitant mortality rates are based on the April 1, 2010 – March 31, 2015 ERS's experience with adjustments for mortality improvements based on 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 of 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 expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized below:

Asset Type	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	38 %	7.30 %
International Equity	13	8.55
Private Equity	10	11.00
Real Estate	8	8.25
Absolute Return Strategies	3	6.75
Opportunistic Portfolio	3	8.60
Real Assets	3	8.65
Bonds and Mortgages	18	4.00
Cash	2	2.25
Inflation Indexed Bonds	2	4.00
	<u>100 %</u>	

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

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the School District'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:

Glen Cove City School District, New York

Notes to Financial Statements (Continued)
June 30, 2016

Note 3 - Detailed Notes on All Funds (Continued)

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
School District's proportionate share of the net pension liability (asset)	<u>\$ 8,331,336</u>	<u>\$ 3,694,725</u>	<u>\$ (223,014)</u>

The components of the current year net pension liability of ERS as of the March 31, 2016 measurement date were as follows:

Total pension liability	\$ 172,303,544,000
ERS fiduciary net position	<u>156,253,265,000</u>
Employers' net pension liability	<u>\$ 16,050,279,000</u>
ERS fiduciary net position as a percentage of total pension liability	<u>90.7%</u>

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31st. Accrued retirement contributions as of June 30, 2016 represent the projected employer contribution for the period of April 1, 2016 through June 30, 2016 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Accrued retirement contributions to ERS as of June 30, 2016 were \$241,909.

Teachers' Retirement System

The School District participates in the New York State Teachers' Retirement System ("TRS"). This is a cost-sharing, multiple-employer defined benefit pension plan. TRS provides retirement benefits as well as death and disability benefits. The TRS is governed by a ten member Board of Trustees, which sets policy and oversees operations consistent with its fiduciary obligations under applicable law. Obligations of employers and employees to contribute and benefits to employees are governed by the Education Law of the State of New York. Once a public employer elects to participate in the TRS, 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 TRS issues a stand-alone financial report which may be found at www.nystrs.org or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

The TRS is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% depending on salary levels for their entire length of service. Pursuant to Article 11 of the Education Law of the State of New York, actuarially determined employer contributions are established annually for the TRS by its Board of Trustees. The employer contribution rate for the plan's year ending in 2016 was 13.26%.

Glen Cove City School District, New York

Notes to Financial Statements (Continued)
June 30, 2016

Note 3 - Detailed Notes on All Funds (Continued)

At June 30, 2016, the School District reported an asset of \$22,704,389 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The School District's proportion of the net pension asset was based on the School District's contributions to the pension plan relative to the contributions of all participating members. At June 30, 2015, the School District's proportion was .218589%, which was a decrease of .002909% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the School District recognized pension expense in the district-wide financial statements of \$(1,608,976). Pension expenditures of \$4,441,834 were recorded in the fund financial statements and were charged to the General Fund. At June 30, 2016, the School District reported deferred outflows of resources and deferred inflows of resources related to TRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 629,236
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	7,176,975
Changes in proportion and differences between School District contributions and proportionate share of contributions	96,304	-
School District contributions subsequent to the measurement date	<u>4,560,204</u>	<u>-</u>
	<u>\$ 4,656,508</u>	<u>\$ 7,806,211</u>

The \$4,560,204 reported as deferred outflows of resources related to TRS resulting from the School District's accrued contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to TRS will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	
2016	\$ (2,883,643)
2017	(2,883,643)
2018	(2,883,643)
2019	1,204,675
2020	(67,319)
Thereafter	(196,334)

Note 3 - Detailed Notes on All Funds (Continued)

The total pension liability for the June 30, 2015 measurement date was determined by using an actuarial valuation as of June 30, 2014, with update procedures used to roll forward the total pension liability to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by using an actuarial valuation as of June 30, 2013, with update procedures used to roll forward the total pension liability to June 30, 2014. These actuarial valuations used the following actuarial assumptions:

Inflation	3.0%															
Projected salary increases	Rates of increase differ based on age and gender. They have been calculated based upon recent TRS member experience.															
	<table><tr><th>Age</th><th>Female</th><th>Male</th></tr><tr><td>25</td><td>10.35 %</td><td>10.91 %</td></tr><tr><td>35</td><td>6.26</td><td>6.27</td></tr><tr><td>45</td><td>5.39</td><td>5.04</td></tr><tr><td>55</td><td>4.42</td><td>4.01</td></tr></table>	Age	Female	Male	25	10.35 %	10.91 %	35	6.26	6.27	45	5.39	5.04	55	4.42	4.01
Age	Female	Male														
25	10.35 %	10.91 %														
35	6.26	6.27														
45	5.39	5.04														
55	4.42	4.01														
Projected COLAs	1.625% compounded annually															
Investment rate of return	8.0% compounded annually, net of pension plan investment expense, including inflation															

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale AA.

The actuarial assumptions used in the June 30, 2014 and 2013 valuations were based on the results of an actuarial experience study for the period July 1, 2005 to June 30, 2010.

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice ("ASOP") No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance. Best estimates of arithmetic real rates of return for each major asset class included in TRS's target asset allocation as of the valuation dates of June 30, 2014 and 2013 are summarized in the following table:

Glen Cove City School District, New York

Notes to Financial Statements (Continued)
June 30, 2016

Note 3 - Detailed Notes on All Funds (Continued)

	Target Allocation		Long-Term Expected Real Rate of Return*	
	2014	2013	2014	2013
Asset Class:				
Equities:				
Domestic equities	37 %	37 %	7.3 %	7.0 %
International equities	18	18	8.5	9.1
Real estate	10	10	5.0	4.9
Alternative investments	7	7	11.0	10.2
Total Equities	72	72		
Fixed Income:				
Domestic fixed income securities	17	18	1.5	2.0
Global fixed income securities	2	2	1.4	1.7
Mortgages	8	8	3.4	4.0
Short-term	1	-	0.8	1.2
Total Fixed Income	28	28		
Total	100 %	100 %		

* Real rates of return are net of the long-term inflation assumption of 2.3% for 2014 and 2013.

The discount rate used to measure the total pension liability was 8.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, TRS'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.

The following presents the School District's proportionate share of the net pension asset calculated using the discount rate of 8.0%, as well as what the School District's proportionate share of the net pension asset would be if it were calculated using a discount rate that is one percentage point lower (7.0%) or one percentage point higher (9.0%) than the current rate:

	1% Decrease (7.0%)	Current Assumption (8.0%)	1% Increase (9.0%)
School District's proportionate share of the net pension liability (asset)	\$ 1,548,732	\$ (22,704,389)	\$ (43,387,208)

Glen Cove City School District, New York

Notes to Financial Statements (Continued)
June 30, 2016

Note 3 - Detailed Notes on All Funds (Continued)

The components of the collective net pension asset of TRS as of the June 30, 2015 measurement date were as follows:

Total pension liability	\$ 99,332,103,743
TRS fiduciary net position	<u>109,718,916,659</u>
Employers' net pension asset	<u>\$ 10,386,812,916</u>
TRS fiduciary net position as a percentage of total pension liability	<u>110.46%</u>

Employer and employee contributions for the year ended June 30, 2016 are paid to TRS in the following fiscal year through a state aid intercept or, if state aid is insufficient, through a payment by the School District to TRS. Accrued retirement contributions as of June 30, 2016 represent employee and employer contributions for the fiscal year ended June 30, 2016 based on paid TRS wages multiplied by the employers' contribution rate plus employee contributions for the fiscal year as reported to TRS. Accrued retirement contributions to TRS as of June 30, 2016 were \$4,678,527.

Voluntary Defined Contribution Plan

The School District also offers a defined contribution plan to all non-union employees hired on or after July 1, 2013 and earning at the annual full-time salary rate of \$75,000 or more. The employee contribution is between 3% and 6% depending upon salary and the School District will contribute 8%. Employer contributions vest after 366 days of service. No current employees participated in the program.

Other Post Employment Benefit Obligations

The School District provides certain health care benefits for retired employees through a single employer defined benefit plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the School District may vary according to length of service. The cost of providing post-employment health care benefits is shared between the School District and the retired employee. Substantially all of the School District's employees may become eligible for these benefits if they reach normal retirement age while working for the School District. The cost of retiree health care benefits is recognized as an expenditure/expense as claims are paid.

The School District's annual other post employment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. GASB Statement No. 45 establishes standards for the measurement, recognition and display of the expenses and liabilities for retirees' medical insurance. As a result, reporting of expenses and liabilities will no longer be done under the "pay-as-you-go" approach. Instead of expensing the current year premiums paid, a per capita claims cost will be determined, which will be used to determine a "normal cost", an "actuarial accrued liability", and ultimately the ARC. 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 over a period not to exceed thirty years.

Glen Cove City School District, New York

Notes to Financial Statements (Continued)
June 30, 2016

Note 3 - Detailed Notes on All Funds (Continued)

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. In addition, the assumptions and projections utilized do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial calculations of the OPEB plan reflect a long-term perspective.

The School District is required to accrue on the district-wide financial statements the amounts necessary to finance the plan as actuarially determined, which is equal to the expected rate of return on the School District's general assets. Funding for the Plan has been established on a pay-as-you-go basis. The assumed rates of increase in post retirement benefits are as follows:

<u>Year Ended June 30,</u>	<u>Assumed Increase</u>
2016	7.50 %
2017	6.75
2018	6.25
2019	5.75
2020	5.50
2021	5.25
2022	5.00
2023+	4.75

The amortization basis is the level percentage of payroll basis with an open amortization approach over 30 years. The actuarial assumptions include a 3.5% investment rate of return and a 2.75% inflation and annual payroll growth rate. The School District currently has no assets set aside for the purpose of paying post employment benefits. The actuarial cost method utilized was the unit credit method.

The number of participants as of June 30, 2016 was as follows:

Active Employees	474
Retired Employees	<u>347</u>
Total	<u>821</u>

Glen Cove City School District, New York

Notes to Financial Statements (Continued)

June 30, 2016

Note 3 - Detailed Notes on All Funds (Continued)

Amortization Component:	
Actuarial Accrued Liability as of July 1, 2015	\$ 100,025,719
Assets at Market Value	<u>-</u>
Unfunded Actuarial Accrued Liability ("UAAL")	<u>\$ 100,025,719</u>
Funded Ratio	<u>0.00%</u>
Covered Payroll (active plan members)	<u>\$ 33,900,000</u>
UAAL as a Percentage of Covered Payroll	<u>295.06%</u>
Annual Required Contribution	\$ 8,720,508
Interest on Net OPEB Obligation	1,229,107
Adjustment to Annual Required Contribution	<u>(1,909,377)</u>
Annual OPEB Cost	8,040,238
Contributions Made	<u>(2,879,552)</u>
Increase in Net OPEB Obligation	5,160,686
Net OPEB Obligation - Beginning of year	<u>34,855,644</u>
Net OPEB Obligation - End of year	<u>\$ 40,016,330</u>

The School District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the current and two preceding years is as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2016	\$ 8,040,238	35.8 %	\$ 40,016,330
2015	8,634,676	40.9	34,855,644
2014	8,221,545	41.1	29,755,473

The schedule of funding progress for the OPEB plan immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing relative to the actuarial accrued liability for the benefits over time.

Note 3 - Detailed Notes on All Funds (Continued)

G. Revenues and Expenditures

Interfund Transfers

Interfund transfers are defined as the flow of assets, such as cash or goods and services, without equivalent flows of assets in return. The interfund transfers reflected below have been reported as transfers.

Transfers Out	Transfer In		Total
	General Fund	Special Aid Fund	
General Fund	\$ -	\$ 113,386	\$ 113,386
Capital Fund	62,732	-	62,732
Total	\$ 62,732	\$ 113,386	\$ 176,118

Transfers are used to move amounts earmarked in the operating funds to fulfill commitments for Special Aid Fund expenditures and move amounts from completed capital projects back to the General Fund.

H. Net Position

The components of net position are detailed below:

Net investment in capital assets - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Restricted for Capital Projects - the component of net position that reports the amounts restricted for capital projects, exclusive of unexpended bond proceeds and unrestricted interest earnings.

Restricted for Tax Certiorari - the component of net position that has been established in accordance with the Education Law of the State of New York to provide funding for court ordered tax refunds which are currently in process.

Restricted for Workers' Compensation Benefits - the component of net position that has been established to set aside funds to be used for a specific purpose in accordance with Section 6-j of the General Municipal Law of the State of New York.

Restricted for Unemployment Benefits - the component of net position that has been established to set aside funds to be used for a specific purpose in accordance with Section 6-m of the General Municipal Law of the State of New York.

Restricted for Retirement System Contributions - the component of net position that has been established in accordance with Section 6-r of the General Municipal Law of the State of New York to fund employee retirement contributions to the New York State Employees Retirement System.

Note 3 - Detailed Notes on All Funds (Continued)

Restricted for Retirement Contributions - the component of net position that has been established in accordance with Section 6-r of the General Municipal Law of the State of New York to fund employer contributions to the New York State and Local Employees Retirement System (ERS).

Restricted for School Lunch – the component of net position that reports the difference between assets and liabilities in the School Lunch Fund.

Restricted for Special Purposes - the component of net position that reports the difference between assets and liabilities of certain programs with constraints placed on their use by either external parties and/or statute.

Unrestricted - all other amounts that do not meet the definition of "restricted" or "net investment in capital assets".

Glen Cove School District, New York

Notes to Financial Statements (Continued)
June 30, 2016

Note 3 - Detailed Notes on All Funds (Continued)

I. Fund Balances

	2016				2015			
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable								
Inventories	\$ -	\$ -	\$ 14,252	\$ 14,252	\$ -	\$ -	\$ 15,014	\$ 15,014
Restricted								
Tax certiorari	4,848,490	-	-	4,848,490	3,887,136	-	-	3,887,136
Workers' Compensation Benefits	1,368,626	-	-	1,368,626	1,309,007	-	-	1,309,007
Employee benefit accrued liability	1,002,922	-	-	1,002,922	499,998	-	-	499,998
Unemployment Benefits	94,910	-	-	94,910	100,900	-	-	100,900
Retirement System Contributions	1,500,000	-	-	1,500,000	-	-	-	-
Capital projects	-	51,624	-	51,624	-	133,332	-	133,332
Special purposes	-	-	97,739	97,739	-	-	107,841	107,841
Total Restricted	8,814,948	51,624	97,739	8,964,311	5,797,041	133,332	107,841	6,038,214
Assigned								
Purchases on order								
General government support	212,602	-	-	212,602	183,923	-	-	183,923
Instruction	39,921	-	-	39,921	48,229	-	-	48,229
	252,523	-	-	252,523	232,152	-	-	232,152
Subsequent year's expenditures	2,285,000	-	-	2,285,000	2,625,000	-	-	2,625,000
School Lunch Fund	-	-	256,057	256,057	-	-	297,482	297,482
Total Assigned	2,537,523	-	256,057	2,793,580	2,857,152	-	297,482	3,154,634
Unassigned	3,349,290	-	-	3,349,290	3,299,445	-	-	3,299,445
Total Fund Balance	\$ 14,701,761	\$ 51,624	\$ 368,048	\$ 15,121,433	\$ 11,953,638	\$ 133,332	\$ 420,337	\$ 12,507,307

Note 3 - Detailed Notes on All Funds (Continued)

Certain elements of fund balance are described above. Those additional elements, which are not reflected in the Statement of Net Position but are reported in the governmental funds balance sheet are described below.

Inventories in the School Lunch Fund have been classified as nonspendable to indicate that a portion of fund balance is not "available" for expenditure because the asset is in the form of commodities and the School District anticipates utilizing them in the normal course of operations.

Employee Benefit Accrued Liability - the component of fund balance that has been restricted pursuant to Section 6r of the General Municipal Law of the State of New York to provide funds for the payment of unused sick time and other forms of payment for accrued leave time granted upon termination or separation from service.

Purchases on order are assigned and represent the School District's intention to honor the contracts in process at year-end. The subsequent year's appropriation will be amended to provide authority to complete the transactions.

Subsequent year's expenditures represent that at June 30, 2016, the Board of Education has assigned the above amounts to be appropriated for the ensuing year's budget.

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted or assigned.

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

The School District, in common with other School District's, receives numerous notices of claims for monetary damages arising from property damage or personal injury. Of all the claims currently pending, none are expected to have a material effect on the School District's financial position if adversely affected.

B. Contingencies

The School District participates in various Federal grant programs. These programs are subject to program compliance audits pursuant to the Single Audit Act. Accordingly, the School District's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the School District anticipates such amounts, if any, to be immaterial.

The School District is subject to audits of State aid by the New York State Education Department. The amount of aid previously paid to the School District which may be disallowed cannot be determined at this time, although the School District anticipates such amounts, if any, to be immaterial.

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

C. Risk Management

The Glen Cove City School District, New York, is exposed to various risks of loss. The School District purchases various insurance coverages from independent third parties to reduce its exposure to loss. In addition to other coverages the School District maintains commercial general liability insurance coverage with policy limits of \$1 million per occurrence. The School District also maintains school board legal and employment practices liability coverage for school board members and employees up to \$1 million per claim and \$2 million in the aggregate and an excess catastrophe liability policy (umbrella) with a limit of \$15 million per occurrence/claim. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The School District participates in the New York Schools Insurance Reciprocal (NYSIR), a not-for-profit municipally owned insurance company, for its School District property and liability insurance coverage. NYSIR is a New York State licensed and filed insurance company that exclusively insures its member New York public school districts and BOCES'. The School District has essentially transferred its property and liability risk to the reciprocal pool.

The School District has established a self-insured plan for risks associated with workers' compensation claims. The workers' compensation claims are covered up to statutory limits. Insurance coverage has been secured for losses in excess of \$500,000 up to statutory limits. Liabilities of the plan are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include provisions for claims reported and claims incurred but not reported.

Glen Cove City School District, New York**Required Supplementary Information - Schedule of Funding Progress
Other Post Employment Benefits
Last Three Fiscal Years**

Valuation Date	Actuarial		Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
July 1, 2013	\$ -	\$ 88,247,304	\$ 88,247,304	- %	\$ 34,935,274	252.60 %
July 1, 2014	-	99,865,349	99,865,349	-	36,682,038	272.25
July 1, 2015	-	100,025,719	100,025,719	-	33,900,000	295.06

Glen Cove City School District, New York

Required Supplementary Information - Schedule of the
School District's Proportionate Share of the Net Pension Asset
New York State Teachers' Retirement System
Last Ten Fiscal Years (1)

	2016	2015
School District's proportion of the net pension liability (asset)	<u>0.218589%</u>	<u>0.221498%</u>
School District's proportionate share of the net pension liability (asset)	<u>\$ (22,704,389)</u>	<u>\$ (24,673,535)</u>
School District's covered-employee payroll	<u>\$ 32,834,973</u>	<u>\$ 32,506,623</u>
School District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>(69.15)%</u>	<u>(75.90)%</u>
Plan fiduciary net position as a percentage of the total pension asset	<u>110.46%</u>	<u>111.48%</u>

Note - The amounts presented for each fiscal year were determined as of the June 30 measurement date of the prior fiscal year.

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

Glen Cove City School District, New York**Required Supplementary Information - Schedule of Contributions
New York State Teachers' Retirement System
Last Ten Fiscal Years (1)**

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 4,562,354	\$ 5,755,971
Contributions in relation to the contractually required contribution	<u>(4,562,354)</u>	<u>(5,755,971)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
School District's covered-employee payroll	<u>\$ 34,406,892</u>	<u>\$ 32,834,973</u>
Contributions as a percentage of covered-employee payroll	<u>13.26%</u>	<u>17.53%</u>

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

Glen Cove City School District, New York

Required Supplementary Information - Schedule of the School District's Proportionate Share of the Net Pension Liability New York State and Local Employees' Retirement System Last Ten Fiscal Years (1)

	2016 (2)	2015
School District's proportion of the net pension liability (asset)	<u>0.0230197%</u>	<u>0.0242949%</u>
School District's proportionate share of the net pension liability (asset)	<u>\$ 3,694,725</u>	<u>\$ 820,741</u>
School District's covered-employee payroll	<u>\$ 6,155,611</u>	<u>\$ 6,221,449</u>
School District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>60.02%</u>	<u>13.19%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>90.70%</u>	<u>97.90%</u>

Note - The amounts presented for each fiscal year were determined as of the March 31 measurement date within the current fiscal year.

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

(2) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.0% effective with the March 31, 2016 measurement.

Glen Cove City School District, New York**Required Supplementary Information - Schedule of Contributions
New York State and Local Employees' Retirement System
Last Ten Fiscal Years (1)**

	<u>2016 (2)</u>	<u>2015</u>
Contractually required contribution	\$ 1,031,048	\$ 1,343,082
Contributions in relation to the contractually required contribution	<u>(1,031,048)</u>	<u>(1,343,082)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
School District's covered-employee payroll	<u>\$ 6,107,293</u>	<u>\$ 6,179,303</u>
Contributions as a percentage of covered-employee payroll	<u>16.88%</u>	<u>21.74%</u>

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

(2) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.0% effective with the March 31, 2016 measurement.

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Glen Cove City School District, New York

General Fund
Comparative Balance Sheet
June 30,

	2016	2015
ASSETS		
Cash and equivalents	\$ 19,048,968	\$ 18,241,450
Receivables		
Taxes	1,703,635	1,922,889
Accounts	5,699	773,145
State and Federal aid	864,021	755,169
Due from other governments	144,379	138,434
Due from other funds	2,220,527	1,740,108
	4,938,261	5,329,745
Total Assets	\$ 23,987,229	\$ 23,571,195
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 687,980	\$ 2,447,425
Accrued liabilities	637,696	955,390
Due to other governments	1,632,493	1,068,330
Due to other funds	187,781	235,347
Due to retirement systems	4,920,436	6,259,198
Unearned revenues	80,004	7,216
Total Liabilities	8,146,390	10,972,906
Deferred inflows of resources		
Deferred tax revenues	1,139,078	644,651
Total Liabilities and Deferred Inflows of Resources	9,285,468	11,617,557
Fund balance		
Restricted	8,814,948	5,797,041
Assigned	2,537,523	2,857,152
Unassigned	3,349,290	3,299,445
Total Fund Balance	14,701,761	11,953,638
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 23,987,229	\$ 23,571,195

Glen Cove City School District, New York

General Fund
Comparative Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Years Ended June 30,

	2016				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Encumbrances	
REVENUES					
Real property taxes	\$ 60,774,617	\$ 60,774,617	\$ 60,053,949	\$	\$ (720,668)
Other tax items	7,352,902	7,352,902	7,432,322		79,420
Non-property taxes	1,300,000	1,300,000	1,467,391		167,391
Charges for services	175,850	175,850	236,974		61,124
Use of money and property	77,000	77,000	64,193		(12,807)
Sale of property and compensation for loss	-	29,449	213,631		184,182
State aid	9,959,249	9,959,249	9,866,908		(92,341)
Federal aid	156,500	156,500	103,975		(52,525)
Miscellaneous	65,000	75,350	398,263		322,913
Total Revenues	79,861,118	79,900,917	79,837,606		(63,311)
EXPENDITURES					
Current					
General support					
Board of education	108,550	95,188	59,988	-	35,200
Central administration	320,071	329,071	324,358	-	4,713
Finance	917,913	875,752	824,669	44,025	7,058
Staff	673,256	738,990	635,647	243	103,100
Central services	4,968,959	4,985,990	4,510,318	168,334	307,338
Special items	2,436,864	2,467,605	2,253,588	-	214,017
Total General Support	9,425,613	9,492,596	8,608,568	212,602	671,426
Instruction					
Instruction, administration and improvement	4,028,153	4,269,094	3,878,934	-	390,160
Teaching - Regular school	24,501,506	24,223,551	23,550,772	5,858	666,921
Programs for children with handicapping conditions	12,839,659	12,929,648	11,595,781	-	1,333,867
Occupational education	984,381	1,054,240	832,115	-	222,125
Teaching - Special schools	315,500	313,463	298,398	-	15,065
Instructional media	2,141,025	2,098,500	1,874,003	-	224,497
Pupil services	3,785,307	3,864,731	3,666,087	34,063	164,581
Total Instruction	48,595,531	48,753,227	45,696,090	39,921	3,017,216
Pupil transportation	4,356,049	4,364,876	4,362,895	-	1,981
Community services	23,350	23,350	18,411	-	4,939
Employee benefits	19,232,324	19,020,616	17,400,461	-	1,620,155
Debt service					
Principal	746,651	773,463	773,463	-	-
Interest	193,752	183,441	178,941	-	4,500
Total Expenditures	82,573,270	82,611,569	77,038,829	252,523	5,320,217
Excess (Deficiency) of Revenues Over Expenditures	(2,712,152)	(2,710,652)	2,798,777	(252,523)	5,256,906
OTHER FINANCING SOURCES (USES)					
Transfers in	-	62,732	62,732	-	-
Transfers out	(145,000)	(145,000)	(113,386)	-	31,614
Total Other Financing Uses	(145,000)	(82,268)	(50,654)	-	31,614
Net Change in Fund Balance	(2,857,152)	(2,792,920)	2,748,123	\$ (252,523)	\$ 5,288,520
FUND BALANCE					
Beginning of Year	2,857,152	2,792,920	11,953,638		
End of Year	\$ -	\$ -	\$ 14,701,761		

2015				
Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
\$ 59,544,150	\$ 59,544,150	\$ 59,470,161	\$	\$ (73,989)
7,369,629	7,369,629	7,674,737		305,108
1,250,000	1,250,000	1,500,023		250,023
175,850	175,850	172,565		(3,285)
105,000	105,000	67,206		(37,794)
-	63,643	70,200		6,557
8,751,799	8,751,799	8,737,804		(13,995)
65,000	65,000	111,819		46,819
65,000	163,975	397,875		233,900
<u>77,326,428</u>	<u>77,489,046</u>	<u>78,202,390</u>		<u>713,344</u>
84,150	84,150	60,635	-	23,515
311,966	315,266	310,954	-	4,312
811,218	866,163	748,627	106,504	11,032
691,839	613,395	479,754	30,133	103,508
4,786,549	4,900,714	4,763,291	47,286	90,137
1,638,928	2,593,137	2,590,099	-	3,038
<u>8,324,650</u>	<u>9,372,825</u>	<u>8,953,360</u>	<u>183,923</u>	<u>235,542</u>
3,701,864	3,715,431	3,415,662	-	299,769
23,500,969	23,719,268	24,248,778	7,981	(537,491)
11,282,038	11,001,215	10,891,212	3,074	106,929
907,981	914,481	889,322	-	25,159
219,000	254,686	258,850	-	(4,164)
2,212,528	2,251,926	2,003,198	4,272	244,456
3,687,593	3,710,689	3,627,946	32,902	49,841
<u>45,511,973</u>	<u>45,567,696</u>	<u>45,334,968</u>	<u>48,229</u>	<u>184,499</u>
4,274,952	4,275,381	4,250,313	-	25,068
22,975	22,975	19,480	-	3,495
20,285,712	20,274,712	18,789,578	-	1,485,134
730,739	755,739	755,739	-	-
197,752	193,752	193,752	-	-
<u>79,348,753</u>	<u>80,463,080</u>	<u>78,297,190</u>	<u>232,152</u>	<u>1,933,738</u>
<u>(2,022,325)</u>	<u>(2,974,034)</u>	<u>(94,800)</u>	<u>(232,152)</u>	<u>2,647,082</u>
-	-	-	-	-
<u>(133,898)</u>	<u>(158,898)</u>	<u>(164,665)</u>	<u>-</u>	<u>(5,767)</u>
<u>(133,898)</u>	<u>(158,898)</u>	<u>(164,665)</u>	<u>-</u>	<u>(5,767)</u>
(2,156,223)	(3,132,932)	(259,465)	<u>\$ (232,152)</u>	<u>\$ 2,641,315</u>
<u>2,156,223</u>	<u>3,132,932</u>	<u>12,213,103</u>		
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,953,638</u>		

Glen Cove City School District, New York

General Fund

Schedule of Revenues and Other Financing Sources Compared to Budget

Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REAL PROPERTY TAXES	<u>\$ 60,774,617</u>	<u>\$ 60,774,617</u>	<u>\$ 60,053,949</u>	<u>\$ (720,668)</u>
OTHER TAX ITEMS				
School tax relief reimbursement	5,329,648	5,329,648	5,422,608	92,960
Payments in lieu of taxes	1,823,254	1,823,254	1,801,113	(22,141)
Interest and penalties on real property taxes	<u>200,000</u>	<u>200,000</u>	<u>208,601</u>	<u>8,601</u>
	<u>7,352,902</u>	<u>7,352,902</u>	<u>7,432,322</u>	<u>79,420</u>
NON-PROPERTY TAXES				
Non-property tax distribution from County	<u>1,300,000</u>	<u>1,300,000</u>	<u>1,467,391</u>	<u>167,391</u>
CHARGES FOR SERVICES				
Day school tuition	105,000	105,000	147,990	42,990
Adult education fees	18,850	18,850	14,770	(4,080)
Other student fees and charges	<u>52,000</u>	<u>52,000</u>	<u>74,214</u>	<u>22,214</u>
	<u>175,850</u>	<u>175,850</u>	<u>236,974</u>	<u>61,124</u>
USE OF MONEY AND PROPERTY				
Earnings on investments	62,000	62,000	53,377	(8,623)
Rental of real property	<u>15,000</u>	<u>15,000</u>	<u>10,816</u>	<u>(4,184)</u>
	<u>77,000</u>	<u>77,000</u>	<u>64,193</u>	<u>(12,807)</u>
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Insurance recoveries	<u>-</u>	<u>29,449</u>	<u>213,631</u>	<u>184,182</u>

STATE AID

Basic formula	8,937,049	8,937,049	7,542,430	(1,394,619)
Lottery aid	-	-	1,200,931	1,200,931
BOCES aid	628,686	628,686	687,148	58,462
Textbook aid	235,390	235,390	229,797	(5,593)
Computer software aid	79,659	79,659	84,615	4,956
Disabled students tuition/transfer aid	-	-	51,948	51,948
Library aid	25,965	25,965	20,254	(5,711)
Other	52,500	52,500	49,785	(2,715)
	<u>9,959,249</u>	<u>9,959,249</u>	<u>9,866,908</u>	<u>(92,341)</u>

FEDERAL AID

Emergency disaster assistance	-	-	10,629	10,629
Impact aid	6,500	6,500	6,505	5
Medical assistance	150,000	150,000	86,841	(63,159)
	<u>156,500</u>	<u>156,500</u>	<u>103,975</u>	<u>(52,525)</u>

MISCELLANEOUS

Refund of prior year's expenditures	-	-	127,180	127,180
Refund for BOCES aided services	-	-	155,905	155,905
Gifts and donations	-	10,350	10,350	-
E-rate recovery	65,000	65,000	82,452	17,452
Other	-	-	22,376	22,376
	<u>65,000</u>	<u>75,350</u>	<u>398,263</u>	<u>322,913</u>

TOTAL REVENUES

79,861,118	79,900,917	79,837,606	(63,311)
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OTHER FINANCING SOURCES

Transfers in				
Capital Projects Fund	-	62,732	62,732	-

**TOTAL REVENUES AND OTHER
FINANCING SOURCES**

<u>\$ 79,861,118</u>	<u>\$ 79,963,649</u>	<u>\$ 79,900,338</u>	<u>\$ (63,311)</u>
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Glen Cove City School District, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget

Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
BOARD OF EDUCATION					
Board of education	\$ 45,750	\$ 45,750	\$ 42,887	\$ -	\$ 2,863
District meeting	62,800	49,438	17,101	-	32,337
Total Board of Education	108,550	95,188	59,988	-	35,200
CENTRAL ADMINISTRATION					
Chief school administrator	320,071	329,071	324,358	-	4,713
FINANCE					
Business administration	664,758	639,497	633,489	170	5,838
Auditing	172,855	175,955	131,180	43,855	920
Tax collection service	50,000	50,000	50,000	-	-
Treasurer	10,300	10,300	10,000	-	300
Fiscal agent fees	20,000	-	-	-	-
Total Finance	917,913	875,752	824,669	44,025	7,058
STAFF					
Legal	210,633	324,633	303,588	-	21,045
Personnel	357,884	310,348	231,971	-	78,377
Records management	54,889	54,889	53,382	-	1,507
Public information and services	49,850	49,120	46,706	243	2,171
Total Staff	673,256	738,990	635,647	243	103,100

CENTRAL SERVICES

Operation and maintenance of plant	4,789,799	4,795,230	4,332,913	168,334	293,983
Central printing and mailing	179,160	190,760	177,405	-	13,355
Total Central Services	4,968,959	4,985,990	4,510,318	168,334	307,338

SPECIAL ITEMS

Unallocated insurance	355,925	381,922	381,922	-	-
School association dues	25,500	30,244	30,244	-	-
Refunds of real property taxes	1,600,000	1,600,000	1,386,192	-	213,808
Administrative charge - BOCES	455,439	455,439	455,230	-	209
Total Special Items	2,436,864	2,467,605	2,253,588	-	214,017
Total General Support	9,425,613	9,492,596	8,608,568	212,602	671,426

INSTRUCTION**INSTRUCTION, ADMINISTRATION AND IMPROVEMENT**

Curriculum development and supervision	1,777,901	2,018,894	1,729,806	-	289,088
Supervision - Regular school	2,250,252	2,250,200	2,149,128	-	101,072
Total Instruction, Administration and Improvement	4,028,153	4,269,094	3,878,934	-	390,160

TEACHING - REGULAR SCHOOL

24,501,506	24,223,551	23,550,772	5,858	666,921
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PROGRAMS FOR CHILDREN WITH HANDICAPPING CONDITIONS

Programs for students with disabilities	12,839,659	12,929,648	11,595,781	-	1,333,867
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OCCUPATIONAL EDUCATION

984,381	1,054,240	832,115	-	222,125
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TEACHING - SPECIAL SCHOOLS

315,500	313,463	298,398	-	15,065
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(Continued)

Glen Cove City School District, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget (Continued)

Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
INSTRUCTION (Continued)					
INSTRUCTIONAL MEDIA					
School library and audiovisual	\$ 648,324	\$ 620,047	\$ 491,854	\$ -	\$ 128,193
Computer assisted instruction	1,492,701	1,478,453	1,382,149	-	96,304
Total Instructional Media	2,141,025	2,098,500	1,874,003	-	224,497
PUPIL SERVICES					
Attendance - Regular school	96,080	96,080	91,673	-	4,407
Guidance - Regular school	891,158	907,824	902,491	-	5,333
Health services - Regular school	861,816	911,669	803,498	-	108,171
Psychological services - Regular school	659,723	666,647	662,711	-	3,936
Social work services - Regular school	353,008	353,008	352,508	-	500
Co-curricular activities - Regular school	140,800	145,942	138,633	-	7,309
Interscholastic athletics - Regular school	782,722	783,561	714,573	34,063	34,925
Total Pupil Services	3,785,307	3,864,731	3,666,087	34,063	164,581
Total Instruction	48,595,531	48,753,227	45,696,090	39,921	3,017,216
PUPIL TRANSPORTATION					
District transportation services	59,358	47,331	47,313	-	18
Contract and public carrier transportation	4,296,691	4,317,545	4,315,582	-	1,963
Total Pupil Transportation	4,356,049	4,364,876	4,362,895	-	1,981
COMMUNITY SERVICES					
Summer recreation	4,150	4,150	976	-	3,174
Adult continuing education	19,200	19,200	17,435	-	1,765
Total Community Services	23,350	23,350	18,411	-	4,939

EMPLOYEE BENEFITS

State retirement	1,332,017	1,332,017	966,173	-	365,844
Teachers' retirement	4,818,288	4,818,288	4,441,834	-	376,454
Social security	3,291,180	3,291,180	2,883,056	-	408,124
Life insurance	6,450	6,450	3,676	-	2,774
Unemployment benefits	25,000	25,000	21,580	-	3,420
Hospital, medical and dental insurance	9,379,389	9,163,844	8,782,987	-	380,857
Workers' compensation benefits	375,000	375,000	294,329	-	80,671
Administrative fees	-	3,837	3,095	-	742
Disability insurance	5,000	5,000	3,731	-	1,269
	<u>19,232,324</u>	<u>19,020,616</u>	<u>17,400,461</u>	<u>-</u>	<u>1,620,155</u>
Total Employee Benefits					

DEBT SERVICE

Principal					
Serial bonds	212,261	225,000	225,000	-	-
Installment purchase debt	534,390	548,463	548,463	-	-
	<u>746,651</u>	<u>773,463</u>	<u>773,463</u>	<u>-</u>	<u>-</u>
Interest					
Serial bonds	95,427	82,687	78,187	-	4,500
Installment purchase debt	98,325	100,754	100,754	-	-
	<u>193,752</u>	<u>183,441</u>	<u>178,941</u>	<u>-</u>	<u>4,500</u>
Total Debt Service	<u>940,403</u>	<u>956,904</u>	<u>952,404</u>	<u>-</u>	<u>4,500</u>

TOTAL EXPENDITURES

82,573,270	82,611,569	77,038,829	252,523	5,320,217
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OTHER FINANCING USES

Transfers out					
Special Aid Fund	145,000	145,000	113,386	-	31,614
	<u>145,000</u>	<u>145,000</u>	<u>113,386</u>	<u>-</u>	<u>31,614</u>

TOTAL EXPENDITURES AND OTHER FINANCING USES

\$ 82,718,270	\$ 82,756,569	\$ 77,152,215	\$ 252,523	\$ 5,351,831
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Glen Cove City School District, New York

Special Aid Fund
Comparative Balance Sheet
June 30,

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and equivalents	\$ 66,906	\$ 135,912
State and Federal aid receivable	<u>1,744,788</u>	<u>1,399,405</u>
Total Assets	<u>\$ 1,811,694</u>	<u>\$ 1,535,317</u>
 LIABILITIES		
Accounts payable	\$ 64,799	\$ 186,474
Accrued liabilities	2,776	5,410
Due to other funds	1,724,972	1,326,521
Due to other governments	2,660	-
Unearned revenues	<u>16,487</u>	<u>16,912</u>
Total Liabilities	<u>\$ 1,811,694</u>	<u>\$ 1,535,317</u>

Glen Cove City School District, New York

Special Aid Fund
 Comparative Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual
 Years Ended June 30,

	2016			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
State aid	\$ 939,234	\$ 939,234	\$ 927,258	\$ (11,976)
Federal aid	2,085,789	2,085,789	1,785,231	(300,558)
Miscellaneous	425	425	425	-
Total Revenues	<u>3,025,448</u>	<u>3,025,448</u>	<u>2,712,914</u>	<u>(312,534)</u>
EXPENDITURES				
Current				
Instruction	3,023,198	3,023,198	2,679,050	344,148
Pupil transportation	<u>147,250</u>	<u>147,250</u>	<u>147,250</u>	<u>-</u>
Total Expenditures	<u>3,170,448</u>	<u>3,170,448</u>	<u>2,826,300</u>	<u>344,148</u>
Deficiency of Revenues Over Expenditures	(145,000)	(145,000)	(113,386)	31,614
OTHER FINANCING SOURCES				
Transfers in	<u>145,000</u>	<u>145,000</u>	<u>113,386</u>	<u>(31,614)</u>
Net Change in Fund Balance	-	-	-	-
FUND BALANCE				
Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

2015			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 857,368	\$ 845,748	\$ 833,772	\$ (11,976)
2,145,660	2,104,328	1,941,303	(163,025)
-	21,742	21,742	-
3,003,028	2,971,818	2,796,817	(175,001)
2,986,926	2,955,716	2,789,602	166,114
150,000	150,000	146,880	3,120
3,136,926	3,105,716	2,936,482	169,234
(133,898)	(133,898)	(139,665)	(5,767)
133,898	133,898	139,665	5,767
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

Glen Cove City School District, New York

Capital Projects Fund
Comparative Balance Sheet
June 30,

	2016	2015
ASSETS		
Cash and equivalents	<u>\$ 503,037</u>	<u>\$ 526,107</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ -	\$ 24,330
Due to other funds	<u>451,413</u>	<u>368,445</u>
Total Liabilities	451,413	392,775
Fund balance		
Restricted	<u>51,624</u>	<u>133,332</u>
Total Liabilities and Fund Balance	<u>\$ 503,037</u>	<u>\$ 526,107</u>

Glen Cove City School District, New York

Capital Projects Fund
Comparative Statement of Revenues, Expenditures
and Changes in Fund Balance
Years Ended June 30,

	2016	2015
REVENUES	\$ -	\$ -
EXPENDITURES		
Capital outlay	39,246	431,613
Deficiency of Revenues Over Expenditures	(39,246)	(431,613)
OTHER FINANCING SOURCES (USES)		
Installment purchase debt issued	20,270	41,714
Transfers in	-	25,000
Transfers out	(62,732)	-
Total Other Financing Sources (Uses)	(42,462)	66,714
Net Change in Fund Balance	(81,708)	(364,899)
FUND BALANCE		
Beginning of Year	133,332	498,231
End of Year	\$ 51,624	\$ 133,332

Glen Cove City School District, New York

Capital Projects Fund

Project-Length Schedule

Inception of Project Through June 30, 2016

PROJECT	Authorization	Expenditures and Transfers to Date		
		Prior Years	Current Year	Total
High School Locker Rooms Replacement Boys/Girls	\$ 1,131,337	\$ 1,112,361	\$ 18,976	\$ 1,131,337
Landing Boiler	400,000	337,938	62,062	400,000
High School Track Lighting	651,677	600,053	-	600,053
Gas Tank Removal	25,000	24,330	670	25,000
Installment Purchase Debt - Plow Truck	20,270	-	20,270	20,270
Totals	<u>\$ 2,228,284</u>	<u>\$ 2,074,682</u>	<u>\$ 101,978</u>	<u>\$ 2,176,660</u>

Unexpended Balance	Methods of Financing			Fund Balance at June 30, 2016
	Proceeds of Obligations	Transfers	Totals	
\$ -	\$ 1,131,337	\$ -	\$ 1,131,337	\$ -
-	-	400,000	400,000	-
51,624	-	651,677	651,677	51,624
-	-	25,000	25,000	-
-	20,270	-	20,270	-
<u>\$ 51,624</u>	<u>\$ 1,151,607</u>	<u>\$ 1,076,677</u>	<u>\$ 2,228,284</u>	<u>\$ 51,624</u>

Glen Cove City School District, New York

Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2016
(With Comparative Totals for 2015)

	School Lunch	Special Purpose
ASSETS		
Cash and equivalents	\$ 10,809	\$ 141,881
Receivables		
Accounts	-	-
State and Federal aid	62,176	-
Due from other funds	187,781	-
	<u>249,957</u>	<u>-</u>
Inventories	<u>14,252</u>	<u>-</u>
Total Assets	<u>\$ 275,018</u>	<u>\$ 141,881</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ -	\$ -
Accrued liabilities	2,715	-
Due to other governments	1,994	-
Due to other funds	-	44,142
Total Liabilities	<u>4,709</u>	<u>44,142</u>
Fund balances		
Nonspendable	14,252	-
Restricted	-	97,739
Assigned	<u>256,057</u>	<u>-</u>
Total Fund Balances	<u>270,309</u>	<u>97,739</u>
Total Liabilities and Fund Balances	<u>\$ 275,018</u>	<u>\$ 141,881</u>

Total Non-Major Governmental Funds	
2016	2015
\$ 152,690	\$ 177,020
-	803
62,176	68,328
187,781	235,347
249,957	304,478
14,252	15,014
<u>\$ 416,899</u>	<u>\$ 496,512</u>
\$ -	\$ 25,630
2,715	3,249
1,994	2,154
44,142	45,142
48,851	76,175
14,252	15,014
97,739	107,841
256,057	297,482
368,048	420,337
<u>\$ 416,899</u>	<u>\$ 496,512</u>

Glen Cove City School District, New York

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2016
(With Comparative Totals for 2015)

	School Lunch	Special Purpose	Total Non-Major Governmental Funds	
			2016	2015
REVENUES				
Use of money and property	\$ 77	\$ 897	\$ 974	\$ 1,006
State aid	26,240	-	26,240	26,417
Federal aid	865,327	-	865,327	809,140
Food sales	374,069	-	374,069	403,694
Miscellaneous	84,754	-	84,754	37,832
Total Revenues	1,350,467	897	1,351,364	1,278,089
EXPENDITURES				
Current				
Cost of food sales	1,392,654	-	1,392,654	1,419,072
Other	-	10,999	10,999	1,337
Total Expenditures	1,392,654	10,999	1,403,653	1,420,409
Deficiency of Revenues Over Expenditures	(42,187)	(10,102)	(52,289)	(142,320)
FUND BALANCES				
Beginning of Year, as reported	312,496	107,841	420,337	454,390
Prior Period Adjustment	-	-	-	108,267
Beginning of Year, as restated	312,496	107,841	420,337	562,657
End of Year	\$ 270,309	\$ 97,739	\$ 368,048	\$ 420,337

Glen Cove City School District, New York

School Lunch Fund
Comparative Balance Sheet
June 30,

	2016	2015
ASSETS		
Cash and equivalents	\$ 10,809	\$ 24,037
Receivables		
Accounts	-	803
State and Federal aid	62,176	68,328
Due from other funds	187,781	235,347
	249,957	304,478
Inventories	14,252	15,014
Total Assets	\$ 275,018	\$ 343,529
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ -	\$ 25,630
Accrued liabilities	2,715	3,249
Due to other governments	1,994	2,154
Total Liabilities	4,709	31,033
Fund balance		
Nonspendable	14,252	15,014
Assigned	256,057	297,482
Total Fund Balance	270,309	312,496
Total Liabilities and Fund Balance	\$ 275,018	\$ 343,529

Glen Cove City School District, New York**School Lunch Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance
Years Ended June 30,**

	<u>2016</u>	<u>2015</u>
REVENUES		
Use of money and property	\$ 77	\$ 95
State aid	26,240	26,417
Federal aid	865,327	809,140
Food sales	374,069	403,694
Miscellaneous	<u>84,754</u>	<u>37,832</u>
Total Revenues	1,350,467	1,277,178
EXPENDITURES		
Current		
Cost of food sales	<u>1,392,654</u>	<u>1,419,072</u>
Deficiency of Revenues Over Expenditures	(42,187)	(141,894)
FUND BALANCE		
Beginning of Year	<u>312,496</u>	<u>454,390</u>
End of Year	<u>\$ 270,309</u>	<u>\$ 312,496</u>

Glen Cove City School District, New York

Special Purpose Fund
Comparative Balance Sheet
June 30,

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and equivalents	<u>\$ 141,881</u>	<u>\$ 152,983</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Due to other funds	\$ 44,142	\$ 45,142
Fund balance		
Restricted	<u>97,739</u>	<u>107,841</u>
Total Liabilities and Fund Balance	<u>\$ 141,881</u>	<u>\$ 152,983</u>

Glen Cove City School District, New York

Special Purpose Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance
Years Ended June 30,

	<u>2016</u>	<u>2015</u>
REVENUES		
Use of money and property	\$ 897	\$ 911
EXPENDITURES		
Current		
Other	<u>10,999</u>	<u>1,337</u>
Deficiency of Revenues Over Expenditures	<u>(10,102)</u>	<u>(426)</u>
FUND BALANCE		
Beginning of Year, as reported	107,841	-
Prior Period Adjustment	<u>-</u>	<u>108,267</u>
Beginning of Year, as restated	<u>107,841</u>	<u>108,267</u>
End of Year	<u><u>\$ 97,739</u></u>	<u><u>\$ 107,841</u></u>

Glen Cove City School District, New York

General Fund

Analysis of Change from Adopted Budget to Final Budget

Year Ended June 30, 2016

Adopted Budget	\$ 82,486,118
Additions	
Encumbrances	<u>232,152</u>
Original Budget	82,718,270
Budget Amendments	<u>38,299</u>
Final Budget	<u><u>\$ 82,756,569</u></u>

General Fund

Section 1318 of Real Property Tax Law Limit Calculation

Year Ended June 30, 2016 Section 1318 of Real Property Tax Law Limit Calculation

2016-17 Expenditure Budget	\$ <u>83,705,760</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted fund balance	
Assigned	2,537,523
Unassigned	<u>3,349,290</u>
Total Unrestricted Fund Balance	<u>5,886,813</u>
Less	
Appropriated for subsequent year's budget	2,285,000
Encumbrances	<u>252,523</u>
Total Adjustments	<u><u>2,537,523</u></u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>3,349,290</u></u>
Actual Percentage	<u><u>4.00%</u></u>

Glen Cove City School District, New York

Schedule of Net Investment in Capital Assets
Year Ended June 30, 2016

Capital Assets, net		\$	13,439,639
Less			
Bonds payable	2,400,000		
Installment purchase debt payable	<u>3,530,651</u>		<u>(5,930,651)</u>
Net Investment in Capital Assets		\$	<u><u>7,508,988</u></u>

**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in Accordance
With Government Auditing Standards**

Independent Auditors' Report

**The Board of Education of the
Glen Cove City School District, New York**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Glen Cove City School District, New York ("School District") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 13, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of the School District in a separate letter.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

October 13, 2016

**Report on Compliance For Each Major Federal Program and
Report on Internal Control Over Compliance Required by
the Uniform Guidance**

Independent Auditors' Report

**The Board of Education of the
Glen Cove City School District, New York**

Report on Compliance for Each Major Federal Program

We have audited the Glen Cove City School District, New York's ("School District") compliance with the types of compliance requirements described in the *Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2016. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

October 13, 2016

Glen Cove City School District, New York

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016**

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number (1)</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Sub- Recipients</u>	<u>Federal Program Expenditures</u>
<u>U.S. Department of Agriculture</u>				
Indirect Programs - Passed through New York State Department of Education				
<i>Child Nutrition Cluster</i>				
School Breakfast Program	10.553	-	\$ -	\$ 136,991
National School Lunch Program (NSLP)	10.555	-	-	728,336
Total U.S. Department of Agriculture			-	865,327
<u>U.S. Department of Education</u>				
Direct Program				
Impact Aid	84.041	-	-	6,505
Indirect Programs - Passed through New York State Department of Education				
<i>Special Education Cluster (IDEA)</i>				
Special Education - Grants to States (IDEA, Part B)	84.027	0032-16-0401	-	765,741
Special Education - Preschool Grants (IDEA Preschool)	84.173	0033-16-0401	-	29,931
			-	795,672
Title I Grants to Local Educational Agencies	84.010	0021-16-1445	-	722,284
English Language Acquisition State Grants	84.365	0151-16-1445	-	7,045
English Language Acquisition State Grants	84.365	0293-16-1445	-	75,865
English Language Acquisition State Grants	84.365	0149-16-1445	-	41,718
Supporting Effective Instruction State Grants	84.367	0147-16-1445	-	110,748
Supporting Effective Instruction State Grants	84.367	0147-15-1445	-	31,899
Total U.S. Department of Education			-	1,791,736
<u>U.S. Department of Homeland Security</u>				
Indirect Program - Passed through New York State Division of Homeland Security and Emergency Services				
Disaster Grants- Public Assistance	97.036	-	-	10,629
Total			\$ -	\$ 2,667,692

(1) Catalog of Federal Domestic Assistance number.

The accompanying notes are an integral part of this schedule.

Glen Cove City School District, New York

Notes to Schedule of Expenditures of Federal Awards Year ended June 30, 2016

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards ("Schedule") includes the federal award activity of the Glen Cove City School District, New York's ("School District") under programs of the federal government for the year ended June 30, 2016. Federal awards received directly from Federal agencies as well as Federal awards passed through other government agencies are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position or changes in net position of the School District.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The School District has elected [not] to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Glen Cove City School District, New York

Summary Schedule of Prior Audit Findings
Year ended June 30, 2016

None

Glen Cove City School District, New York

Schedule of Findings and Questioned Costs
Year Ended June 30, 2016

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor
issued on whether the financial statements audited
were prepared in accordance with GAAP

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

____ Yes X No
____ Yes X None reported

Noncompliance material to financial statements
noted?

____ Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

____ Yes X No
____ Yes X None reported

Type of auditors' report issued on compliance
for major federal programs:

Unmodified

Any audit findings disclosed that are
required to be reported in accordance with
2 CFR 200.516(a)?

____ Yes X No

Identification of major federal programs:

CFDA Number(s)

Name of Federal Program or Cluster

84.027

Special Education Cluster

84.173

Grants to States (IDEA, Part B)

Grants to States (IDEA Preschool)

Dollar threshold used to distinguish
between Type A and Type B programs:
Auditee qualified as low-risk auditee?

\$750,000
 X Yes ____ No

Glen Cove City School District, New York

Schedule of Findings and Questioned Costs
Year Ended June 30, 2016

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None