

**Glen Cove City School District, New York**

Financial Statements and  
Supplementary Information

Year Ended June 30, 2019



# 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, 2019, 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, 2019, and the respective changes in financial position 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 for the year ended June 30, 2019 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 for the year ended June 30, 2019 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 for the year ended June 30, 2019.

We also previously audited, 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, the basic financial statements of the School District as of and for the year ended June 30, 2018 (not presented herein), and have issued our report thereon dated October 11, 2018, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. The combining and individual fund financial statements and schedules for the year ended

June 30, 2018 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the 2018 financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2018 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those 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 for the year ended June 30, 2018.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2019 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 effectiveness of the School District's 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 4, 2019

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# Glen Cove City School District, New York

## Management's Discussion and Analysis June 30, 2019

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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, 2019. 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 2018-2019 are as follows:

- In the district-wide financial statements, revenues increased by 3.2% to \$92,172,343 and expenses increased 3.4% to \$93,461,590 resulting in a decrease in net position of \$1,289,247 for the year ended June 30, 2019.
- The School District's General Fund reflected an increase in fund balance of \$3,815,613.
- 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 \$3,650,319 or 4%, and therefore within the statutory limit.
- On the district-wide financial statements, the liabilities and deferred inflows of resources of the School District exceeded the assets and deferred outflows of resources at the close of its most recent fiscal year by \$87,044,745, a decrease of \$1,289,247 for the year ended June 30, 2019. The district-wide financial statements must report certain items in accordance with the pronouncements of the Governmental Accounting Standards Board ("GASB"). The GASB is charged with developing the accounting rules that apply to governments, including school districts and BOCES. One of the most significant of the standards, GASB Statement No. 75 "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*", requires the School District to recognize the financial impact associated with other postemployment benefit ("OPEB") obligations. These obligations include any benefits provided to retirees, other than a pension, including health insurance, life insurance, vision, dental, etc. This standard requires the School District to report the *total*, rather than *net*, OPEB liability related to its employees, since New York State has not authorized the establishment of an irrevocable trust to set aside assets for this purpose. The prior standard under the provisions of GASB Statement No. 45 allowed for the amortization of prior service costs over a thirty year period. As a result of the provisions of GASB Statement No. 75, the School District's *total* OPEB liability as of June 30, 2019 is \$124,855,067, compared to \$125,308,980 in the prior year. The OPEB liability is reflected on the district-wide Statement of Net Position and impacts the total net position calculation. More detailed information about the School District's OPEB obligations reported in accordance with the provisions of GASB Statement No. 75 is presented in note 3E in the notes to financial statements. Also

noteworthy is that this standard parallels the pension standard under the provisions of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions", presented in note 3E as well. At June 30, 2019, the School District reported also in its Statement of Net Position a liability of \$1,511,207 for its proportionate share of the ERS pension liability, while also reporting a net pension asset of \$3,821,825 for its proportionate share of the TRS net pension asset.

- 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 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.

<b>Table A-1: Major Features of the District-Wide and Fund Financial Statements</b>			
	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"> <li>• Statement of Net Position</li> <li>• Statement of Activities and Changes in Net Position</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures and Changes in Fund Balance</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Position</li> <li>• Statement of Changes in Fiduciary Net Position</li> </ul>
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 (\$1,029,728) at the close of the current fiscal year.

## Net Position

	2019	2018
Current Assets	\$ 34,806,981	\$ 30,349,701
Net Pension Asset	3,821,825	1,639,938
Capital Assets, net	12,597,030	11,649,424
Total Assets	51,225,836	43,639,063
Deferred Outflows of Resources		
Deferred amounts on pensions	21,564,826	23,736,396
Current Liabilities	10,201,051	7,997,518
Long-term Liabilities	139,282,217	138,447,596
Total Liabilities	149,483,268	146,445,114
Deferred Inflows of Resources		
Deferred amounts on pensions	10,352,139	6,685,843
Net Position		
Net Investment in capital assets	9,062,956	7,307,146
Restricted		
Capital projects	2,854,242	292,588
Tax certiorari	3,562,811	6,938,623
Workers compensation benefits	2,963,935	1,482,505
Unemployment benefits	236,721	210,344
ERS Retirement system contributions	3,124,560	2,721,340
TRS Retirement system contributions	688,542	-
Special Purposes	69,329	79,106
Unrestricted	(109,607,841)	(104,787,150)
Total Net Position	\$ (87,044,745)	\$ (85,755,498)

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 \$13,500,140 of net position and are comprised of amounts restricted for specific purposes. The remaining balance represents an unrestricted net deficit of (\$109,607,841). This deficit results mainly from the accrual of the School District's Other Post Employment Benefit Obligations ("OPEB"). These obligations include any benefits provided to retirees, other than a pension, including health insurance as discussed in detail in note 3E in the notes to financial statements.

## Changes in Net Position

	2019	2018
<b>REVENUES</b>		
Program Revenues		
Charges for Services	\$ 872,441	\$ 693,934
Operating Grants and Contributions	3,798,659	4,706,721
Capital Grants and Contributions	900,000	25,959
Total Program Revenues	<u>5,571,100</u>	<u>5,426,614</u>
General Revenues		
Real Property Taxes	63,141,770	61,597,230
Other Tax Items	8,645,677	8,683,738
Non-property taxes	1,531,247	1,459,796
Unrestricted Use of Money and Property	101,709	177,759
Sale of Property and Compensation for Loss	20,304	88,305
Unrestricted State Aid	12,618,099	11,463,956
Miscellaneous	542,437	427,501
Total General Revenues	<u>86,601,243</u>	<u>83,898,285</u>
Total Revenues	<u>92,172,343</u>	<u>89,324,899</u>
<b>PROGRAM EXPENSES</b>		
General Support	12,395,529	10,814,018
Instruction	73,651,979	72,040,370
Pupil Transportation	5,718,348	5,781,214
Community Services	16,696	17,404
Cost of Food Sales	1,527,163	1,562,512
Other	42,161	9,000
Interest	109,714	130,109
Total Expenses	<u>93,461,590</u>	<u>90,354,627</u>
Change in Net Position	<u>(1,289,247)</u>	<u>(1,029,728)</u>
<b>NET POSITION</b>		
Beginning, as reported	(85,755,498)	(7,874,289)
Cumulative Effect of Change in Accounting Principle	-	(75,551,209)
Prior Period Adjustment	-	(1,300,272)
Beginning, as restated	<u>(85,755,498)</u>	<u>(84,725,770)</u>
Ending	<u>\$ (87,044,745)</u>	<u>\$ (85,755,498)</u>

As seen above, governmental activities decreased the School District's net position by \$1,289,247 during the current fiscal year. Noteworthy is the impact on this schedule of the requirements of recognizing OPEB and pension expenses in accordance with applicable pronouncements. Other changes in these activities are described below:

#### *Revenues*

- The School District's fiscal year 2019 revenues totaled \$92,172,343. Property and other taxes and State sources accounted for most of the School District's revenue representing 79.6% and 13.7%, respectively. The remainder came from charges for services, operating grants, capital grants and contributions, use of money and property, sale of property and compensation for loss and miscellaneous. The School District received capital grants and contributions of \$900,000 in the current fiscal year from New York State and local County sources.
- Revenues increased 3.2% or \$3,106,963, primarily as a direct result of an increase in Real Property Taxes of \$1,544,540 and an increase in unrestricted state aid of \$1,154,143. The tax levy was under the maximum allowable tax levy limit associated with the New York State Real Property Tax Cap Legislation.

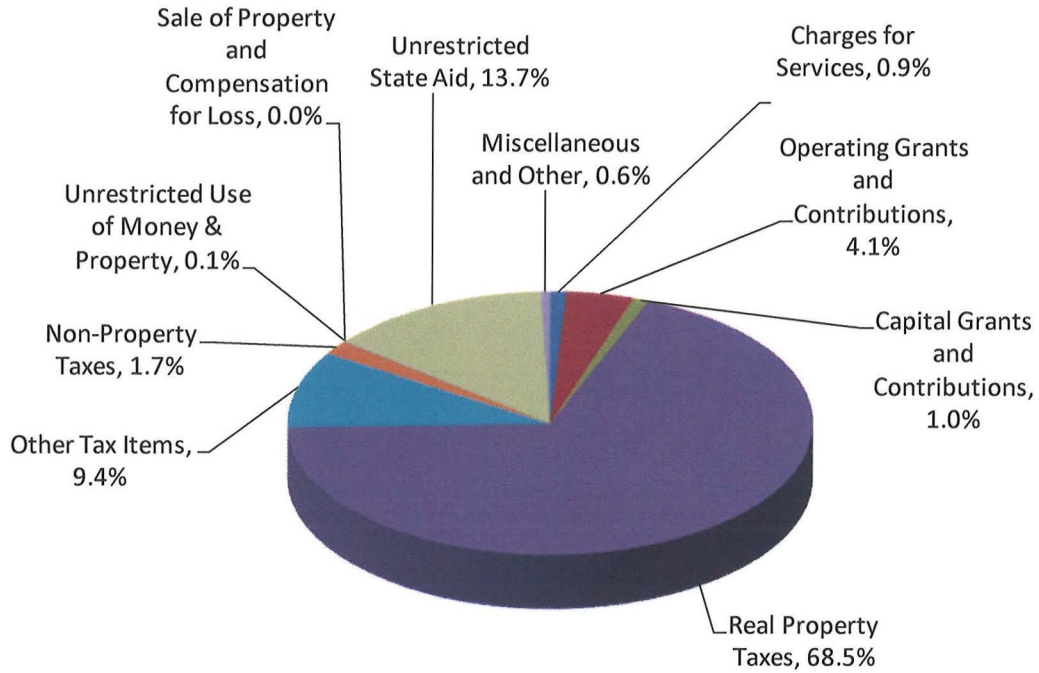
#### *Expenses*

- The School District's fiscal year 2019 expenses totaled \$93,461,590. These expenses are predominantly related to instruction and transporting students (84.9%). The School District's administrative and business activities accounted for 13.3% of total costs.
- Instruction program expenses in the aggregate increased by \$1,611,609 or 2.2% from the prior year due in part to pension and OPEB expenses.

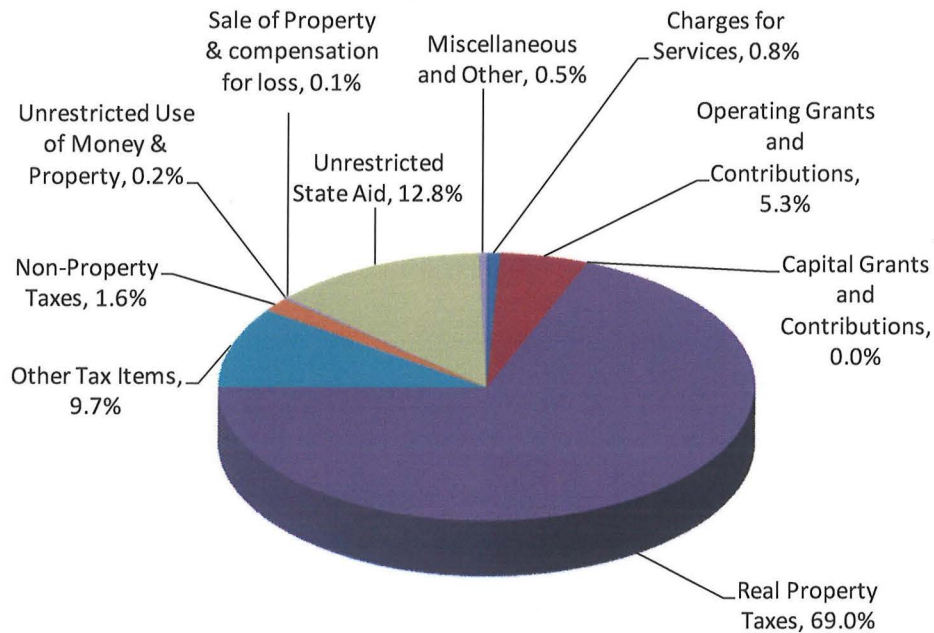


As indicated on the graphs that follow, the School District relies upon real property taxes as its primary revenue source for Governmental Activities. The School District's instruction costs account for approximately 78.8% of its expenses.

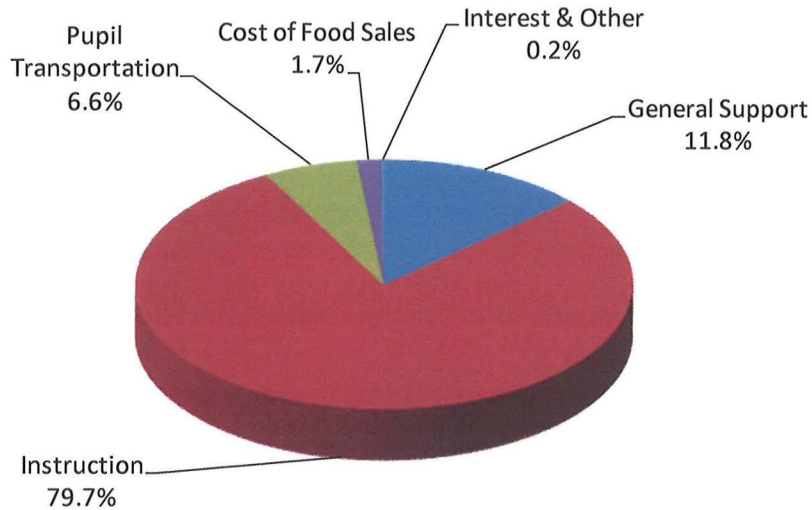
**Sources of Revenue for Fiscal Year 2019  
Governmental Activities**



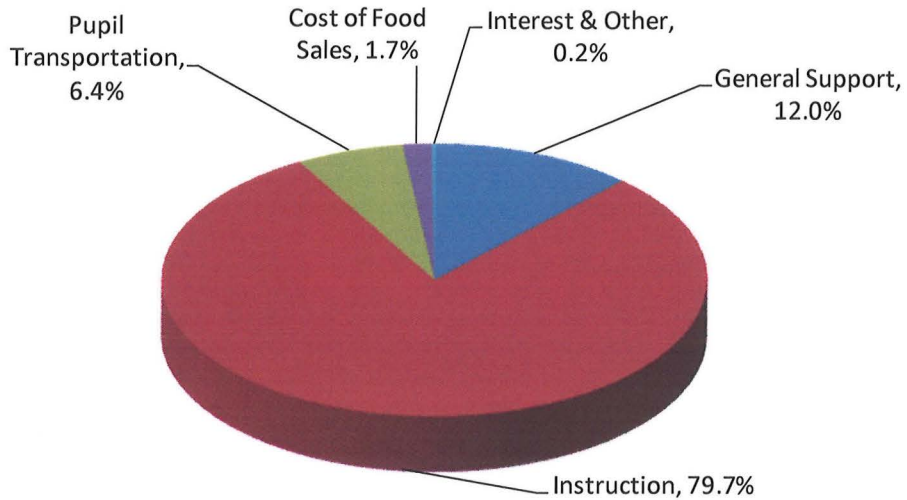
**Sources of Revenue for Fiscal Year 2018  
Governmental Activities**



### Expenses for Fiscal Year 2019 Governmental Activities



### Expenses for Fiscal Year 2018 Governmental Activities



### Financial Analysis of the School District's Funds

Variations between years for the governmental fund financial statements are not the same as variations 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 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 \$23,753,401, an increase of \$3,845,948 from the prior year. The composition of the combined fund balances are as follows:

Nonspendable	\$	16,023
Restricted		19,539,120
Assigned		564,252
Unassigned		3,634,006

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 3H 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 2018-2019 of \$88,209,126 was increased by \$430,163 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, 2019 was \$89,301,141.

Revenues and other financing sources exceeded the amount contained in the final budget by \$2,545,939 and savings of \$3,744,806 were derived on the expenditure side of the budget, thus creating a budgetary surplus of \$6,290,745 at June 30, 2019. The revenues were more than budgeted due to the timing of tax collections offset by a decrease in school tax reflect reimbursement as well as increases in day school tuition, earnings on investments, State and Federal aid and miscellaneous revenues. 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 (\$790,537), Instruction (\$1,435,996) and Employee Benefits (\$1,481,231).

At the end of the current fiscal year, the total fund balance of the General Fund was \$23,661,993, of which \$3,650,319 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 2019, the School District had invested \$12,597,030 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, 2019	June 30, 2018
Land	\$ 239,225	\$ 239,225
Construction-in-Progress	250,313	45,347
Land Improvements	1,130,538	729,890
Buildings and Improvements	10,421,332	10,157,333
Machinery and Equipment	555,622	477,629
<b>Total Capital Assets, net of accumulated depreciation</b>	<b>\$ 12,597,030</b>	<b>\$ 11,649,424</b>

### *Long-Term Debt*

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

	June 30, 2019	June 30, 2018
Bonds Payable	\$ 1,725,000	\$ 1,950,000
Installment Purchase Debt Payable	1,809,074	2,392,278
Claims Payable	2,496,100	1,332,756
Compensated Absences	6,885,769	6,779,039
Net Pension Liability	1,511,207	684,543
Other Post Employment Benefit Obligations Payable*	124,855,067	125,308,980
	<b>\$ 139,282,217</b>	<b>\$ 138,447,596</b>

At June 30, 2019, the School District reported a liability of \$1,511,207 for its proportionate share of the net pension liability of ERS. The net pension liability was measured as of March 31, 2019. For TRS, the School District reported an asset of \$3,821,825 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2018. The total pension liability (asset) used to calculate the net pension liability for ERS and asset TRS was determined by an actuarial valuation as of those respective dates.

The School District recorded its net pension liability to ERS as required by the provisions of GASB Statement No. 68. The School District's other postemployment benefit obligation or total liability was recorded in accordance with the provisions of GASB Statement No. 75. This liability will continue to

grow as the School District is permitted at this time by New York State only to fund its pay-as-you-go obligations for health insurance.

More detailed information about the School District's long-term liabilities is presented in Note 3E 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 2019-2020 budget for \$91,257,983. The School District plans on the use of \$1,505,000 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.
- Chapter 97 of the Laws of 2011, as amended ("Tax Levy Limitation Law"), modified previous law by imposing a limit on the amount of real property taxes that a school district may levy. Prior to its enactment, there was no statutory limitation on the amount of real property taxes that a school district could levy if its budget had been approved by a simple majority of its voters. In the event the budget had been defeated by the voters, the School District was required to adopt a contingent budget. Under a contingency budget, school budget increases were limited to the lesser of 4% of the prior year's budget or 120% of the consumer price index. 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  
Dosoris Lane  
Glen Cove, New York 11542  
(516) 801-7030

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**Glen Cove City School District, New York**Statement of Net Position  
June 30, 2019

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and equivalents	\$ 29,424,921
Receivables	
Taxes	1,046,536
Accounts	124,709
State and Federal aid	3,600,668
Due from other governments	594,124
Inventories	16,023
Net pension asset	3,821,825
Capital assets	
Not being depreciated	489,538
Being depreciated, net	<u>12,107,492</u>
Total Assets	<u>51,225,836</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>21,564,826</u>
<b>LIABILITIES</b>	
Accounts payable	3,860,466
Accrued liabilities	387,715
Due to other governments	1,024,101
Due to retirement systems	4,251,237
Unearned revenues	641,259
Accrued interest payable	36,273
Non-current liabilities	
Due within one year	2,512,495
Due in more than one year	<u>136,769,722</u>
Total Liabilities	<u>149,483,268</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>10,352,139</u>
<b>NET POSITION</b>	
Net investment in capital assets	9,062,956
Restricted	
Capital projects	2,854,242
Tax certiorari	3,562,811
Workers' compensation benefits	2,963,935
Unemployment benefits	236,721
ERS retirement system contributions	3,124,560
TRS retirement system contributions	688,542
Special purposes	69,329
Unrestricted	<u>(109,607,841)</u>
Total Net Position	<u>\$ (87,044,745)</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, 2019

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	\$ 12,395,529	\$ 27,024	\$ 357,469	\$ -	\$ (12,011,036)
Instruction	73,651,979	438,005	2,392,748	900,000	(69,921,226)
Pupil transportation	5,718,348	-	-	-	(5,718,348)
Community services	16,696	11,787	-	-	(4,909)
Cost of food sales	1,527,163	395,625	1,016,058	-	(115,480)
Other	42,161	-	32,384	-	(9,777)
Interest	109,714	-	-	-	(109,714)
<b>Total Governmental Activities</b>	<b>\$ 93,461,590</b>	<b>\$ 872,441</b>	<b>\$ 3,798,659</b>	<b>\$ 900,000</b>	<b>(87,890,490)</b>
General revenues					
Real property taxes					63,141,770
Other tax items					
School tax relief reimbursement					4,879,233
Payments in lieu of taxes					3,453,595
Interest and penalties on real property taxes					312,849
Non-property taxes					
Non-property tax distribution from County					1,531,247
Unrestricted use of money and property					101,709
Sale of property and compensation for loss					20,304
Unrestricted State aid					12,618,099
Miscellaneous					542,437
<b>Total General Revenues</b>					<b>86,601,243</b>
<b>Change in Net Position</b>					<b>(1,289,247)</b>
<b>Net Position - Beginning</b>					<b>(85,755,498)</b>
<b>Net Position - Ending</b>					<b>\$ (87,044,745)</b>

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, 2019

	General	Special Aid	Capital Projects
<b>ASSETS</b>			
Cash and equivalents	\$ 29,337,147	\$ 437	\$ 1,387
Receivables			
Taxes	1,046,536	-	-
Accounts	124,709	-	-
State and Federal aid	1,192,532	1,831,800	500,000
Due from other governments	494,124	-	100,000
Due from other funds	1,803,645	-	-
Inventories	-	-	-
<b>Total Assets</b>	<b><u>\$ 33,998,693</u></b>	<b><u>\$ 1,832,237</u></b>	<b><u>\$ 601,387</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>			
<b>Liabilities</b>			
Accounts payable	\$ 3,206,944	\$ 56,992	\$ 561,028
Accrued liabilities	374,714	13,001	-
Due to other governments	1,023,744	-	-
Due to other funds	-	1,762,244	6,672
Due to retirement systems	4,251,237	-	-
Unearned revenues	641,259	-	-
<b>Total Liabilities</b>	<b><u>9,497,898</u></b>	<b><u>1,832,237</u></b>	<b><u>567,700</u></b>
<b>Deferred inflows of resources</b>			
Unavailable revenues - Miscellaneous	-	-	50,000
Deferred tax revenues	838,802	-	-
<b>Total Deferred Inflows of Resources</b>	<b><u>838,802</u></b>	<b><u>-</u></b>	<b><u>50,000</u></b>
<b>Total Liabilities and Deferred     Inflows of Resources</b>	<b><u>10,336,700</u></b>	<b><u>1,832,237</u></b>	<b><u>617,700</u></b>
<b>Fund balances (deficits)</b>			
Nonspendable	-	-	-
Restricted	19,469,791	-	-
Assigned	541,883	-	-
Unassigned	3,650,319	-	(16,313)
<b>Total Fund Balances (Deficits)</b>	<b><u>23,661,993</u></b>	<b><u>-</u></b>	<b><u>(16,313)</u></b>
<b>Total Liabilities, Deferred Inflows of     Resources and Fund Balances (Deficits)</b>	<b><u>\$ 33,998,693</u></b>	<b><u>\$ 1,832,237</u></b>	<b><u>\$ 601,387</u></b>

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

Non-Major Governmental	Total Governmental Funds
\$ 85,950	\$ 29,424,921
-	1,046,536
-	124,709
76,336	3,600,668
-	594,124
-	1,803,645
16,023	16,023
<u>\$ 178,309</u>	<u>\$ 36,610,626</u>
\$ 35,502	\$ 3,860,466
-	387,715
357	1,024,101
34,729	1,803,645
-	4,251,237
-	641,259
<u>70,588</u>	<u>11,968,423</u>
-	50,000
-	838,802
<u>-</u>	<u>888,802</u>
<u>70,588</u>	<u>12,857,225</u>
16,023	16,023
69,329	19,539,120
22,369	564,252
-	3,634,006
<u>107,721</u>	<u>23,753,401</u>
<u>\$ 178,309</u>	<u>\$ 36,610,626</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, 2019

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Fund Balances - Total Governmental Funds	<u>\$ 23,753,401</u>
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>12,597,030</u>
Governmental funds do not report the effect of assets or liabilities related to net pension assets (liabilities) and postemployment benefit obligations whereas these amounts are deferred and amortized in the statement of activities.	
Deferred amounts on net pension liabilities (assets)	16,263,037
Deferred inflows of resources on postemployment benefit obligations	<u>(5,050,350)</u>
	<u>11,212,687</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	3,821,825
Miscellaneous unavailable Capital Fund revenues	<u>50,000</u>
	<u>3,871,825</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>838,802</u>
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(36,273)
Bonds payable	(1,725,000)
Installment purchase debt payable	(1,809,074)
Claims payable	(2,496,100)
Compensated absences	(6,885,769)
Net pension liability	(1,511,207)
Other post employment benefit obligations payable	<u>(124,855,067)</u>
	<u>(139,318,490)</u>
Net Position of Governmental Activities	<u><u>\$ (87,044,745)</u></u>

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, 2019

	General	Special Aid	Capital Projects
<b>REVENUES</b>			
Real property taxes	\$ 63,825,550	\$ -	\$ -
Other tax items	8,645,677	-	-
Non-property taxes	1,531,247	-	-
Charges for services	449,792	-	-
Use of money and property	486,202	-	-
Sale of property and compensation for loss	20,304	-	-
State aid	13,018,988	698,796	800,000
Federal aid	245,879	2,015,802	-
Food sales	-	-	-
Miscellaneous	542,437	-	50,000
<b>Total Revenues</b>	<b>88,766,076</b>	<b>2,714,598</b>	<b>850,000</b>
<b>EXPENDITURES</b>			
Current			
General support	8,100,054	-	-
Instruction	49,907,977	3,054,604	-
Pupil transportation	5,703,632	210,247	-
Community services	14,119	-	-
Employee benefits	18,748,450	-	-
Cost of food sales	-	-	-
Other	-	-	-
Debt service			
Principal	808,204	-	-
Interest	119,911	-	-
Capital outlay	-	-	1,722,075
<b>Total Expenditures</b>	<b>83,402,347</b>	<b>3,264,851</b>	<b>1,722,075</b>
Excess (Deficiency) of Revenues Over Expenditures	5,363,729	(550,253)	(872,075)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	63,989	550,253	1,061,852
Transfers out	(1,612,105)	-	(63,989)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,548,116)</b>	<b>550,253</b>	<b>997,863</b>
<b>Net Change in Fund Balances</b>	<b>3,815,613</b>	<b>-</b>	<b>125,788</b>
<b>FUND BALANCES (DEFICITS)</b>			
Beginning of Year	19,846,380	-	(142,101)
End of Year	<u>\$ 23,661,993</u>	<u>\$ -</u>	<u>\$ (16,313)</u>

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

Non-Major Governmental	Total Governmental Funds
\$ -	\$ 63,825,550
-	8,645,677
-	1,531,247
-	449,792
2,769	488,971
-	20,304
26,118	14,543,902
989,555	3,251,236
295,088	295,088
130,537	722,974
<u>1,444,067</u>	<u>93,774,741</u>
-	8,100,054
-	52,962,581
-	5,913,879
-	14,119
-	18,748,450
1,497,359	1,497,359
42,161	42,161
-	808,204
-	119,911
-	1,722,075
<u>1,539,520</u>	<u>89,928,793</u>
<u>(95,453)</u>	<u>3,845,948</u>
-	1,676,094
-	(1,676,094)
-	-
<u>(95,453)</u>	<u>3,845,948</u>
<u>203,174</u>	<u>19,907,453</u>
<u>\$ 107,721</u>	<u>\$ 23,753,401</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, 2019

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

Net Change in Fund Balances - Total Governmental Funds	<u>\$ 3,845,948</u>
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital outlay expenditures	1,887,655
Depreciation expense	<u>(940,049)</u>
	<u>947,606</u>
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Real property taxes	(683,780)
State aid	(968,618)
Miscellaneous capital revenues	<u>50,000</u>
	<u>(1,602,398)</u>
<p>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.</p>	
the statement of activities.	
Principal paid on serial bonds	225,000
Principal paid on installment purchase debt	<u>583,204</u>
	<u>808,204</u>
<p>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.</p>	
Accrued interest	10,197
Claims	(1,163,344)
Compensated absences	(106,730)
Pension liabilities	625,083
Other post employment benefit obligations	<u>(4,653,813)</u>
	<u>(5,288,607)</u>
Change in Net Position of Governmental Activities	<u><u>\$ (1,289,247)</u></u>

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, 2019

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Real property taxes	\$ 63,021,767	\$ 63,021,767	\$ 63,825,550	\$ 803,783
Other tax items	8,813,285	8,813,285	8,645,677	(167,608)
Non-property taxes	1,300,000	1,300,000	1,531,247	231,247
Charges for services	225,567	225,567	449,792	224,225
Use of money and property	90,000	90,000	486,202	396,202
Sale of property and compensation for loss	-	-	20,304	20,304
State aid	12,627,907	12,677,907	13,018,988	341,081
Federal aid	90,600	90,600	245,879	155,279
Miscellaneous	65,000	65,000	542,437	477,437
<b>Total Revenues</b>	<b>86,234,126</b>	<b>86,284,126</b>	<b>88,766,076</b>	<b>2,481,950</b>
<b>EXPENDITURES</b>				
Current				
General support	9,251,510	9,354,849	8,100,054	1,254,795
Instruction	52,081,071	51,421,598	49,907,977	1,513,621
Pupil transportation	5,576,450	5,734,642	5,703,632	31,010
Community services	20,150	20,150	14,119	6,031
Employee benefits	20,182,001	20,229,681	18,748,450	1,481,231
Debt service				
Principal	808,205	808,205	808,204	1
Interest	119,902	119,911	119,911	-
<b>Total Expenditures</b>	<b>88,039,289</b>	<b>87,689,036</b>	<b>83,402,347</b>	<b>4,286,689</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(1,805,163)</b>	<b>(1,404,910)</b>	<b>5,363,729</b>	<b>6,768,639</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	63,989	63,989
Transfers out	(600,000)	(1,612,105)	(1,612,105)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(600,000)</b>	<b>(1,612,105)</b>	<b>(1,548,116)</b>	<b>63,989</b>
<b>Net Change in Fund Balances</b>	<b>(2,405,163)</b>	<b>(3,017,015)</b>	<b>3,815,613</b>	<b>6,832,628</b>
<b>FUND BALANCES</b>				
Beginning of Year	2,405,163	3,017,015	19,846,380	16,829,365
End of Year	\$ -	\$ -	\$ 23,661,993	\$ 23,661,993

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)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
656,298	658,925	698,796	39,871
2,174,619	2,247,949	2,015,802	(232,147)
-	-	-	-
<u>2,830,917</u>	<u>2,906,874</u>	<u>2,714,598</u>	<u>(192,276)</u>
-	-	-	-
2,796,990	3,273,155	3,054,604	218,551
183,927	183,972	210,247	(26,275)
-	-	-	-
-	-	-	-
-	-	-	-
<u>2,980,917</u>	<u>3,457,127</u>	<u>3,264,851</u>	<u>192,276</u>
<u>(150,000)</u>	<u>(550,253)</u>	<u>(550,253)</u>	<u>-</u>
150,000	550,253	550,253	-
-	-	-	-
<u>150,000</u>	<u>550,253</u>	<u>550,253</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, 2019

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	<u>Agency</u>
<b>ASSETS</b>	
Cash and equivalents	<u>\$ 90,799</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 619
Student activity funds	<u>90,180</u>
Total Liabilities	<u>\$ 90,799</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 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 or State funds. The major revenues of this fund are Federal and State aid.

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. If expenditures are the prime factor for determining eligibility, revenues from

**Note 1 - Summary of Significant Accounting Policies (Continued)**

Federal and State grants are recognized as revenues when the expenditure is made. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to certain claims, compensated absences, 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**

**Cash and Equivalents, Investments and Risk Disclosure**

**Cash and Equivalents** - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and short-term investments with original maturities of less than three months from the date of acquisition.

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.

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.

**Investments** - Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

The School District follows the provisions of GASB Statement No. 72, "*Fair Value Measurements and Application*", which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

**Risk Disclosure**

**Interest Rate Risk** - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The School District does not have a formal investment policy that limits investment maturities as a means of managing its



**Note 1 - Summary of Significant Accounting Policies (Continued)**

exposure to fair value losses arising from changing interest rates. Generally, the School District does not invest in any long-term investment obligations.

**Custodial Credit Risk** - 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, "Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3", 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, 2019.

**Credit Risk** - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The School District does not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State of New York.

**Concentration of Credit Risk** - Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The School District's investment policy limits the amount on deposit at each of its banking institutions.

**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. The taxes receivable amount of \$1,046,536 is generally paid to the School District no later than December 31<sup>st</sup>.

**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, 2019, 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 nonspendable fund balance, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**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 acquisition 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	20
Buildings and Improvements	30-50
Machinery and Equipment	5-20

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 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 \$641,259 for a payment in lieu of tax and miscellaneous revenues collected in advance in the General 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 reported deferred inflows of resources of \$838,802 for real property taxes in the General Fund and \$50,000 for unavailable revenues in the Capital Projects Fund.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

Deferred outflows and inflows of resources have been reported on the district-wide Statement of Net Position for the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
New York State and Local Employees' Retirement System	\$ 1,089,696	\$ 541,936
New York State Teachers' Retirement System	20,475,130	4,759,853
Other postemployment benefits obligations	-	5,050,350
	<u>\$ 21,564,826</u>	<u>\$ 10,352,139</u>

The amounts reported as deferred outflows of resources and deferred inflows of resources in relation to the School District's pension and other post employment benefit obligations are detailed in Note 3E.

**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 Fund 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 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

**Note 1 - Summary of Significant Accounting Policies (Continued)**

capital assets, restricted for capital projects, tax certiorari, workers' compensation benefits, unemployment benefits, ERS retirement system contributions, TRS retirement system contributions 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 the General Municipal Law or the 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 District 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.

Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the Board of Education for amounts assigned for balancing the subsequent year's budget or by delegated authority to the Assistant Superintendent for Business Administration for amounts assigned for encumbrances. 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

**Note 1 - Summary of Significant Accounting Policies (Continued)**

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 4, 2019.

**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.

**Note 2 - Stewardship, Compliance and Accountability (Continued)**

- 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.
- 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.

**Note 2 - Stewardship, Compliance and Accountability (Continued)**

**C. Property Tax Limitation**

Chapter 97 of the Laws of 2011, as amended ("Tax Levy Limitation Law"), modified previous law by imposing a limit on the amount of real property taxes that a school district may levy. Prior to its enactment, there was no statutory limitation on the amount of real property taxes that a school district could levy if its budget had been approved by a simple majority of its voters. In the event the budget had been defeated by the voters, the school district was required to adopt a contingency budget. Under a contingency budget, school budget increases were limited to the lesser of 4% of the prior year's budget or 120% of the consumer price index ("CPI").

Under the Tax Levy Limitation Law, there is now a limitation on the amount of tax levy growth from one fiscal year to the next. Such limitation is the lesser of (i) 2% or (ii) the annual percentage increase in the CPI subject to certain exclusions. A budget with a tax levy that does not exceed such limit will require approval by at least 50% of the voters. Approval by at least 60% of the voters will be required for a budget with a tax levy in excess of the limit. In the event the voters reject the budget, the tax levy for the school district's budget for the ensuing fiscal year may not exceed the amount of the tax levy for the prior fiscal year. School districts will be permitted to carry forward a certain portion of their unused tax levy limitation from a prior year.

The Tax Levy Limitation Law permits certain significant exclusions to the tax levy limit for school districts. These include taxes to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures and the refinancing or refunding of such bonds or notes, certain pension cost increases, and other items enumerated in the Tax Levy Limitation Law. However, such exclusion does not apply to taxes to pay debt service on tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes; and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments.

**D. Capital Projects Fund Deficits**

The deficits in various individual capital projects arise because of expenditures exceeding current financing on the projects. These deficits will be eliminated with the subsequent receipt or issuance of authorized financing.

**Note 3 - Detailed Notes on All Funds**

**A. Taxes Receivable**

Taxes receivable at June 30, 2019 consisted of the following:

Current Year Taxes	<u>\$ 1,046,536</u>
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Taxes receivable are offset in the fund financial statements by deferred tax revenues of \$838,802, which represents taxes receivable which are not collected within the first sixty days of the subsequent year.

**Glen Cove City School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2019

**Note 3 - Detailed Notes on All Funds (Continued)**

**B. Due From/To Other Funds**

The composition of interfund balances at June 30, 2019 is as follows:

Fund	Due From	Due To
General	\$ 1,803,645	\$ -
Special Aid	-	1,762,244
Capital Projects	-	6,672
Non-Major Governmental	-	34,729
	<u>\$ 1,803,645</u>	<u>\$ 1,803,645</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.

**C. Capital Assets**

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

Class	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Capital Assets, not being depreciated:				
Land	\$ 239,225	\$ -	\$ -	\$ 239,225
Construction-in-Progress	45,347	215,625	10,659	250,313
Total Capital Assets, not being depreciated	<u>\$ 284,572</u>	<u>\$ 215,625</u>	<u>\$ 10,659</u>	<u>\$ 489,538</u>
Capital Assets, being depreciated:				
Land Improvements	\$ 2,050,564	\$ 500,000	\$ -	\$ 2,550,564
Buildings and Improvements	28,437,501	1,017,110	-	29,454,611
Machinery and Equipment	1,602,627	165,579	9,280	1,758,926
Total Capital Assets, being depreciated	<u>32,090,692</u>	<u>1,682,689</u>	<u>9,280</u>	<u>33,764,101</u>
Less Accumulated Depreciation for:				
Land Improvements	1,320,674	99,352	-	1,420,026
Buildings and Improvements	18,280,168	753,111	-	19,033,279
Machinery and Equipment	1,124,998	87,586	9,280	1,203,304
Total Accumulated Depreciation	<u>20,725,840</u>	<u>940,049</u>	<u>9,280</u>	<u>21,656,609</u>
Total Capital Assets, being Depreciated, net	<u>\$ 11,364,852</u>	<u>\$ 742,640</u>	<u>\$ -</u>	<u>\$ 12,107,492</u>
Capital Assets, net	<u>\$ 11,649,424</u>	<u>\$ 958,265</u>	<u>\$ 10,659</u>	<u>\$ 12,597,030</u>



**Glen Cove City School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2019

**Note 3 - Detailed Notes on All Funds (Continued)**

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

General Support	\$ 482,277
Instruction	427,968
Cost of Food Sales	<u>29,804</u>
Total Depreciation Expense	<u>\$ 940,049</u>

**D. Accrued Liabilities**

Accrued liabilities at June 30, 2019 were as follows:

	General Fund	Special Aid Fund	Total
Payroll and Employee Benefits	<u>\$ 374,714</u>	<u>\$ 13,001</u>	<u>\$ 387,715</u>

**E. Long-Term Liabilities**

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2019:

	Balance June 30, 2018	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2019	Due Within One-Year
General Obligation Bonds Payable	\$ 1,950,000	\$ -	\$ 225,000	\$ 1,725,000	\$ 225,000
Installment Purchase Debt Payable	<u>2,392,278</u>	<u>-</u>	<u>583,204</u>	<u>1,809,074</u>	<u>588,535</u>
Other Non-current Liabilities:					
Claims Payable	1,332,756	1,617,149	453,805	2,496,100	1,009,960
Compensated Absences	6,779,039	784,730	678,000	6,885,769	689,000
Net Pension Liability	684,543	826,664	-	1,511,207	-
Other Post Employment Benefit Obligations Payable	<u>125,308,980</u>	<u>7,974,535</u>	<u>8,428,448</u>	<u>124,855,067</u>	<u>-</u>
Total Other Non-current Liabilities	<u>134,105,318</u>	<u>11,203,078</u>	<u>9,560,253</u>	<u>135,748,143</u>	<u>1,698,960</u>
Total Long-Term Liabilities	<u>\$ 138,447,596</u>	<u>\$ 11,203,078</u>	<u>\$ 10,368,457</u>	<u>\$ 139,282,217</u>	<u>\$ 2,512,495</u>

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

**General Obligation Bonds Payable**

General obligation bonds payable at June 30, 2019 is comprised of the following individual issue:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2019
District-wide Improvements	2010	\$ 3,456,250	May 2026	3.0 - 3.375 %	<u>\$ 1,725,000</u>

**Glen Cove City School District, New York**

Notes to Financial Statements (Continued)

June 30, 2019

**Note 3 - Detailed Notes on All Funds (Continued)**

Interest expenditures of \$61,312 were recorded in the fund financial statements in the General Fund. Interest expense of \$60,468 was recorded in the district-wide financial statements.

**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, 2019 was \$1,809,074.

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 obligation was satisfied in the current year.

Interest expenditures of \$58,599 were recorded in the fund financial statements in the General Fund. Interest expense of \$49,246 was recorded in the district-wide financial statements.

**Payments to Maturity**

The annual requirements to amortize all outstanding bonded and installment purchase debt as of June 30, 2019 including interest payments of \$314,885 are as follows:

Year Ending June 30,	General Obligation Bonds		Installment Purchase Debt	
	Principal	Interest	Principal	Interest
2020	\$ 225,000	\$ 54,563	\$ 588,535	\$ 44,180
2021	250,000	47,813	602,908	29,807
2022	250,000	40,313	617,631	15,083
2023	250,000	32,813	-	-
2024	250,000	25,000	-	-
2025-2026	500,000	25,313	-	-
	<u>\$ 1,725,000</u>	<u>\$ 225,815</u>	<u>\$ 1,809,074</u>	<u>\$ 89,070</u>

Year Ending June 30,	Total	
	Principal	Interest
2020	\$ 813,535	\$ 98,743
2021	852,908	77,620
2022	867,631	55,396
2023	250,000	32,813
2024	250,000	25,000
2025-2026	500,000	25,313
	<u>\$ 3,534,074</u>	<u>\$ 314,885</u>

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.

**Note 3 - Detailed Notes on All Funds (Continued)**

**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>2019</u>	<u>2018</u>
Unpaid Claims - Beginning of Year	\$ 821,843	\$ 895,537
Incurred Claims including IBNR's	156,122	373,029
Claims Paid	<u>(248,830)</u>	<u>(446,723)</u>
Unpaid Claims - End of Year	<u>\$ 729,135</u>	<u>\$ 821,843</u>
Due within One Year	<u>\$ 73,000</u>	<u>\$ 82,000</u>

This amount has been recorded as an expense and liability in the district-wide financial statements. Claims payable also includes a liability of \$1,766,965 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 \$936,960.

**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 and has been reflected in the district-wide financial statements.

**Note 3 - Detailed Notes on All Funds (Continued)**

**Pension Plans**

*New York State and Local Retirement System and Teachers' 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 assets and record changes in fiduciary 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/about\\_us/financial\\_statements\\_index.php](http://www.osc.state.ny.us/retire/about_us/financial_statements_index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The School District also 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](http://www.nystrs.org) or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

ERS and TRS are noncontributory for employees who joined the systems before July 27, 1976. Employees who joined the systems after July 27, 1976 and before January 1, 2010 contribute 3% of their salary for the first ten years of membership. Employees who joined the systems after January 1, 2010 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. 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 rates for the plans' year ending in 2019 are as follows:

**Glen Cove City School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2019

**Note 3 - Detailed Notes on All Funds (Continued)**

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	1 75I	20.7 %
	2 75I	18.9
	3 A15	15.9
	4 A15	15.9
	5 A15	13.1
	6 A15	9.4
TRS	1-6	10.62 %

At June 30, 2019, the School District reported the following for its proportionate share of the net pension liability (asset) for ERS and TRS:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2019	June 30, 2018
Net pension liability (asset)	\$ 1,511,207	\$ (3,821,825)
School Districts' proportion of the net pension liability (asset)	0.0213287 %	0.211353 %
Change in proportion since the prior measurement date	0.0001187 %	(0.004400) %

The net pension liability (asset) was measured as of March 31, 2019 for ERS and June 30, 2018 for TRS and the total pension liability used to calculate the net pension liability (asset) were determined by actuarial valuations as of those dates. The School District's proportion of the net pension liability for ERS 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. The School District's proportion of the net pension asset for TRS was based on the School District's contributions to the pension plan relative to the contributions of all participating members.

For the year ended June 30, 2019, the School District recognized pension expense in the district-wide financial statements of \$4,101,829 (\$1,058,138 for ERS and \$3,043,691 for TRS). Pension expenditures for ERS of \$923,975 were reported in the fund financial statements and were charged to the General Fund. Pension expenditures for TRS of \$3,802,940 were recorded in the fund financial statements in the General Fund.

**Glen Cove City School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2019

**Note 3 - Detailed Notes on All Funds (Continued)**

At June 30, 2019, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	ERS		TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 297,588	\$ 101,444	\$ 2,856,019	\$ 517,336
Changes of assumptions	379,856	-	13,359,786	-
Net difference between projected and actual earnings on pension plan investments	-	387,859	-	4,242,517
Changes in proportion and differences between School District contributions and proportionate share of contributions	182,532	52,633	456,328	-
School District contributions subsequent to the measurement date	229,720	-	3,802,997	-
	<u>\$ 1,089,696</u>	<u>\$ 541,936</u>	<u>\$ 20,475,130</u>	<u>\$ 4,759,853</u>

	Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,153,607	\$ 618,780
Changes of assumptions	13,739,642	-
Net difference between projected and actual earnings on pension plan investments	-	4,630,376
Changes in proportion and differences between School District contributions and proportionate share of contributions	638,860	52,633
School District contributions subsequent to the measurement date	4,032,717	-
	<u>\$ 21,564,826</u>	<u>\$ 5,301,789</u>

\$229,720 reported as deferred outflows of resources related to 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 plan's year ended March 31, 2020. The \$3,802,997 reported as deferred outflows of resources related to TRS will be recognized as an increase of the net pension asset in the plan's year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS and TRS will be recognized in pension expense as follows:

Year Ended	March 31,	June 30,
	ERS	TRS
2019	\$ -	\$ 3,909,697
2020	350,306	2,679,805
2021	(259,938)	353,241
2022	5,242	2,670,801
2023	222,430	1,831,433
Thereafter	-	467,303

**Note 3 - Detailed Notes on All Funds (Continued)**

The total pension liability for the ERS and TRS measurement dates were determined by using actuarial valuation dates as noted below, with update procedures used to roll forward the total pension liabilities to those measurement dates. Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement Date	March 31, 2019	June 30, 2018
Actuarial valuation date	April 1, 2018	June 30, 2017
Investment rate of return	7.0% *	7.25% *
Salary scale	4.2%	1.90%-4.72%
Inflation rate	2.5%	2.25%
Cost of living adjustments	1.3%	1.5%

\*Compounded annually, net of pension plan investment expenses, including inflation.

For ERS, annuitant mortality rates are based on the ERS's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014. For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014, applied on a generational basis. Active member mortality rates are based on plan member experience.

The actuarial assumptions used in the ERS valuation were based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015. The actuarial assumptions used in the TRS valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014.

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

For TRS, 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.

**Glen Cove City School District, New York**

Notes to Financial Statements (Continued)  
 June 30, 2019

**Note 3 - Detailed Notes on All Funds (Continued)**

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation is summarized in the following table:

Asset Type	ERS March 31, 2019		TRS June 30, 2018	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	36 %	4.55 %	33 %	5.8 %
International Equity	14	6.35	16	7.3
Private Equity	10	7.50	8	8.9
Real Estate	10	5.55	11	4.9
Domestic Fixed Income Securities	-	-	16	1.3
Global Fixed Income Securities	-	-	2	0.9
High Yield Fixed Income Securities	-	-	1	3.5
Short-Term	-	-	1	0.3
Global Equities	-	-	4	6.7
Private Debt	-	-	1	6.8
Real Estate Debt	-	-	7	2.8
Absolute Return Strategies	2	3.75	-	-
Opportunistic Portfolio	3	5.68	-	-
Real Assets	3	5.29	-	-
Bonds and Mortgages	17	1.31	-	-
Cash	1	(0.25)	-	-
Inflation Indexed Bonds	4	1.25	-	-
	<u>100 %</u>		<u>100 %</u>	

The real rate of return is net of the long-term inflation assumption of 2.5% for ERS and 2.3% for TRS.

The discount rate used to calculate the total pension liability was 7.0% for ERS and 7.25% for TRS. 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 System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.0% for ERS and 7.25% for TRS, as well as what the School District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.0% for ERS and 6.25% for TRS) or 1 percentage point higher (8.0% for ERS and 8.25% for TRS) than the current rate:



**Glen Cove City School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2019

**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 ERS net pension liability (asset)	\$ 6,607,237	\$ 1,511,207	\$ (2,769,820)
	1% Decrease (6.25%)	Current Assumption (7.25%)	1% Increase (8.25%)
School District's proportionate share of the TRS net pension liability (asset)	\$ 26,256,562	\$ (3,821,825)	\$ (29,019,155)

The components of the collective net pension liability as of the March 31, 2019 ERS measurement date and the June 30, 2018 TRS measurement date were as follows:

	ERS	TRS
Total pension liability	\$ 189,803,429,000	\$ 118,107,253,288
Fiduciary net position	182,718,124,000	119,915,517,622
Employers' net pension liability (asset)	\$ 7,085,305,000	\$ (1,808,264,334)
Fiduciary net position as a percentage of total pension liability	96.27%	101.53%

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2019 represent the projected employer contribution for the period April 1, 2019 through June 30, 2019 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Employee contributions are remitted monthly.

Employer and employee contributions for the year ended June 30, 2019 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, 2019 represent employee and employer contributions for the fiscal year ended June 30, 2019 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 as of June 30, 2019 were \$229,720 to ERS and \$4,021,517 to TRS, inclusive of \$218,520 of employee contributions.

*Voluntary Defined Contribution Plan*

The School District can offer 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

**Note 3 - Detailed Notes on All Funds (Continued)**

contribute 8%. Employer contributions vest after 366 days of service. No current employees participated in the program.

**Other Post Employment Benefit Obligations (“OPEB”)**

In addition to providing pension benefits, the School District provides certain health care benefits for retired employees through a single employer defined benefit OPEB 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 as noted below. Substantially all of the School District's employees may become eligible for those benefits if they reach normal retirement age while working for the School District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other than Pensions”, so the net OPEB liability is equal to the total OPEB liability. Separate financial statements are not issued for the plan.

At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	340
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>515</u>
	<u><u>855</u></u>

The School District's total OPEB liability of \$124,855,067 was measured as of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2018.

The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.87%
Healthcare cost trend rates	Varies from 5.75% to 8.50% for 2019, decreasing to an ultimate rate of 4.75% for 2024 and later years
Retirees' share of benefit-related costs	Varies from 16% to 65% depending on applicable retirement year and bargaining unit

The discount rate was based on the rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were based on the RP-2014 Healthy Male and Female Tables for both pre and post retirement, projected mortality improvements generationally at Scale MP-2016 after base year 2014.

The actuarial assumptions used in the July 1, 2018 valuation were based on the most recent decrement tables for turnover, disability and retirement for ERS and TRS. ERS and TRS tables were based on a version released in 2015.

**Glen Cove City School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2019

**Note 3 - Detailed Notes on All Funds (Continued)**

The School District's change in the total OPEB liability for the year ended June 30, 2019 is as follows:

Total OPEB Liability - Beginning of Year	\$ 125,308,980
Service cost	4,307,806
Interest	4,564,330
Effect of economic/demographic gains and losses	(142,206)
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(5,409,208)
Benefit payments	<u>(3,774,635)</u>
 Total OPEB Liability - End of Year	 <u>\$ 124,855,067</u>

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.87%) or 1 percentage point higher (4.87%) than the current discount rate:

	1% Decrease (2.87%)	Current Assumption (3.87%)	1% Increase (4.87%)
Total OPEB Liability	<u>\$ 145,877,203</u>	<u>\$ 124,855,067</u>	<u>\$ 108,044,368</u>

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease (7.5% decreasing to 3.75%)	Healthcare Cost Trend Rates (8.5% decreasing to 4.75%)	1% Increase (9.5% decreasing to 5.75%)
Total OPEB Liability	<u>\$ 103,878,178</u>	<u>\$ 124,855,067</u>	<u>\$ 152,279,851</u>

For the year ended June 30, 2019, the School District recognized OPEB expense of \$8,428,448 in the district-wide financial statements. At June 30, 2019, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**Glen Cove City School District, New York**

Notes to Financial Statements (Continued)  
 June 30, 2019

**Note 3 - Detailed Notes on All Funds (Continued)**

	<u>Deferred Inflows of Resources</u>
Changes of assumptions or other inputs	\$ 78,073
Differences between expected and actual experience	<u>4,972,277</u>
	<u>\$ 5,050,350</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2020	\$ (443,688)
2021	(443,688)
2022	(443,688)
2023	(443,688)
2024	(443,688)
Thereafter	(2,831,910)

**F. 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	Transfers In			Total
	General Fund	Special Aid Fund	Capital Projects Fund	
General Fund	\$ -	\$ 550,253	\$ 1,061,852	\$ 1,612,105
Capital Projects Fund	63,989	-	-	63,989
	<u>\$ 63,989</u>	<u>\$ 550,253</u>	<u>\$ 1,061,852</u>	<u>\$ 1,676,094</u>

Transfers are used to 1) move amounts earmarked in the operating funds to fulfill commitments for Special Aid and Capital Projects fund expenditures and 2) move unexpended Capital Projects Fund balances to the General Fund that originally provided the funding.

**Note 3 - Detailed Notes on All Funds (Continued)**

**G. 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 ERS Retirement System Contributions* - the component of net position that reports the amounts set aside to be used for ERS retirement costs in accordance with Section 6-r of the General Municipal Law of the State of New York.

*Restricted for TRS Retirement Contributions* - the component of net position that reports the amounts set aside to be used for TRS retirement costs in accordance with Section 6-r of the General Municipal Law of the State of New York.

*Restricted for Special Purposes* - the component of net position that reports the difference between assets and liabilities 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 City School District, New York

Notes to Financial Statements (Continued)  
June 30, 2019

**Note 3 - Detailed Notes on All Funds (Continued)**

**H. Fund Balances**

	2019				2018			
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable - Inventories	\$ -	\$ -	\$ 16,023	\$ 16,023	\$ -	\$ -	\$ 15,639	\$ 15,639
Restricted:								
Tax certiorari	4,024,776	-	-	4,024,776	6,599,536	-	-	6,599,536
Tax certiorari - for subsequent year's expenditures	1,305,000	-	-	1,305,000	850,000	-	-	850,000
Workers' compensation benefits	2,763,935	-	-	2,763,935	2,103,935	-	-	2,103,935
Workers' compensation benefits - for subsequent year's expenditures	200,000	-	-	200,000	200,000	-	-	200,000
Employee benefit accrued liability	4,540,531	-	-	4,540,531	2,952,697	-	-	2,952,697
Employee benefit accrued liability - for subsequent year's expenditures	-	-	-	-	250,000	-	-	250,000
Unemployment benefits	236,721	-	-	236,721	185,344	-	-	185,344
Unemployment benefits - for subsequent year's expenditures	-	-	-	-	25,000	-	-	25,000
ERS retirement system contributions	3,124,560	-	-	3,124,560	2,071,340	-	-	2,071,340
ERS retirement system contributions - for subsequent year's expenditures	-	-	-	-	650,000	-	-	650,000
TRS retirement system contributions	688,542	-	-	688,542	-	-	-	-
Capital projects	2,585,726	-	-	2,585,726	-	-	-	-
Special purposes	-	-	69,329	69,329	-	-	79,106	79,106
<b>Total Restricted</b>	<b>19,469,791</b>	<b>-</b>	<b>69,329</b>	<b>19,539,120</b>	<b>15,887,852</b>	<b>-</b>	<b>79,106</b>	<b>15,966,958</b>
Assigned:								
Purchases on order:								
General government support	464,258	-	-	464,258	362,856	-	-	362,856
Instruction	77,625	-	-	77,625	67,307	-	-	67,307
	541,883	-	-	541,883	430,163	-	-	430,163
School Lunch Fund	-	-	22,369	22,369	-	-	108,429	108,429
<b>Total Assigned</b>	<b>541,883</b>	<b>-</b>	<b>22,369</b>	<b>564,252</b>	<b>430,163</b>	<b>-</b>	<b>108,429</b>	<b>538,592</b>
Unassigned	3,650,319	(16,313)	-	3,634,006	3,528,365	(142,101)	-	3,386,264
<b>Total Fund Balances</b>	<b>\$ 23,661,993</b>	<b>\$ (16,313)</b>	<b>\$ 107,721</b>	<b>\$ 23,753,401</b>	<b>\$ 19,846,380</b>	<b>\$ (142,101)</b>	<b>\$ 203,174</b>	<b>\$ 19,907,453</b>

**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 6-r 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.

Capital Projects - the component of fund balance that reports the amounts restricted for capital project improvements as established by Section 3651 of the Education Law of the State of New York.

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, 2019, the Board of Education has utilized the above amounts to be appropriated for the ensuing year's budget.

Assigned for School Lunch Fund represents the component of fund balance that reports the difference between assets and liabilities of the School Lunch Fund.

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted or assigned. Unassigned fund balance in the Capital Projects Fund represents the deficit balances in various capital projects.

**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.

The City of Glen Cove, New York ("City") is asserting that the School District owes the City \$1.4 million resulting from its settlement of tax liens involving certain commercial property in the School District. The School District has denied the claim and has asserted that no monies are due and owing. To date, the City has not formally pursued the claim.

**Note 4 - Summary Disclosure of Significant Contingencies (Continued)**

**B. Contingencies**

The School District participates in various Federal grant programs. These programs are subject to program compliance audits pursuant to the Uniform Guidance. 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.

**C. Risk Management**

The School District 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 \$3 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.

**Note 5 - Tax Abatement**

The School District has real property tax abatement agreements with the City of Glen Cove ("City") and the County of Nassau Industrial Development Agency ("IDA"), established by Article 18-A of General Municipal Law of New York State, under the authority of New York State General Municipal Law Section 922.



**Glen Cove City School District, New York**

Notes to Financial Statements (Concluded)  
June 30, 2019

**Note 5 - Tax Abatement (Continued)**

Copies of the agreements may be obtained from the School District. Information relevant to disclosure of these agreements for the fiscal year ended June 30, 2019 is as follows:

<u>Start Date</u>	<u>Agreement</u>	<u>Taxable Assessed Value</u>	<u>Tax Rate</u>	<u>Tax Value</u>	<u>PILOT Received</u>	<u>Taxes Abated</u>
11/1/2001	Avalon I	\$ 49,323,500	\$ 3.985	\$ 1,965,541	\$ 1,037,420	\$ 928,121
9/1/2005	Avalon II	17,199,500	3.985	685,400	493,648	191,752
8/17/2011	Men on the Move	4,068,500	3.985	162,130	161,014	1,116
12/20/2011	Fair Housing	8,259,000	1.413	116,700	30,946	85,754
12/27/2013	Movie Theatre	2,428,500	3.985	96,776	42,082	54,694
12/27/2013	Long Island Power Authority	-	3.985	1,040,745	1,040,745	-
4/19/2016	The Regency	8,072,000	3.985	321,669	247,279	74,390
12/1/2016	Samuel Pierce Apartments	6,107,000	3.985	243,364	35,728	207,636
12/1/2017	50 Glen Street	2,575,000	3.985	102,614	64,733	37,881
12/1/2017	RXR Realty	-	3.985	300,000	300,000	-
		<u>\$ 98,033,000</u>		<u>\$ 5,034,939</u>	<u>\$ 3,453,595</u>	<u>\$ 1,581,344</u>

The School District also received PILOT payments from the City related to the Long Island Power Authority and RXR Realty. These PILOT's are not considered tax abatements as the purpose of these agreements were not to abate taxes.

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**Glen Cove City School District, New York**

Required Supplementary Information - Schedule of Changes in the  
 School District's Total OPEB Liability and Related Ratios  
 Last Ten Fiscal Years (1) (2)

	2019	2018
Total OPEB Liability:		
Service cost	\$ 4,307,806	\$ 4,436,118
Interest	4,564,330	4,241,500
Effect of economic/ demographic gains or losses	(142,206)	62,106
Changes in assumptions or other inputs	(5,409,208)	-
Benefit payments	<u>(3,774,635)</u>	<u>(3,754,667)</u>
Net Change in Total OPEB Liability	(453,913)	4,985,057
Total OPEB Liability – Beginning of Year	<u>125,308,980</u>	<u>120,323,923</u> (3)
Total OPEB Liability – End of Year	<u>\$ 124,855,067</u>	<u>\$ 125,308,980</u>
School District's covered-employee payroll	<u>\$ 40,487,744</u>	<u>\$ 39,308,489</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>308%</u>	<u>319%</u>

Notes to Schedule:

(1) Data not available prior to fiscal year 2018 implementation of Governmental Accounting Standards Board Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions".

(2) No assets are accumulated in a trust that meets the criteria in paragraph 4 of this Statement to pay related benefits.

(3) Restated for the implementation of the provisions of GASB Statement No. 75.

**Glen Cove City School District, New York**

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

	2019	2018 (3)	2017 (2)	2016	2015
School District's proportion of the net pension liability (asset)	<u>0.211353%</u>	<u>0.215753%</u>	<u>0.217187%</u>	<u>0.218589%</u>	<u>0.221498%</u>
School District's proportionate share of the net pension liability (asset)	<u>\$ (3,821,825)</u>	<u>\$ (1,639,938)</u>	<u>\$ 2,326,168</u>	<u>\$ (22,704,389)</u>	<u>\$ (24,673,535)</u>
School District's covered payroll	<u>\$ 34,959,034</u>	<u>\$ 34,187,065</u>	<u>\$ 34,406,892</u>	<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 payroll	<u>(10.93)%</u>	<u>(4.80)%</u>	<u>6.76%</u>	<u>(69.15)%</u>	<u>(75.90)%</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	<u>101.53%</u>	<u>100.66%</u>	<u>99.01%</u>	<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*.

(2) The discount rate used to calculate the total pension liability was decreased from 8.0% to 7.5% effective with the June 30, 2016 measurement date.

(3) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.25% effective with the June 30, 2017 measurement date.

**Glen Cove City School District, New York**

Required Supplementary Information - Schedule of Contributions  
 New York State Teachers' Retirement System  
 Last Ten Fiscal Years (1)

	2019	2018	2017	2016	2015
Contractually required contribution	\$ 3,802,997	\$ 3,425,985	\$ 4,006,724	\$ 4,562,354	\$ 5,755,971
Contributions in relation to the contractually required contribution	<u>(3,802,997)</u>	<u>(3,425,985)</u>	<u>(4,006,724)</u>	<u>(4,562,354)</u>	<u>(5,755,971)</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	<u>\$ 35,809,765</u>	<u>\$ 34,959,034</u>	<u>\$ 34,187,065</u>	<u>\$ 34,406,892</u>	<u>\$ 32,834,973</u>
Contributions as a percentage of covered payroll	<u>10.62%</u>	<u>9.80%</u>	<u>11.72%</u>	<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)

	2019	2018	2017	2016 (2)	2015
School District's proportion of the net pension liability	<u>0.0213287%</u>	<u>0.0212100%</u>	<u>0.0221864%</u>	<u>0.0230197%</u>	<u>0.0242949%</u>
School District's proportionate share of the net pension liability	<u>\$ 1,511,207</u>	<u>\$ 684,543</u>	<u>\$ 2,084,687</u>	<u>\$ 3,694,725</u>	<u>\$ 820,741</u>
School District's covered payroll	<u>\$ 6,810,526</u>	<u>\$ 6,382,384</u>	<u>\$ 6,181,669</u>	<u>\$ 6,155,611</u>	<u>\$ 6,221,449</u>
School District's proportionate share of the net pension liability as a percentage of its covered payroll	<u>22.19%</u>	<u>10.73%</u>	<u>33.72%</u>	<u>60.02%</u>	<u>13.19%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>96.27%</u>	<u>98.24%</u>	<u>94.70%</u>	<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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 922,715	\$ 963,650	\$ 929,770	\$ 1,031,048	\$ 1,343,082
Contributions in relation to the contractually required contribution	<u>(922,715)</u>	<u>(963,650)</u>	<u>(929,770)</u>	<u>(1,031,048)</u>	<u>(1,343,082)</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	<u>\$ 6,810,526</u>	<u>\$ 6,473,741</u>	<u>\$ 6,237,893</u>	<u>\$ 6,107,293</u>	<u>\$ 6,179,303</u>
Contributions as a percentage of covered payroll	<u>13.55%</u>	<u>14.89%</u>	<u>14.91%</u>	<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.*

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**Glen Cove City School District, New York**

General Fund  
 Comparative Balance Sheet  
 June 30,

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 29,337,147	\$ 24,202,492
Receivables		
Taxes	1,046,536	1,658,948
Accounts	124,709	152,344
State and Federal aid	1,192,532	775,587
Due from other governments	494,124	365,947
Due from other funds	<u>1,803,645</u>	<u>2,204,960</u>
	<u>4,661,546</u>	<u>5,157,786</u>
Total Assets	<u>\$ 33,998,693</u>	<u>\$ 29,360,278</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 3,206,944	\$ 1,878,333
Accrued liabilities	374,714	470,824
Due to other governments	1,023,744	1,035,131
Due to other funds	-	447,832
Due to retirement systems	4,251,237	3,829,957
Unearned revenues	<u>641,259</u>	<u>329,239</u>
Total Liabilities	9,497,898	7,991,316
Deferred inflows of resources		
Deferred tax revenues	<u>838,802</u>	<u>1,522,582</u>
Total Liabilities and Deferred Inflows of Resources	<u>10,336,700</u>	<u>9,513,898</u>
Fund balance		
Restricted	19,469,791	15,887,852
Assigned	541,883	430,163
Unassigned	<u>3,650,319</u>	<u>3,528,365</u>
Total Fund Balance	<u>23,661,993</u>	<u>19,846,380</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 33,998,693</u>	<u>\$ 29,360,278</u>

See independent auditors' report.

**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,

	2019				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Encumbrances	
<b>REVENUES</b>					
Real property taxes	\$ 63,021,767	\$ 63,021,767	\$ 63,825,550	\$	\$ 803,783
Other tax items	8,813,285	8,813,285	8,645,677		(167,608)
Non-property taxes	1,300,000	1,300,000	1,531,247		231,247
Charges for services	225,567	225,567	449,792		224,225
Use of money and property	90,000	90,000	486,202		396,202
Sale of property and compensation for loss	-	-	20,304		20,304
State aid	12,627,907	12,677,907	13,018,988		341,081
Federal aid	90,600	90,600	245,879		155,279
Miscellaneous	65,000	65,000	542,437		477,437
<b>Total Revenues</b>	<b>86,234,126</b>	<b>86,284,126</b>	<b>88,766,076</b>		<b>2,481,950</b>
<b>EXPENDITURES</b>					
Current					
General support					
Board of education	84,500	119,655	113,746	-	5,909
Central administration	331,874	344,118	341,477	-	2,641
Finance	880,779	886,690	812,509	68,422	5,759
Staff	546,893	532,723	460,113	1,052	71,558
Central services	5,677,884	5,748,083	5,212,205	394,784	141,094
Special items	1,729,580	1,723,580	1,160,004	-	563,576
<b>Total General Support</b>	<b>9,251,510</b>	<b>9,354,849</b>	<b>8,100,054</b>	<b>464,258</b>	<b>790,537</b>
Instruction					
Instruction, administration and improvement	4,245,737	4,362,153	4,174,337	-	187,816
Teaching - Regular school Programs for students	25,299,276	25,238,758	24,736,863	12,271	489,624
with disabilities	14,702,167	14,361,970	14,314,156	-	47,814
Occupational education	1,014,260	535,946	471,168	-	64,778
Teaching - Special schools	386,000	343,955	313,484	-	30,471
Instructional media	2,404,725	2,540,153	2,071,007	4,938	464,208
Pupil services	4,028,906	4,038,663	3,826,962	60,416	151,285
<b>Total Instruction</b>	<b>52,081,071</b>	<b>51,421,598</b>	<b>49,907,977</b>	<b>77,625</b>	<b>1,435,996</b>
Pupil transportation	5,576,450	5,734,642	5,703,632	-	31,010
Community services	20,150	20,150	14,119	-	6,031
Employee benefits	20,182,001	20,229,681	18,748,450	-	1,481,231
Debt service					
Principal	808,205	808,205	808,204	-	1
Interest	119,902	119,911	119,911	-	-
<b>Total Expenditures</b>	<b>88,039,289</b>	<b>87,689,036</b>	<b>83,402,347</b>	<b>541,883</b>	<b>3,744,806</b>
Excess (Deficiency) of Revenues Over Expenditures	(1,805,163)	(1,404,910)	5,363,729	(541,883)	6,226,756
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	63,989	-	63,989
Transfers out	(600,000)	(1,612,105)	(1,612,105)	-	-
<b>Total Other Financing Uses</b>	<b>(600,000)</b>	<b>(1,612,105)</b>	<b>(1,548,116)</b>	<b>-</b>	<b>63,989</b>
<b>Net Change in Fund Balance</b>	<b>(2,405,163)</b>	<b>(3,017,015)</b>	<b>3,815,613</b>	<b>\$ (541,883)</b>	<b>\$ 6,290,745</b>
<b>FUND BALANCE</b>					
Beginning of Year	2,405,163	3,017,015	19,846,380		
End of Year	\$ -	\$ -	\$ 23,661,993		

See independent auditors' report.

2018				
Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
\$ 61,552,151	\$ 61,552,151	\$ 60,752,261	\$	\$ (799,890)
8,622,382	8,622,382	8,683,738		61,356
1,300,000	1,300,000	1,459,796		159,796
172,000	172,000	235,193		63,193
65,000	65,000	190,424		125,424
-	-	88,305		88,305
11,565,736	11,565,736	11,851,315		285,579
90,600	90,600	65,278		(25,322)
65,000	65,000	428,701		363,701
<u>83,432,869</u>	<u>83,432,869</u>	<u>83,755,011</u>		<u>322,142</u>
80,250	80,495	72,119	-	8,376
325,865	331,864	330,356	850	658
870,993	882,867	777,393	55,500	49,974
526,344	523,871	499,357	-	24,514
5,513,983	5,430,607	4,843,255	304,106	283,246
2,027,857	2,017,179	1,717,098	2,400	297,681
<u>9,345,292</u>	<u>9,266,883</u>	<u>8,239,578</u>	<u>362,856</u>	<u>664,449</u>
4,230,393	4,111,013	3,839,170	-	271,843
24,982,933	24,886,291	23,588,441	17,917	1,279,933
14,308,832	13,514,257	12,598,860	-	915,397
873,449	873,449	793,820	-	79,629
379,000	368,860	294,661	-	74,199
2,209,394	2,303,754	2,106,492	18,196	179,066
4,045,190	4,051,018	3,780,474	31,194	239,350
<u>51,029,191</u>	<u>50,108,642</u>	<u>47,001,918</u>	<u>67,307</u>	<u>3,039,417</u>
4,977,500	5,606,786	5,582,408	-	24,378
23,350	23,350	14,826	-	8,524
19,324,749	19,292,249	18,078,655	-	1,213,594
801,213	801,213	801,211	-	2
139,943	139,943	139,943	-	-
<u>85,641,238</u>	<u>85,239,066</u>	<u>79,858,539</u>	<u>430,163</u>	<u>4,950,364</u>
<u>(2,208,369)</u>	<u>(1,806,197)</u>	<u>3,896,472</u>	<u>(430,163)</u>	<u>5,272,506</u>
-	-	-	-	-
<u>(600,000)</u>	<u>(1,002,172)</u>	<u>(1,002,172)</u>	<u>-</u>	<u>-</u>
<u>(600,000)</u>	<u>(1,002,172)</u>	<u>(1,002,172)</u>	<u>-</u>	<u>-</u>
<u>(2,808,369)</u>	<u>(2,808,369)</u>	<u>2,894,300</u>	<u>\$ (430,163)</u>	<u>\$ 5,272,506</u>
<u>2,808,369</u>	<u>2,808,369</u>	<u>16,952,080</u>		
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,846,380</u>		

**Glen Cove City School District, New York**

General Fund  
 Schedule of Revenues and Other Financing Sources Compared to Budget  
 Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REAL PROPERTY TAXES</b>	\$ 63,021,767	\$ 63,021,767	\$ 63,825,550	\$ 803,783
<b>OTHER TAX ITEMS</b>				
School tax relief reimbursement	5,112,970	5,112,970	4,879,233	(233,737)
Payments in lieu of taxes	3,500,315	3,500,315	3,453,595	(46,720)
Interest and penalties on real property taxes	200,000	200,000	312,849	112,849
	<u>8,813,285</u>	<u>8,813,285</u>	<u>8,645,677</u>	<u>(167,608)</u>
<b>NON-PROPERTY TAXES</b>				
Non-property tax distribution from County	<u>1,300,000</u>	<u>1,300,000</u>	<u>1,531,247</u>	<u>231,247</u>
<b>CHARGES FOR SERVICES</b>				
Day school tuition	160,567	160,567	353,009	192,442
Adult education fees	13,000	13,000	11,787	(1,213)
Other student fees and charges	52,000	52,000	84,996	32,996
	<u>225,567</u>	<u>225,567</u>	<u>449,792</u>	<u>224,225</u>
<b>USE OF MONEY AND PROPERTY</b>				
Earnings on investments	75,000	75,000	459,178	384,178
Rental of real property	15,000	15,000	27,024	12,024
	<u>90,000</u>	<u>90,000</u>	<u>486,202</u>	<u>396,202</u>
<b>SALE OF PROPERTY AND COMPENSATION FOR LOSS</b>				
Insurance recoveries	<u>-</u>	<u>-</u>	<u>20,304</u>	<u>20,304</u>

**STATE AID**

Basic formula	11,188,520	11,188,520	9,803,259	(1,385,261)
Lottery aid	25,000	25,000	1,843,618	1,818,618
BOCES aid	1,061,157	1,061,157	919,222	(141,935)
Textbook aid	233,699	233,699	229,855	(3,844)
Computer software aid	92,850	92,850	94,434	1,584
Disabled students tuition/transfer aid	-	-	51,107	51,107
Library aid	26,681	26,681	25,493	(1,188)
Other	-	50,000	52,000	2,000

	<u>12,627,907</u>	<u>12,677,907</u>	<u>13,018,988</u>	<u>341,081</u>
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**FEDERAL AID**

Impact aid	5,600	5,600	10,004	4,404
Medical assistance	85,000	85,000	235,875	150,875

	<u>90,600</u>	<u>90,600</u>	<u>245,879</u>	<u>155,279</u>
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**MISCELLANEOUS**

Refund of prior year's expenditures	-	-	242,604	242,604
Refund for BOCES aided services	-	-	192,980	192,980
E-rate recovery	65,000	65,000	56,664	(8,336)
Other	-	-	50,189	50,189

	<u>65,000</u>	<u>65,000</u>	<u>542,437</u>	<u>477,437</u>
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**TOTAL REVENUES**

	<u>86,234,126</u>	<u>86,284,126</u>	<u>88,766,076</u>	<u>2,481,950</u>
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**OTHER FINANCING SOURCES**

Transfers in				
Capital Projects Fund	-	-	63,989	63,989

	<u>-</u>	<u>-</u>	<u>63,989</u>	<u>63,989</u>
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**TOTAL REVENUES AND OTHER FINANCING SOURCES**

	<u>\$ 86,234,126</u>	<u>\$ 86,284,126</u>	<u>\$ 88,830,065</u>	<u>\$ 2,545,939</u>
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See independent auditors' report.

**Glen Cove City School District, New York**

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget

Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
<b>BOARD OF EDUCATION</b>					
Board of education	\$ 48,500	\$ 46,840	\$ 43,120	\$ -	\$ 3,720
District meeting	36,000	72,815	70,626	-	2,189
Total Board of Education	<u>84,500</u>	<u>119,655</u>	<u>113,746</u>	<u>-</u>	<u>5,909</u>
<b>CENTRAL ADMINISTRATION</b>					
Chief school administrator	331,874	344,118	341,477	-	2,641
<b>FINANCE</b>					
Business administration	535,879	585,559	582,316	-	3,243
Auditing	198,500	179,731	108,933	68,422	2,376
Tax collection service	50,000	50,000	50,000	-	-
Treasurer	71,400	71,400	71,260	-	140
Fiscal agent fees	25,000	-	-	-	-
Total Finance	<u>880,779</u>	<u>886,690</u>	<u>812,509</u>	<u>68,422</u>	<u>5,759</u>
<b>STAFF</b>					
Legal	253,000	253,000	183,026	1,052	68,922
Personnel	185,486	168,295	166,584	-	1,711
Records management	56,407	57,992	57,892	-	100
Public information and services	52,000	53,436	52,611	-	825
Total Staff	<u>546,893</u>	<u>532,723</u>	<u>460,113</u>	<u>1,052</u>	<u>71,558</u>

**CENTRAL SERVICES**

Operation and maintenance of plant	5,475,659	5,540,631	5,028,447	394,784	117,400
Central printing and mailing	202,225	207,452	183,758	-	23,694
Total Central Services	5,677,884	5,748,083	5,212,205	394,784	141,094

**SPECIAL ITEMS**

Unallocated insurance	387,450	381,450	380,658	-	792
School association dues	34,900	34,900	32,791	-	2,109
Refunds of real property taxes	850,000	850,000	289,325	-	560,675
Administrative charge - BOCES	457,230	457,230	457,230	-	-
Total Special Items	1,729,580	1,723,580	1,160,004	-	563,576
Total General Support	9,251,510	9,354,849	8,100,054	464,258	790,537

**INSTRUCTION****INSTRUCTION, ADMINISTRATION AND IMPROVEMENT**

89 Curriculum development and supervision	2,010,786	2,100,036	2,010,457	-	89,579
Supervision - Regular school	2,234,951	2,262,117	2,163,880	-	98,237
Total Instruction, Administration and Improvement	4,245,737	4,362,153	4,174,337	-	187,816
<b>TEACHING - REGULAR SCHOOL</b>	25,299,276	25,238,758	24,736,863	12,271	489,624
<b>PROGRAMS FOR STUDENTS WITH DISABILITIES</b>	14,702,167	14,361,970	14,314,156	-	47,814
<b>OCCUPATIONAL EDUCATION</b>	1,014,260	535,946	471,168	-	64,778
<b>TEACHING - SPECIAL SCHOOLS</b>	386,000	343,955	313,484	-	30,471

(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, 2019

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
<b>INSTRUCTION (Continued)</b>					
<b>INSTRUCTIONAL MEDIA</b>					
School library and audiovisual	\$ 542,699	\$ 615,591	\$ 451,658	\$ -	\$ 163,933
Computer assisted instruction	1,862,026	1,924,562	1,619,349	4,938	300,275
Total Instructional Media	<u>2,404,725</u>	<u>2,540,153</u>	<u>2,071,007</u>	<u>4,938</u>	<u>464,208</u>
<b>PUPIL SERVICES</b>					
Attendance - Regular school	111,124	100,510	80,538	-	19,972
Guidance - Regular school	976,198	981,012	925,685	-	55,327
Health services - Regular school	908,328	925,330	907,441	-	17,889
Psychological services - Regular school	793,274	812,784	807,522	-	5,262
Social work services - Regular school	234,388	232,676	232,426	-	250
Co-curricular activities - Regular school	161,600	147,426	136,555	-	10,871
Interscholastic athletics - Regular school	843,994	838,925	736,795	60,416	41,714
Total Pupil Services	<u>4,028,906</u>	<u>4,038,663</u>	<u>3,826,962</u>	<u>60,416</u>	<u>151,285</u>
Total Instruction	<u>52,081,071</u>	<u>51,421,598</u>	<u>49,907,977</u>	<u>77,625</u>	<u>1,435,996</u>
<b>PUPIL TRANSPORTATION</b>					
District transportation services	85,400	60,617	35,955	-	24,662
Contract and public carrier transportation	5,491,050	5,674,025	5,667,677	-	6,348
Total Pupil Transportation	<u>5,576,450</u>	<u>5,734,642</u>	<u>5,703,632</u>	<u>-</u>	<u>31,010</u>
<b>COMMUNITY SERVICES</b>					
Summer recreation	3,650	3,650	1,446	-	2,204
Adult continuing education	16,500	16,500	12,673	-	3,827
Total Community Services	<u>20,150</u>	<u>20,150</u>	<u>14,119</u>	<u>-</u>	<u>6,031</u>



**EMPLOYEE BENEFITS**

State retirement	1,311,625	1,311,625	923,975	-	387,650
Teachers' retirement	3,920,325	3,920,325	3,802,940	-	117,385
Social security	3,445,785	3,445,785	3,166,008	-	279,777
Life insurance	5,500	5,500	4,351	-	1,149
Unemployment benefits	25,000	25,000	3,386	-	21,614
Hospital, medical and dental insurance	11,141,191	11,188,871	10,595,269	-	593,602
Workers' compensation benefits	325,000	325,000	248,830	-	76,170
Administrative fees	2,575	2,575	25	-	2,550
Disability insurance	5,000	5,000	3,666	-	1,334
	<u>20,182,001</u>	<u>20,229,681</u>	<u>18,748,450</u>	<u>-</u>	<u>1,481,231</u>
Total Employee Benefits					

**DEBT SERVICE**

Principal					
Serial bonds	225,000	225,000	225,000	-	-
Installment purchase debt	583,205	583,205	583,204	-	1
	<u>808,205</u>	<u>808,205</u>	<u>808,204</u>	<u>-</u>	<u>1</u>

70 Interest

Serial bonds	61,303	61,312	61,312	-	-
Installment purchase debt	58,599	58,599	58,599	-	-
	<u>119,902</u>	<u>119,911</u>	<u>119,911</u>	<u>-</u>	<u>-</u>
Total Debt Service	<u>928,107</u>	<u>928,116</u>	<u>928,115</u>	<u>-</u>	<u>1</u>

**TOTAL EXPENDITURES**

	<u>88,039,289</u>	<u>87,689,036</u>	<u>83,402,347</u>	<u>541,883</u>	<u>3,744,806</u>
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**OTHER FINANCING USES**

Transfers out					
Special Aid Fund	150,000	550,253	550,253	-	-
Capital Projects Fund	450,000	1,061,852	1,061,852	-	-
	<u>600,000</u>	<u>1,612,105</u>	<u>1,612,105</u>	<u>-</u>	<u>-</u>

**TOTAL EXPENDITURES AND OTHER FINANCING USES**

	<u>\$ 88,639,289</u>	<u>\$ 89,301,141</u>	<u>\$ 85,014,452</u>	<u>\$ 541,883</u>	<u>\$ 3,744,806</u>
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See independent auditors' report.

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**Glen Cove City School District, New York**

Special Aid Fund  
Comparative Balance Sheet  
June 30,

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	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 437	\$ 104
State and Federal aid receivable	<u>1,831,800</u>	<u>3,047,950</u>
Total Assets	<u>\$ 1,832,237</u>	<u>\$ 3,048,054</u>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>		
Liabilities		
Accounts payable	\$ 56,992	\$ 230,208
Accrued liabilities	13,001	-
Due to other funds	<u>1,762,244</u>	<u>1,849,228</u>
Total Liabilities	1,832,237	2,079,436
Deferred inflows of resources		
Unavailable revenues - State aid	<u>-</u>	<u>968,618</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 1,832,237</u>	<u>\$ 3,048,054</u>

See independent auditors' report.

**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,

	2019			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
State aid	\$ 656,298	\$ 658,925	\$ 698,796	\$ 39,871
Federal aid	2,174,619	2,247,949	2,015,802	(232,147)
Total Revenues	2,830,917	2,906,874	2,714,598	(192,276)
<b>EXPENDITURES</b>				
Current				
Instruction	2,796,990	3,273,155	3,054,604	218,551
Pupil transportation	183,927	183,972	210,247	(26,275)
Total Expenditures	2,980,917	3,457,127	3,264,851	192,276
Deficiency of Revenues Over Expenditures	(150,000)	(550,253)	(550,253)	-
<b>OTHER FINANCING SOURCES</b>				
Transfers in	150,000	550,253	550,253	-
Net Change in Fund Balance	-	-	-	-
<b>FUND BALANCE</b>				
Beginning of Year	-	-	-	-
End of Year	\$ -	\$ -	\$ -	\$ -

2018

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 897,984	\$ 712,803	\$ 731,223	\$ 18,420
2,093,296	2,507,398	2,240,893	(266,505)
<u>2,991,280</u>	<u>3,220,201</u>	<u>2,972,116</u>	<u>(248,085)</u>
2,961,564	3,511,034	3,262,949	248,085
179,716	179,716	179,716	-
<u>3,141,280</u>	<u>3,690,750</u>	<u>3,442,665</u>	<u>248,085</u>
(150,000)	(470,549)	(470,549)	-
<u>150,000</u>	<u>470,549</u>	<u>470,549</u>	<u>-</u>
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Glen Cove City School District, New York**

Capital Projects Fund  
 Comparative Balance Sheet  
 June 30,

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 1,387	\$ 979
Receivables		
Due from other funds	-	31,341
State and federal aid	500,000	-
Due from other governments	100,000	-
	<u>600,000</u>	<u>31,341</u>
Total Assets	<u>\$ 601,387</u>	<u>\$ 32,320</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND DEFICIT</b>		
Liabilities		
Accounts payable	\$ 561,028	\$ 174,421
Due to other funds	6,672	-
Total Liabilities	567,700	174,421
Deferred inflows of resources		
Unavailable revenues - Miscellaneous	50,000	-
Total Liabilities and Deferred Inflows of Resources	<u>617,700</u>	<u>174,421</u>
Fund deficit		
Unassigned	<u>(16,313)</u>	<u>(142,101)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Deficit	<u>\$ 601,387</u>	<u>\$ 32,320</u>

See independent auditors' report.

**Glen Cove City School District, New York**

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

	<u>2019</u>	<u>2018</u>
<b>REVENUES</b>		
State aid	\$ 800,000	\$ -
Miscellaneous	<u>50,000</u>	<u>25,959</u>
Total Revenues	850,000	25,959
<b>EXPENDITURES</b>		
Capital outlay	<u>1,722,075</u>	<u>876,096</u>
Deficiency of Revenues Over Expenditures	<u>(872,075)</u>	<u>(850,137)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	1,061,852	531,623
Transfers out	<u>(63,989)</u>	<u>-</u>
Total Other Financing Sources	<u>997,863</u>	<u>531,623</u>
Net Change in Fund Balance	125,788	(318,514)
<b>FUND BALANCE (DEFICIT)</b>		
Beginning of Year	<u>(142,101)</u>	<u>176,413</u>
End of Year	<u>\$ (16,313)</u>	<u>\$ (142,101)</u>

See independent auditors' report.

**Glen Cove City School District, New York**

Capital Projects Fund  
 Project-Length Schedule  
 Inception of Project Through June 30, 2019

PROJECT	Authorization	Expenditures and Transfers to Date		
		Prior Years	Current Year	Total
High School Track Lighting	\$ 651,677	\$ 600,053	\$ 51,624	\$ 651,677
High School Auditorium Renovation	542,502	542,502	-	542,502
Deasy Playground	77,629	77,629	-	77,629
Chairlift Project - Middle School	165,000	10,659	154,341	165,000
Gasline Project	93,627	81,262	12,365	93,627
Science Lab Project	250,000	9,689	-	9,689
Connolly Playground	75,959	75,959	-	75,959
High School Athletic Bleachers	500,000	-	500,000	500,000
Security - District-wide	74,258	-	74,258	74,258
Bond 2018 Architect Services	247,650	25,000	200,140	225,140
High School Elevator	235,000	-	15,484	15,484
High School Guard Booth	49,000	-	-	-
Vestibules - District-wide	166,000	-	166,000	166,000
High School Fire Alarm System	611,852	-	611,852	611,852
<b>Totals</b>	<b>\$ 3,740,154</b>	<b>\$ 1,422,753</b>	<b>\$ 1,786,064</b>	<b>\$ 3,208,817</b>



Unexpended Balance	Methods of Financing			Totals	Fund Balance (Deficit) at June 30, 2019
	Transfers	State and Federal Aid	Miscellaneous		
\$ -	\$ 651,677	-	\$ -	\$ 651,677	\$ -
-	242,502	300,000	-	542,502	-
-	-	-	77,629	77,629	-
-	165,000	-	-	165,000	-
-	93,627	-	-	93,627	-
240,311	-	-	-	-	(9,689)
-	-	-	25,959	25,959	(50,000)
-	-	500,000	-	500,000	-
-	74,258	-	-	74,258	-
22,510	-	-	-	-	(225,140)
219,516	235,000	-	-	235,000	219,516
49,000	49,000	-	-	49,000	49,000
-	166,000	-	-	166,000	-
-	611,852	-	-	611,852	-
<u>\$ 531,337</u>	<u>\$ 2,288,916</u>	<u>\$ 800,000</u>	<u>\$ 103,588</u>	<u>\$ 3,192,504</u>	<u>\$ (16,313)</u>

**Glen Cove City School District, New York**

Combining Balance Sheet  
 Non-Major Governmental Funds  
 June 30, 2019  
 (With Comparative Totals for 2018)

	School Lunch	Special Purpose
<b>ASSETS</b>		
Cash and equivalents	\$ 1,621	\$ 84,329
Receivables		
Accounts	-	-
State and Federal aid	76,336	-
Due from other funds	-	-
	<u>76,336</u>	<u>-</u>
Inventories	<u>16,023</u>	<u>-</u>
Total Assets	<u>\$ 93,980</u>	<u>\$ 84,329</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Accounts payable	\$ 20,502	\$ 15,000
Due to other governments	357	-
Due to other funds	<u>34,729</u>	<u>-</u>
Total Liabilities	<u>55,588</u>	<u>15,000</u>
Fund balances		
Nonspendable	16,023	-
Restricted	-	69,329
Assigned	<u>22,369</u>	<u>-</u>
Total Fund Balances	<u>38,392</u>	<u>69,329</u>
Total Liabilities and Fund Balances	<u>\$ 93,980</u>	<u>\$ 84,329</u>

See independent auditors' report.



**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, 2019  
(With Comparative Totals for 2018)

	School Lunch	Special Purpose	Total Non-Major Governmental Funds	
			2019	2018
<b>REVENUES</b>				
Use of money and property	\$ 385	\$ 2,384	\$ 2,769	\$ 1,489
State aid	26,118	-	26,118	26,707
Federal aid	989,555	-	989,555	975,382
Food sales	295,088	-	295,088	311,682
Miscellaneous	100,537	30,000	130,537	134,394
<b>Total Revenues</b>	<b>1,411,683</b>	<b>32,384</b>	<b>1,444,067</b>	<b>1,449,654</b>
<b>EXPENDITURES</b>				
Current				
Cost of food sales	1,497,359	-	1,497,359	1,533,968
Other	-	42,161	42,161	9,000
<b>Total Expenditures</b>	<b>1,497,359</b>	<b>42,161</b>	<b>1,539,520</b>	<b>1,542,968</b>
Deficiency of Revenues Over Expenditures	(85,676)	(9,777)	(95,453)	(93,314)
<b>FUND BALANCES</b>				
Beginning of Year	124,068	79,106	203,174	296,488
End of Year	\$ 38,392	\$ 69,329	\$ 107,721	\$ 203,174

See independent auditors' report.

**Glen Cove City School District, New York**

School Lunch Fund  
 Comparative Balance Sheet  
 June 30,

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 1,621	\$ 6,244
Receivables		
Accounts	-	53
State and Federal aid	76,336	-
Due from other funds	-	105,067
	<u>76,336</u>	<u>105,120</u>
Inventories	<u>16,023</u>	<u>15,639</u>
Total Assets	<u>\$ 93,980</u>	<u>\$ 127,003</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 20,502	\$ 2,589
Due to other governments	357	346
Due to other funds	<u>34,729</u>	<u>-</u>
Total Liabilities	<u>55,588</u>	<u>2,935</u>
Fund balance		
Nonspendable	16,023	15,639
Assigned	<u>22,369</u>	<u>108,429</u>
Total Fund Balance	<u>38,392</u>	<u>124,068</u>
Total Liabilities and Fund Balance	<u>\$ 93,980</u>	<u>\$ 127,003</u>

See independent auditors' report.

**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>2019</u>	<u>2018</u>
<b>REVENUES</b>		
Use of money and property	\$ 385	\$ 124
State aid	26,118	26,707
Federal aid	989,555	975,382
Food sales	295,088	311,682
Miscellaneous	<u>100,537</u>	<u>134,394</u>
 Total Revenues	 1,411,683	 1,448,289
 <b>EXPENDITURES</b>		
Current		
Cost of food sales	<u>1,497,359</u>	<u>1,533,968</u>
 Deficiency of Revenues Over Expenditures	 (85,676)	 (85,679)
 <b>FUND BALANCE</b>		
Beginning of Year	<u>124,068</u>	<u>209,747</u>
 End of Year	 <u>\$ 38,392</u>	 <u>\$ 124,068</u>

See independent auditors' report.

**Glen Cove City School District, New York**

Special Purpose Fund  
Comparative Balance Sheet  
June 30,

---

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and equivalents	<u>\$ 84,329</u>	<u>\$ 123,414</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 15,000	\$ -
Due to other funds	<u>-</u>	<u>44,308</u>
Total Liabilities	15,000	44,308
Fund balance		
Restricted	<u>69,329</u>	<u>79,106</u>
Total Liabilities and Fund Balance	<u>\$ 84,329</u>	<u>\$ 123,414</u>

See independent auditors' report.

**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>2019</u>	<u>2018</u>
<b>REVENUES</b>		
Use of money and property	\$ 2,384	\$ 1,365
Miscellaneous	<u>30,000</u>	<u>-</u>
Total Revenues	32,384	1,365
<b>EXPENDITURES</b>		
Current		
Other	<u>42,161</u>	<u>9,000</u>
Deficiency of Revenues Over Expenditures	(9,777)	(7,635)
<b>FUND BALANCE</b>		
Beginning of Year	<u>79,106</u>	<u>86,741</u>
End of Year	<u>\$ 69,329</u>	<u>\$ 79,106</u>

See independent auditors' report.



**Glen Cove City School District, New York**

General Fund  
Analysis of Change from Adopted Budget to Final Budget  
Year Ended June 30, 2019

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Adopted Budget		\$ 88,209,126
Additions - Encumbrances		<u>430,163</u>
Original Budget		88,639,289
Budget Amendments		<u>661,852</u>
Final Budget		<u>\$ 89,301,141</u>

General Fund  
Section 1318 of Real Property Tax Law Limit Calculation  
Year Ended June 30, 2019

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2019-20 Expenditure Budget		<u>\$ 91,257,983</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law Unrestricted fund balance		
Assigned	541,883	
Unassigned	<u>3,650,319</u>	
Total Unrestricted Fund Balance	4,192,202	
Less		
Encumbrances	<u>541,883</u>	
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		<u>\$ 3,650,319</u>
Actual Percentage		<u>4.00%</u>

See independent auditors' report.

**Glen Cove City School District, New York**

Schedule of Net Investment in Capital Assets  
Year Ended June 30, 2019

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Capital Assets, net		\$	12,597,030
Less			
Bonds payable	1,725,000		
Installment purchase debt payable	<u>1,809,074</u>		<u>(3,534,074)</u>
Net Investment in Capital Assets		\$	<u>9,062,956</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, 2019, 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 4, 2019.

**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*.

## **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 4, 2019



**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 *OMB 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, 2019. 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, 2019.

## **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 4, 2019

**Glen Cove City School District, New York**

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2019

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number (1)</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Provided to Sub- Recipients</u>	<u>Total Federal 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	N/A	\$ -	\$ 168,551
National School Lunch Program - Cash	10.555	N/A	-	777,243
National School Lunch Program - Commodities	10.555	N/A	-	43,761
Total U.S. Department of Agriculture			-	989,555
<u>U.S. Department of Education</u>				
Direct Program				
Impact Aid	84.041		-	10,004
Indirect Programs - Passed through New York State Department of Education				
<i>Special Education Cluster (IDEA)</i>				
Special Education - Grants to States	84.027	0032-19-0401	-	832,656
Special Education - Grants to States	84.027	0032-18-0401	-	43,186
Special Education - Preschool Grants	84.173	0033-19-0401	-	28,902
			-	904,744
Title I Grants to Local Educational Agencies	84.010	0021-19-1445	-	796,103
Title I Grants to Local Educational Agencies	84.010	0011-18-2526	-	864
			-	796,967
English Language Acquisition State Grants	84.365	0149-19-1445	-	30,911
English Language Acquisition State Grants	84.365	0293-19-1445	-	77,567
			-	108,478
Supporting Effective Instruction State Grants	84.367	0147-19-1445	-	154,311
Supporting Effective Instruction State Grants	84.367	0147-18-1445	-	9,521
			-	163,832
Student Support and Academic Enrichment	84.424	0204-19-1445	-	36,781
Total U.S. Department of Education			-	2,020,806
Total Expenditures of Federal Awards			\$ -	\$ 3,010,361

(1) Catalog of Federal Domestic Assistance number.  
N/A Information not available

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, 2019

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### **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 ("School District") under programs of the federal government for the year ended June 30, 2019. 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, changes in net position or cash flows 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. Pass-through entity identifying numbers are presented where available.



**Glen Cove City School District, New York**

Summary Schedule of Prior Audit Findings  
Year ended June 30, 2019

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**Financial Statement Finding**

***Finding 2018-001:*** Restricted for Tax Certiorari

***Condition:*** The status of pending cases is not tracked to correlate with amounts included in the tax certiorari restriction.

***Status:*** The condition has been corrected.

**Glen Cove City School District, New York**

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2019

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**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  No  
 Yes  None reported

Noncompliance material to financial statements noted?

Yes  No

***Federal Awards***

Internal control over major federal programs:

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

Yes  No  
 Yes  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  No

Identification of major federal programs:

CFDA Number(s)

Name of Federal Program or Cluster

84.027  
84.173

Special Education Cluster (IDEA)  
Special Education – Grants to States  
Special Education – Preschool Grants

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

\$750,000  
 Yes  No

**Glen Cove City School District, New York**

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2019

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**Section II - Financial Statement Findings**

None

**Section III - Federal Award Findings and Questioned Costs**

None