

**INCORPORATED VILLAGE OF GREAT NECK
FINANCIAL STATEMENTS
MAY 31, 2009**

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INCORPORATED VILLAGE OF GREAT NECK

Management's Discussion and Analysis
For Year Ended May 31, 2009
(Unaudited)

As management of the Incorporated Village of Great Neck (the "Village"), we offer readers of the Village's financial statement this narrative overview and analysis of the financial activities of the Village for the fiscal year ended May 31, 2009. The Village implemented Governmental Accounting Standards Board Statement 34 Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.

FINANCIAL HIGHLIGHTS

- The assets of the Village exceeded its liabilities at May 31, 2009 fiscal year by \$5,025,737 (net assets). Of this amount, \$3,460,910 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the Village's fund designation and fiscal policies.
- The Village's total net assets increased by \$702,783.
- As of the close of the current fiscal year, the Village's governmental funds reported an ending fund balance of \$5,003,945 (an increase of \$479,938 in comparison with the prior year). Of this amount, \$3,455,950 is unreserved and available for use and \$1,253,771 is designated for use next year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$3,994,942 or 47% of the total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements - The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the Village's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The Statement of Activities presents information showing how the Village's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

INCORPORATED VILLAGE OF GREAT NECK

Management's Discussion and Analysis
For Year Ended May 31, 2009
(Unaudited)

Both of the government-wide financial statements distinguish function/programs of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from programs that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general government, justice court, building department, contracted fire and ambulance, roads and highways, sewage treatment, and sanitation service. The Village has no business-type activities.

The government-wide financial statements can be found on pages 9 and 10 of this report.

Fund Financial Statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into two categories: governmental funds and fiduciary.

Governmental Funds - Governmental funds are used to account for essentially the same function/programs reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village maintains 4 governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Special Revenue Fund, Capital Fund and Debt Service Fund.

The Village adopts an annual appropriated budget for its General and Debt Service Funds. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 11 – 15 of this report.

INCORPORATED VILLAGE OF GREAT NECK

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For Year Ended May 31, 2009
(Unaudited)

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of these funds are not available to support the Village's own programs.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 16 – 30 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. At May 31, 2009, the Village's assets exceeded liabilities by \$5,025,737.

The Village has an investment in capital assets, net of related debt totaling \$803,176 at May 31, 2009. This amount reflects the Village's decision to prospectively report certain assets related to the Sewage Treatment Plant and general infrastructure on roads and highways (as permitted by GASB No. 34) while reporting the related long-term debt in the statement of net assets.

VILLAGE'S NET ASSETS

	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
Current and Other Assets	\$ 5,440,580	\$ 4,945,073
Capital Assets	10,630,297	9,440,229
Total Assets	<u>16,070,877</u>	<u>14,385,302</u>
Long-Term Liabilities	9,399,233	8,501,312
Other Liabilities	1,645,907	1,561,037
Total Liabilities	<u>11,045,140</u>	<u>10,062,349</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	803,176	478,109
Restricted	761,651	520,595
Unrestricted	3,460,910	3,324,249
Total Net Assets	<u>\$ 5,025,737</u>	<u>\$ 4,322,953</u>

A portion of the Village's net assets (15%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$3,460,910 may be used to meet the government's ongoing obligation to citizens and creditors.

INCORPORATED VILLAGE OF GREAT NECK

Management's Discussion and Analysis
 For Year Ended May 31, 2009
 (Unaudited)

As of May 31, 2009 and 2008, the Village is able to report a positive balance in all three categories of net assets.

Analysis of the Village's Operations - The following table provides a summary of the Village's operations for the years ended May 31, 2009 and 2008. The Village first implemented GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, in 2005. Governmental activities increased the Village's net assets by \$702,783.

VILLAGE'S CHANGES IN NET ASSETS

	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
Revenues:		
Program Revenue/Charges for Services	\$ 1,617,151	\$ 1,638,031
Operating Grants	-	-
Capital Grants	-	-
General Revenues:		
Property Taxes	7,003,225	6,986,637
Unrestricted Investment Earnings	374,335	425,531
State Aid	372,794	615,497
Miscellaneous	427,853	381,576
Total Revenues	<u>9,795,358</u>	<u>10,047,272</u>
Expenses:		
General Government	1,869,534	2,027,493
Public Safety and Judiciary	1,621,794	1,565,766
Health	208,614	198,956
Transportation and Public Works	1,399,647	1,225,404
Economic Opportunity and Development	27,441	13,070
Culture and Recreation	41,215	29,339
Home and Community Services	3,527,933	3,756,406
Interest on Long-Term Debt	396,397	415,726
Total Expenses	<u>9,092,575</u>	<u>9,232,160</u>
Increases in Net Assets	702,783	815,112
Net Assets - June 1 st	4,322,954	3,392,130
Prior Period Adjustment	-	115,712
Net Assets - May 31 st	<u>\$ 5,025,737</u>	<u>\$ 4,322,954</u>

INCORPORATED VILLAGE OF GREAT NECK

Management's Discussion and Analysis
For Year Ended May 31, 2009
(Unaudited)

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

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

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

At the end of the current fiscal year, the Village's governmental funds reported an ending fund balance of \$5,003,945, an increase of \$479,938 in comparison to the prior year. Of this amount, \$4,709,721 (94%) constitutes unreserved fund balance. Of the unreserved balance, \$1,253,771 has been designated by the Board for subsequent year's expenditures and other uses leaving an unreserved, undesignated amount of \$3,455,950. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to pay for encumbrances (\$192,448), 2) to pay for worker's compensation insurance (\$44,532), 3) to pay for unemployment insurance (\$33,686), 4) to pay for capital reserves (\$23,558).

The General Fund is the chief operating fund of the Village. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$3,994,942 and total fund balance was \$4,289,166. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to the fund's total operational expenditures. Unreserved fund balance represents 47% of total expenditures.

The General Fund's fund balance increased by \$286,391 during the current fiscal year, which is more than originally anticipated because revenues came in higher than anticipated and certain budgeted expenditures were not made.

The Special Revenue Fund's fund did not change during the current fiscal year.

The Capital Fund's fund balance increased by \$179,094 during the current fiscal year. This represents bond issue proceeds for various projects that have not yet been expended. It is anticipated that these projects will be completed during the subsequent year.

General Fund Budgetary Highlights - The General Fund budget was modified only by line item transfers and did not increase or decrease in total.

During the year revenues exceeded budgetary estimates and expenditures were less than budgetary estimates, thus eliminating the need to draw upon existing fund balance.

INCORPORATED VILLAGE OF GREAT NECK

Management's Discussion and Analysis
For Year Ended May 31, 2009
(Unaudited)

CAPITAL ASSET AND DEBT ADMINISTRATION

The Village's investment in capital assets for its governmental activities as of May 31, 2009, amounts to \$10,630,296 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, firehouse consortium, buildings, machinery and equipment, infrastructure, and construction in progress.

Capital Assets at Year-End Net of Accumulated Depreciation

	Governmental Activities	
	2009	2008
Land	\$ 111,672	\$ 111,672
Land Improvements	607,787	542,282
Firehouse Consortium	1,220,567	1,257,554
Buildings	1,170,620	1,136,470
Machinery and Equipment	1,907,087	1,979,227
Infrastructure	5,202,747	4,088,824
Construction in Progress	409,817	324,200
Total	<u>\$ 10,630,297</u>	<u>\$ 9,440,229</u>

Additional information on the Village's capital assets can be found in Note 4 on page 26 of this report.

DEBT ADMINISTRATION

At the end of the current fiscal year, the Village had total bonded debt of \$10,040,000. During the year, serial bonds were issued in the amount of \$1,700,000 for trucks, a street sweeper, a sanitation truck, and various road reconstructions.

Outstanding Debt at Year End

	Governmental Activities	
	2009	2008
General Obligations	<u>\$ 10,040,000</u>	<u>\$ 9,175,000</u>
Total	<u>\$ 10,040,000</u>	<u>\$ 9,175,000</u>

Additional information on the Village's long-term debt can be found in footnote 5 on page 27.

INCORPORATED VILLAGE OF GREAT NECK

Management's Discussion and Analysis
For Year Ended May 31, 2009
(Unaudited)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In the 2010 budget, General Fund revenues are budgeted to decrease by 2.5% from the 2009 budget year with general property taxes making up about 75% of general fund budgeted revenues.

REQUEST FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Village's finances. Questions concerning any information provided in this report should be addressed to the Village at 61 Baker Hill Road, Great Neck, NY 11023.



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Certified Public Accountants & Business Advisors

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Incorporated Village of Great Neck
Great Neck, New York

We have audited the accompanying financial statements of the governmental activities, and each major fund of the Incorporated Village of Great Neck as of and for the year ended May 31, 2009, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Incorporated Village of Great Neck's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Incorporated Village of Great Neck as of May 31, 2009, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 1 through 7 and pages 32 through 36, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Incorporated Village of Great Neck's basic financial statements. The supplemental information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental information as listed in the table of contents have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, appearing to read 'Satty, Levine & Ciacco, CPAs, P.C.', is written over a horizontal line.

Satty, Levine & Ciacco, CPAs, P.C.
Jericho, New York
September 14, 2009

**INCORPORATED VILLAGE OF GREAT NECK
STATEMENT OF NET ASSETS
MAY 31, 2009**

ASSETS	PRIMARY GOVERNMENTAL ACTIVITIES
CURRENT ASSETS:	
Cash and cash equivalents	\$ 5,225,023
Property taxes receivable	28,178
Accounts receivable	186,095
Due from fiduciary funds	1,284
TOTAL CURRENT ASSETS	5,440,580
NON-CURRENT ASSETS:	
Non-depreciable capital assets	111,672
Depreciable capital assets (net)	10,518,625
TOTAL NON-CURRENT ASSETS	10,630,297
TOTAL ASSETS	\$ 16,070,877
LIABILITIES	
CURRENT LIABILITIES:	
Accounts payable and accrued liabilities	\$ 408,501
Deposits - sewage treatment	125,548
Accrued vacation	136,858
Current portion of long term liabilities (due within one year):	
General obligation bonds payable	825,000
Claims and judgments payable	150,000
TOTAL CURRENT LIABILITIES	1,645,907
NON-CURRENT LIABILITIES:	
General obligation bonds payable	9,215,000
Compensated absences	184,233
TOTAL NON-CURRENT LIABILITIES	9,399,233
TOTAL LIABILITIES	11,045,140
NET ASSETS:	
Investment in capital assets, net of related debt	803,176
Restricted for:	
Debt service	87,872
Capital projects	673,779
Unrestricted	3,460,910
TOTAL NET ASSETS	5,025,737
TOTAL LIABILITIES AND NET ASSETS	\$ 16,070,877

See independent auditors' report and notes to the financial statements.

INCORPORATED VILLAGE OF GREAT NECK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2009

	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
		FEES, FINES AND CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
FUNCTIONS/PROGRAMS					
GOVERNMENTAL ACTIVITIES:					
General government	\$ 1,869,534	\$ 2,607	\$ -	\$ -	\$ (1,866,927)
Public safety and judiciary	1,635,935	616,198	-	-	(1,019,737)
Health	208,614	-	-	-	(208,614)
Transportation and public works	1,413,788	10,870	-	-	(1,402,918)
Economic opportunity and development	27,441	-	-	-	(27,441)
Culture and recreation	41,215	-	-	-	(41,215)
Home and community services	3,499,653	987,477	-	-	(2,512,176)
Interest on debt	396,396	-	-	-	(396,396)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 9,092,576	\$ 1,617,152	\$ -	\$ -	(7,475,424)
GENERAL REVENUES:					
Real property taxes					7,003,225
Other real property tax items					49,813
Non-property tax items					313,409
Use of money and property					374,335
Sale of property and compensation for loss					49,551
Mortgage and other taxes					372,794
Other					15,080
TOTAL GENERAL REVENUES AND TRANSFERS					8,178,207
CHANGE IN NET ASSETS					702,783
NET ASSETS - BEGINNING					4,322,954
NET ASSETS - ENDING					\$ 5,025,737

See independent auditors' report and notes to the financial statements.

INCORPORATED VILLAGE OF GREAT NECK
BALANCE SHEET
GOVERNMENTAL FUNDS
MAY 31, 2009

	MAJOR FUNDS				TOTAL
	GENERAL	SPECIAL REVENUE FUND	CAPITAL PROJECTS	DEBT SERVICE	
ASSETS:					
Cash and cash equivalents	\$ 4,462,736	\$ 636	\$ 673,779	\$ 87,872	\$ 5,225,023
Property taxes receivable	28,178	-	-	-	28,178
Accounts receivable	186,095	-	-	-	186,095
Due from other funds	1,284	-	-	-	1,284
TOTAL ASSETS	\$ 4,678,293	\$ 636	\$ 673,779	\$ 87,872	\$ 5,440,580
LIABILITIES AND FUND EQUITY (DEFICIT):					
LIABILITIES:					
Accounts payable and accrued expenses	\$ 360,992	\$ -	\$ 47,508	\$ -	\$ 408,500
Customer deposits sewage treatment	28,135	-	-	-	28,135
TOTAL LIABILITIES	389,127	-	47,508	-	436,635
FUND EQUITY (DEFICIT):					
FUND BALANCE:					
Reserved:					
Encumbrances	192,448	-	-	-	192,448
Workers compensation	44,532	-	-	-	44,532
Unemployment benefits	33,686	-	-	-	33,686
Capital	23,558	-	-	-	23,558
Unreserved:					
Designated for subsequent year's budget	1,153,771	-	-	100,000	1,253,771
Sewer purpose	1,809,019	-	-	-	1,809,019
Undesignated	1,032,152	636	626,271	(12,128)	1,646,931
TOTAL FUND EQUITY (DEFICIT)	4,289,166	636	626,271	87,872	5,003,945
TOTAL LIABILITIES AND FUND EQUITY (DEFICIT)	\$ 4,678,293	\$ 636	\$ 673,779	\$ 87,872	\$ 5,440,580

See independent auditors' report and notes to the financial statements.

**INCORPORATED VILLAGE OF GREAT NECK
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
MAY 31, 2009**

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF
ACTIVITIES ARE DIFFERENT BECAUSE:

TOTAL GOVERNMENTAL FUND BALANCE \$ 5,003,944

Capital assets used in governmental activities are not financial resources and therefore are not reported
in the funds: 10,630,297

Long-term liabilities, including bonds payable are not due and payable in the current period and
therefore are not reported in the funds.

Serial bonds payable	(10,040,000)
Accrued vacation	(136,858)
Compensated absences	(184,233)
Claims and judgments	(150,000)
Other expenses	(97,413)
	(10,608,504)

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 5,025,737

INCORPORATED VILLAGE OF GREAT NECK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MAY 31, 2009

	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	TOTAL
REVENUES:					
Real property taxes	\$ 7,003,226	\$ -	\$ -	\$ -	\$ 7,003,226
Non-property tax items	363,222	-	-	-	363,222
Departmental income	1,150,268	-	-	-	1,150,268
Use of money and property	312,328	-	11,703	50,304	374,335
License and permits	98,308	-	-	-	98,308
Fines and forfeitures	368,575	-	-	-	368,575
Sale of property and compensation for loss	49,551	-	-	-	49,551
Miscellaneous	15,080	-	-	-	15,080
State aid	372,794	-	-	-	372,794
TOTAL REVENUES	9,733,352	-	11,703	50,304	9,795,359
EXPENDITURES:					
General government	1,592,098	-	-	5,915	1,598,013
Public safety	1,457,599	-	-	-	1,457,599
Health	208,614	-	-	-	208,614
Transportation	1,144,706	-	1,204,458	-	2,349,164
Economic opportunity and development	27,441	-	-	-	27,441
Culture and recreation	13,762	-	-	-	13,762
Home and community services	2,482,588	-	225,179	-	2,707,767
Employee benefits	1,414,106	-	-	-	1,414,106
Debt service:					
Principle payments	-	-	-	835,000	835,000
Interest	-	-	-	403,955	403,955
TOTAL EXPENDITURES	8,340,914	-	1,429,637	1,244,870	11,015,421
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,392,438	-	(1,417,934)	(1,194,566)	(1,220,062)
OTHER FINANCING SOURCES (USES):					
Proceeds from serial bonds	-	-	1,700,000	-	1,700,000
Transfers in	-	-	-	1,209,019	1,209,019
Transfers out	(1,106,047)	-	(102,972)	-	(1,209,019)
TOTAL OTHER FINANCING SOURCES	(1,106,047)	-	1,597,028	1,209,019	1,700,000
NET CHANGE IN FUND BALANCE	286,391	-	179,094	14,453	479,938
FUND BALANCE - BEGINNING	4,002,775	636	447,177	73,419	4,524,007
FUND BALANCE - ENDING	\$ 4,289,166	\$ 636	\$ 626,271	\$ 87,872	\$ 5,003,945

See independent auditors' report and notes to the financial statements.

**INCORPORATED VILLAGE OF GREAT NECK
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2009**

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:

NET CHANGE IN FUND BALANCES- TOTAL GOVERNMENTAL FUNDS \$ 479,938

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

Capital outlay	1,942,367
Depreciation Expense	(752,300)

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

Repayment of bond principal	835,000
Proceeds from serial bonds	(1,700,000)
Claims and judgments	50,000
Compensated absences	(159,780)

Bond interest is recorded as an expenditure on the fund statements when it is paid, and on the statement of activities when it is incurred.	7,558
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ 702,783
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**INCORPORATED VILLAGE OF GREAT NECK
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
MAY 31, 2009**

	TOTAL AGENCY FUNDS
CURRENT ASSETS:	
Cash and cash equivalents	\$ 826,985
Service award program assets	492,037
	<hr/>
TOTAL ASSETS	\$ 1,319,022
	<hr/> <hr/>
LIABILITIES:	
Developer and bid deposits	\$ 825,701
Service award program liabilities	492,037
Due to other funds	1,284
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TOTAL LIABILITIES	\$ 1,319,022
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See independent auditors' report and notes to the financial statements.

INCORPORATED VILLAGE OF GREAT NECK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FINANCIAL REPORTING ENTITY

The Incorporated Village of Great Neck (the "Village") which was established in 1922, is governed by New York Village law and other general laws of the State of New York and various local laws. The Board of Trustees is the legislative body responsible for overall operations. The mayor serves as the Chief Executive Officer and the Clerk-Treasurer serves as the Chief Fiscal Officer. The Village provides a full range of municipal services including Highway, Fire Protection, Sanitation, Sewage Treatment, Village Justice Court, Building and Zoning and other general services.

All governmental activities and functions performed for the Village are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

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

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

The financial reporting entity consists of: (a) the primary government, which is the Village; (b) organizations for which the primary government is financially accountable - Firehouse Consortium; and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statement No. 14 - LOASP.

The decision to include a potential component of the Village's reporting entity is based on several criteria set forth in GASB 14 including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria the Great Neck Housing Authority is excluded from the Village's reporting entity. The Village of Great Neck Housing Authority was created in 1980 by the New York State Legislature. The governing board of the Authority is appointed by the Mayor with approval of the Board of Trustees. Although the local government may voluntarily, at certain times, provide funds to the authority, the local government provides no subsidy to the Authority nor is it responsible for debt or operating deficits of the Authority and is not guaranteed by the Village of Great Neck. The local government does not appoint management of the Authority nor does it approve the Authority's budget, contracts or hiring of staff. The local government has no oversight responsibility for funds of the Authority.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

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

See independent auditors' report.

INCORPORATED VILLAGE OF GREAT NECK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS:

The government-wide financial statements report information on the Village as a whole with separate columns for the primary governmental activities. The Village's government-wide financial statements include a statement of net assets and a statement of activities and changes in net assets. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Fiduciary activities of the Village are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Village's assets and liabilities, including capital assets as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Assets. The Village's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. The types of transactions reported as program revenues for the Village are reported in three categories - charges for services, operating grants and contributions, and capital grants and contributions.

Certain eliminations have been made as prescribed by GASB Statement No 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated.

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's functional categories (public safety, transportation, home and community services, etc.), which are otherwise supported by general government revenues (property taxes, service fees, certain intergovernmental revenues, etc.) for the government activities. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants to produce the net cost of each program. Program revenues include (a) charges for services, and (b) operating and capital grants and contributions that are directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function) are normally covered by general revenue (property taxes, intergovernmental revenues, interest income, etc.)

**INCORPORATED VILLAGE OF GREAT NECK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2009**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

FUND FINANCIAL STATEMENTS:

The financial activities of the Village are recorded in individual funds, each of which is deemed to be a separate accounting entity. The Village uses fund accounting to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available. "Measurable" means the transaction can be determined and 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. For this purpose, the Village considers revenues to be available if they are collected within sixty days of the end of the current fiscal year end. Principal revenue sources considered susceptible to accrual include federal grants and interest on investments. Some revenue items that are considered measurable and available to finance operations during the year from an accounting perspective are not available for expenditure due to the Village's present appropriation system. These revenues have been accrued in accordance with generally accepted accounting principles (GAAP) since they have been earned and are expected to be collected within sixty days of the end of the period. Other revenues are considered to be measurable and available only when cash is received by the Village. In the Capital Projects Fund, long-term debt is recognized as revenue upon receipt of the proceeds.

Encumbrance accounting, under which purchase order, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as a control in preventing over expenditure of established appropriations in the governmental fund types. Open encumbrances are reported as reservations of fund balances since such commitments will be honored through budget appropriations in the subsequent year.

The financial activities of the Village that are reported in the accompanying financial statements have been classified into the following major governmental funds.

**INCORPORATED VILLAGE OF GREAT NECK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2009**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

FUND FINANCIAL STATEMENTS (continued):

General Fund:

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

Special Revenue Fund:

This fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes. The following special revenue fund is utilized:

Community Development Fund:

This fund is used to account for receipts and disbursements of federal community development block grants.

Capital Fund:

This fund is used to account for the acquisition or construction of major capital facilities and equipment.

FIDUCIARY FUND FINANCIAL STATEMENTS:

Fiduciary Fund Financial Statements include a Statement of Net Assets. The Village's Fiduciary funds represent Agency Funds, which are custodial in nature (asset equal liabilities) and do not involve measurement of operations. The Agency funds are accounted for using the accrual basis of accounting.

The Village Agency Fund:

This fund is used to account for money (and/or property) received and held in the capacity of trustee, custodian or agent.

C. ASSETS, LIABILITIES AND FUND EQUITY

CASH, CASH EQUIVALENTS AND INVESTMENTS:

The Village primarily maintains its cash and investments in individual segregated accounts grouped by fund. All investments with an original maturity of three months or less when purchased are considered cash equivalents. It is the Village's policy to minimize investment risk, assure investments mature when the cash is required and to obtain a competitive rate of return. The Village is authorized to invest in certificates of deposit, time deposits, obligations of New York State and obligations of the United States Government provided principal and interest is guaranteed by the United States of America.

State statutes require that all deposits in financial institutions be fully collateralized by U.S. government obligations or its agencies and instrumentalities that have a market value not less than the principal amount of the deposits in excess of FDIC limits. The Village's deposits, including certificates of deposits, were fully insured or collateralized in accordance with state statutes at May 31, 2009.

See independent auditors' report.

**INCORPORATED VILLAGE OF GREAT NECK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2009**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. ASSETS, LIABILITIES AND FUND EQUITY (continued)

RECEIVABLES:

Receivables include amounts due from State and other governments and individuals for services provided by the Village. Receivables are recorded and revenues recognized as earned or as specific program expenditures are incurred.

CAPITAL ASSETS:

Capital assets are defined by the Village as assets with an initial, individual cost of more than \$5,000 for general assets and an estimated useful life in excess of one year.

Capital assets of the Village are recorded at either historical cost or estimated historical cost. Donated capital assets are valued at estimated fair market value on the date donated. Additions, improvement and other capital outlay that significantly extend the useful lives of an asset are capitalized. Other costs incurred for repairs and maintenance are expended as incurred.

Infrastructure assets for governmental activities acquired after December 31, 1980, consisting of certain improvements other than buildings including roads, curbs, sidewalks, drainage system, street lighting and sewer system are capitalized along with other capital assets.

Depreciation of all exhaustible capital assets is charged as an expense against their operations. Depreciation is computed using the straight-line method over estimated assets lives as follows:

Buildings	20 - 50 years
Improvements other than buildings	20 - 50 years
Furniture, fixtures, machinery and equipment	5 - 20 years
Infrastructure systems:	
Roads, curbs and sidewalks	25 - 50 years
Water Mains	25 - 50 years
Drainage	25 - 50 years

The Village evaluated prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The Village's policy is to record an impairment loss in the period when the Village determines that the carrying amount of the asset will not be recoverable. At May 31, 2009, the Village has not recorded any such impairment losses.

Net interest costs during construction periods are capitalized for assets acquired by the issuance of long-term debt.

DEFERRED REVENUE/UNEARNED INCOME:

Deferred revenues/unearned revenues are those where asset recognition criteria have been met, but which revenue recognition criteria have not been met. Such amounts have been deemed to be "measurable" but not "available" pursuant to GAAP.

**INCORPORATED VILLAGE OF GREAT NECK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2009**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. ASSETS, LIABILITIES AND FUND EQUITY (continued)

LONG-TERM LIABILITIES:

The liabilities for long-term obligations consisting of general obligation bonds payable, compensated absences and claims and judgments are recognized in government-wide financial statements.

In the fund statements, long-term obligations are not reported as liabilities. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures.

EQUITY CLASSIFICATIONS:

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a) Invested in capital assets, net of related debt—Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b) Restricted net assets—Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c) Unrestricted net assets –All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

In the Fund Statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved or unreserved, with unreserved further split between designated and undesignated. Portions of fund equity are segregated for future use and therefore not available for future appropriation or expenditure. Amounts reserved for encumbrances, inventory, insurance claims and debt service, represent portions of fund equity, which are required to be segregated in accordance with state law or GAAP. Designations of fund balances in governmental funds indicate the utilization of these resources in the subsequent year’s budget or tentative plans for future use.

**INCORPORATED VILLAGE OF GREAT NECK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2009**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. REVENUE AND EXPENDITURES

REAL PROPERTY TAX ASSESSMENT AND COLLECTION PROCEDURES:

Real property taxes are levied and become a lien annually on June 1. Payments must be received by the Village by July 1, after which time, penalties and interest will be assessed against the taxpayer. Property taxes not collected by March 31 are placed for tax lien sale. Delinquent taxes not received within 60 days of year-end are recorded as deferred revenues.

INSURANCE:

The Village insures against liability for most risk including but not limited to property damage and personal injury liability. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability, not covered by insurance, has been incurred and the amount of loss can be reasonably estimated.

VACATION AND SICK LEAVE AND COMPENSATORY ABSENCES:

Village employees are granted vacation and sick leave. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation and sick leave at various rates subject to certain maximum limitations. The liability for vested or accumulated vacation or sick leave (compensated absences) is recorded as current and noncurrent obligations in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements only the compensated absence liability payable from expendable available resources is incurred. In accordance with the provisions of GASB Statement No 16 entitled *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

POST EMPLOYMENT BENEFITS:

In addition to providing pension benefits, the Village provides health insurance coverage for retired employees and their spouses. Substantially all of the Village's employees become eligible for these benefits if they reach normal retirement age while working for the Village. Health care benefits are provided through an insurance company whose premiums are based on the estimated benefits paid during the year, adjusted for the prior year variance between the estimated and actual costs. The Village recognizes the cost of providing benefits by recording its share of insurance premiums as expenditure in the year paid. During the year, approximately \$26,124 was paid on behalf of 19 retirees and recorded as an expenditure in the general fund.

**INCORPORATED VILLAGE OF GREAT NECK
 NOTES TO FINANCIAL STATEMENTS
 MAY 31, 2009**

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

BUDGET POLICIES – The budget policies are as follows:

- a. No later than March 20th, the budget officer submits a tentative budget to the Board of Trustees for the fiscal year commencing the following June 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.
- b. After public hearings are conducted to obtain taxpayer comments, no later than May 1, the Board of Trustees adopts the budget.
- c. All modifications of the budget must be approved by the Board of Trustees.

ENCUMBRANCES:

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as a control in preventing over expenditure of established appropriations in the governmental fund types. Encumbrances are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred. Appropriations for all funds, except capital project funds, lapse at year-end. However, encumbrances reserved against fund balances are re-appropriated in the ensuing year.

BUDGET BASIS OF ACCOUNTING:

Budgets are adopted annually for the General Fund on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

B. FUND BALANCES

RESERVATION OF FUND BALANCE:

Reserve for Unemployment Benefits:

The Village has established a reserve for unemployment benefits in the General Fund. An analysis of the change in the reserve for the year ended May 31, 2009 is as follows:

Beginning balance	\$ 33,368
Interest earned	318
Ending balance	<u>\$ 33,686</u>

See independent auditors' report.

**INCORPORATED VILLAGE OF GREAT NECK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2009**

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

B. FUND BALANCES (continued)

Reserve for Workers Compensation:

The Village has established a reserve for workers compensation in the General Fund. An analysis of the change in the reserve for the year ended May 31, 2009 is as follows:

Beginning balance	\$ 44,138
Interest earned	<u>394</u>
Ending balance	<u>\$ 44,532</u>

Reserve for Capital:

The Village has established a reserve for capital in the general fund. An analysis of the change in the reserve for the year ended May 31, 2009 is as follows:

Beginning balance	\$ 23,336
Interest earned	<u>222</u>
Ending balance	<u>\$ 23,558</u>

C. FUND DEFICIT

The fund deficit in the debt service fund resulted in timing difference between expenditures and the transfer of funds from the general fund.

**INCORPORATED VILLAGE OF GREAT NECK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2009**

NOTE 3. CASH AND INVESTMENTS

The Village investment policy is governed by state statutes. In addition, the Village has its own written investment policy. Village monies must be deposited in FDIC-insured commercial banks or trust companies located within the state. The Clerk/Treasurer is authorized to use demand accounts, special time deposit accounts, and certificates of deposit. Other permissible investments include obligations of the US Treasury and US Agencies, repurchase agreements, obligations of New York State or its localities and investments made by The Cooperative Liquid Assets Security System (CLASS). Class is a cooperative investment plan consisting of US Treasury obligations and repurchase agreements relating to treasury obligations.

Cash and investments at May 31, 2009 consist of:

Checking and interest bearing accounts	\$ 4,516,477
Petty cash	830
CLASS	<u>1,534,063</u>
TOTAL	<u>\$ 6,051,370</u>

Custodial Credit Risk – Deposits:

Custodial credit risk for deposits exists when, in the event of the failure of a depository financial institution, a government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

Governmental Accounting Standards Board Statement No 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either:

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

Collateral is required for that portion of deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and school districts.

At May 31, 2009 the cash in banks was entirely collateralized by FDIC insurance or securities held by the bank, in trust or third party, in the name of the Village.

See independent auditors' report.

**INCORPORATED VILLAGE OF GREAT NECK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2009**

NOTE 4. CHANGES IN CAPITAL ASSETS

A summary of capital assets transactions for the year ended May 31, 2009 follows:

	<u>Beginning Balance</u>	<u>Additions/ Transfers</u>	<u>Retirements/ Transfers</u>	<u>Ending Balance</u>
PRIMARY GOVERNMENT:				
Capital assets not being depreciated:				
Land	\$ 111,672	\$ -	\$ -	\$ 111,672
OTHER CAPITAL ASSETS:				
Land Improvements	1,008,219	96,943	-	1,105,162
Firehouse Consortium	1,849,346	-	-	1,849,346
Buildings	1,883,582	69,445	-	1,953,027
Furniture, fixtures, machinery, equipment & vehicles	5,177,990	371,302	-	5,549,292
Infrastructure:				
Roads, curbs, sidewalks & drainage and water mains	5,535,806	1,222,433	96,628	6,854,867
Construction in process	<u>324,200</u>	<u>182,245</u>	<u>(96,628)</u>	<u>409,817</u>
TOTAL OTHER CAPITAL ASSETS	<u>15,779,143</u>	<u>1,942,368</u>	<u>-</u>	<u>17,721,511</u>
Less: Accumulated depreciation for:				
Land Improvements	(465,937)	(31,438)	-	(497,375)
Firehouse Consortium	(591,792)	(36,987)	-	(628,779)
Buildings	(747,112)	(35,295)	-	(782,407)
Furniture, fixtures, machinery equipment and vehicles	(3,198,763)	(443,442)	-	(3,642,205)
Infrastructure:				
Roads, curbs, sidewalks, drainage and water mains	<u>(1,446,982)</u>	<u>(205,138)</u>	<u>-</u>	<u>(1,652,120)</u>
Total Accumulated Depreciation	<u>(6,450,586)</u>	<u>(752,300)</u>	<u>-</u>	<u>(7,202,886)</u>
Other Capital Assets (Net)	<u>9,328,557</u>	<u>1,190,068</u>	<u>-</u>	<u>10,518,625</u>
CAPITAL ASSETS (NET)	<u>\$ 9,440,229</u>	<u>\$ 1,192,068</u>	<u>\$ -</u>	<u>\$ 10,630,297</u>

Depreciation expense was charged to governmental functions as follows:

General government support	\$ 56,052
Public safety	37,876
Transportation	361,322
Culture and recreation	27,453
Home and community services	<u>269,597</u>
Total governmental activities depreciation expense	<u>\$ 752,300</u>

See independent auditors' report.

**INCORPORATED VILLAGE OF GREAT NECK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2009**

NOTE 5. INDEBTEDNESS

The following is a summary of changes in long-term liabilities for the year ended May 31, 2009.

	Balance 6/1/2008	Increases	Reductions	Balance 5/31/2009	Non-current liabilities due within one year	Non-current liabilities
General obligation bonds	\$ 9,175,000	\$ 1,700,000	\$ (835,000)	\$ 10,040,000	\$ 825,000	\$ 9,215,000
Compensated absences	161,312	22,921	-	184,233	-	184,233
TOTALS	<u>\$ 9,336,312</u>	<u>\$ 1,722,921</u>	<u>\$ (835,000)</u>	<u>\$ 10,224,233</u>	<u>\$ 825,000</u>	<u>\$ 9,399,233</u>

Bonds – The Village borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are full faith and credit debt of the local government. The provision to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

The following is a schedule of general obligation and revenue bonds:

Description	Original Date Issued	Original Amount	Interest Rate (%)	Final Maturity Date	Balance Outstanding May 31, 2009
Public Improvements	02/15/1987	\$ 1,390,000	7.200%	12/15/2011	\$ 75,000
Public Improvements	02/15/1990	2,235,000	7.000%	08/01/2017	810,000
Public Improvements	04/01/1992	690,000	5.800%	07/01/2010	20,000
Public Improvements	12/15/1994	922,000	2.70% - 6.10%	05/15/2023	430,000
Public Improvements	02/28/1996	294,500	3.30% - 5.20%	06/15/2016	120,000
Public Improvements	03/26/1997	143,700	5.200%	08/15/2016	40,000
Public Improvements	03/15/1998	330,330	4.800%	01/15/2018	165,000
Public Improvements	07/30/1998	75,000	4.800%	04/15/2013	20,000
Public Improvements	04/15/2000	340,000	5.25% - 5.30%	12/15/2010	40,000
Public Improvements	07/27/2000	955,000	4.26% - 5.74%	01/15/2020	570,000
Public Improvements	02/15/2001	450,000	4.25% - 4.30%	02/15/2011	100,000
Public Improvements	04/01/2002	820,000	4.60% - 5.00%	10/01/2017	530,000
Public Improvements	07/15/2002	397,776	1.33% - 5.32%	10/15/2031	325,000
Public Improvements	01/15/2005	2,795,000	3.50% - 3.75%	11/15/2020	2,220,000
Public Improvements	09/15/2006	1,530,000	3.75% - 3.875%	09/15/2021	1,355,000
Public Improvements	09/15/2007	1,600,000	3.50% - 4.00%	12/15/2023	1,520,000
Public Improvements	07/17/2008	1,700,000	3.375% - 4.00%	08/23/2024	1,700,000
					<u>\$ 10,040,000</u>

Future principal and interest payments to maturity are as follows:

Year Ending May 31,	General Obligation	
	Principle	Interest
2010	\$ 825,000	\$ 459,136
2011	795,000	389,107
2012	735,000	353,403
2013	765,000	320,827
2014	800,000	286,814
2015-2019	3,995,000	893,735
2020-2024	2,005,000	207,647
2025-2029	75,000	21,903
2030-2032	45,000	3,593
TOTALS	<u>\$10,040,000</u>	<u>\$ 2,936,165</u>

See independent auditors' report.

INCORPORATED VILLAGE OF GREAT NECK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2009

NOTE 5. INDEBTEDNESS (continued)

OTHER LONG-TERM DEBT:

In addition to the above long term debt the local government has the following non-current liabilities:

COMPENSATED ABSENCES:

Represents the value of the earned and unused portion of liability for compensated absences.

CLAIMS AND JUDGMENTS:

Represents the liability for unpaid tax certiorari proceedings which are expected to be paid from future appropriations.

NOTE 6. RETIREMENT SYSTEM

PLAN DESCRIPTION

The Village of Great Neck participates in the New York State and Local Employees Retirement System (ERS), which is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The obligation of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the system. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of their funds. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, Gov. Alfred E Smith, State Office Building, Albany, NY 12244.

FUNDING POLICY

The System is noncontributory except for employees who joined the New York State and Local Employees Retirement System after July 27, 1976, and who have less than ten years of membership or less than ten years of credited service with a retirement system under the provisions of article fourteen or fifteen of the NYSRSSL, who contribute 3% of their salary. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

INCORPORATED VILLAGE OF GREAT NECK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2009

NOTE 6. RETIREMENT SYSTEM (continued)

The Village is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

	Annual required Contribution	Reconciliation & Miscellaneous Adjustments	Total Payments
2009	\$ 222,061	\$ -0-	\$ 222,061
2008	\$ 208,553	\$ -0-	\$ 208,553
2007	\$ 276,795	\$ -0-	\$ 276,795

The Village's contribution to the System was equal to 100 percent of the contributions required for each year.

LENGTH OF SERVICE AWARD PROGRAM

The Village jointly offers a defined benefit plan to encourage individuals to become members of the Village's volunteer fire department. The four municipalities that jointly sponsor the plan are: the Town of North Hempstead and the Villages of Great Neck, Kings Point, and Saddle Rock. Each municipality recognizes their own pro-rata share of the program in accordance with the intermunicipal agreement as follows: Town of North Hempstead (7.36%), Village of Great Neck (40.03%), Village of Kings Point (46.96%) and the Village of Saddle rock (5.65%) The Plan is available to firefighters 18 years of age with one year of qualifying service. The entitlement age is 65. The monthly benefit is \$20 per month for each year of service up to a maximum of 40 years.

The Plan, effective January 1, 1996, is established under General Municipal Law, Article 11A. Firefighters are fully vested after 5 years of qualifying service.

Based upon accepted actuarial methods and the assumptions used, it has been determined by an actuary that a total contribution of \$153,086 and \$147,415, respectively, of which \$61,291 and \$59,010 are the Village of Great Necks portion for the plan fiscal years ended December 31, 2008 and 2007 were sufficient to satisfy current and future service award obligations upon eligibility for retirement. All plan assets were invested in accordance with a statutory prudent person rule in the name of a trust for the exclusive purpose of providing benefits to participants and their beneficiaries and are accounted for in the agency fund.

The Village of Great Necks portion of the funded status of the Plan as of December 31, 2008 and 2007 was as follows:

	<u>2008</u>	<u>2007</u>
<i>Actuarial accrued liability (AAL)</i>	\$ 640,821	\$ 615,577
<i>Actuarial value of plan assets</i>	<u>(492,037)</u>	<u>(559,915)</u>
<i>Unfunded actuarial accrued liability (UAAL)</i>	\$ 148,784	\$ 55,662
 <i>Funded ratio (actuarial value of plan assets/AAL)</i>	 77%	 91%

See independent auditors' report.

INCORPORATED VILLAGE OF GREAT NECK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2009

NOTE 7. CONTINGENCIES AND COMMITMENTS

In common with other municipalities, the Village receives numerous notices of claims. Although the eventual outcome of the claims cannot presently be determined, it is the opinion of the Village and the Village Attorney at this time that these claims, when settled, will not be material to the financial position of the Village.

There are presently pending against the Village a number of real property tax review proceedings requesting reductions in assessed valuations of various properties for both past and current year.

**INCORPORATED VILLAGE OF GREAT NECK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED MAY 31, 2009**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		FINAL BUDGET
REVENUES:				
Real property taxes	\$ 7,062,987	\$ 7,062,987	\$ 7,053,038	\$ (9,949)
Non-property tax items	274,000	274,000	313,409	39,409
Departmental income	920,400	920,400	1,150,269	229,869
Use of money and property	266,475	266,475	312,328	45,853
License and permits	92,650	92,650	98,308	5,658
Fines and forfeitures	320,100	320,100	368,575	48,475
Sale of property and compensation for loss	7,400	7,400	49,551	42,151
Miscellaneous	11,000	11,000	15,080	4,080
State aid	423,838	423,838	372,794	(51,044)
TOTAL REVENUES	9,378,850	9,378,850	9,733,352	354,502
EXPENDITURES:				
General government	1,998,865	1,998,865	1,592,097	406,768
Public safety	1,559,993	1,559,993	1,457,599	102,394
Health	215,550	215,550	208,614	6,936
Transportation	1,124,850	1,150,850	1,144,707	6,143
Economic opportunity and development	52,500	52,500	27,441	25,059
Culture and recreation	7,500	18,500	13,762	4,738
Home and community services	2,585,471	2,585,471	2,482,588	102,883
Employee benefits	1,509,500	1,472,500	1,414,106	58,394
TOTAL EXPENDITURES	9,054,229	9,054,229	8,340,914	713,315
Excess (Deficiency) of Revenues Over (Under) Expenditures	324,621	324,621	1,392,438	1,067,817
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(1,106,047)	(1,106,047)	(1,106,047)	-
TOTAL OTHER FINANCING SOURCES	(1,106,047)	(1,106,047)	(1,106,047)	-
NET CHANGE IN FUND BALANCE	\$ (781,426)	\$ (781,426)	286,391	\$ 1,067,817
FUND BALANCE - BEGINNING			4,002,775	
FUND BALANCE - ENDING			\$ 4,289,166	

See independent auditors' report and notes to the financial statements.

INCORPORATED VILLAGE OF GREAT NECK
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL GENERAL FUND
 FOR THE YEAR ENDED MAY 31, 2009

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		FINAL BUDGET
REVENUES:				
Real Property Tax Items				
Real property taxes	\$ 7,006,987	\$ 7,006,987	\$ 7,003,225	\$ (3,762)
Payments in lieu of taxes	22,000	22,000	14,711	(7,289)
Penalties and interest on taxes	34,000	34,000	35,102	1,102
Total Real Property Tax Items	<u>7,062,987</u>	<u>7,062,987</u>	<u>7,053,038</u>	<u>(9,949)</u>
Non-Property Tax Items				
Utility fees	274,000	274,000	313,409	39,409
Total Non-Property Tax Items	<u>274,000</u>	<u>274,000</u>	<u>313,409</u>	<u>39,409</u>
Departmental Income				
Sewer service charges	745,100	745,100	874,833	129,733
Clerk fees	5,500	5,500	2,607	(2,893)
Safety inspection fees	152,000	152,000	247,623	95,623
Public works charges	800	800	10,870	10,070
Zoning fees	17,000	17,000	14,336	(2,664)
Total Departmental Income	<u>920,400</u>	<u>920,400</u>	<u>1,150,269</u>	<u>229,869</u>
Use of Money and Property:				
Interest and earnings	120,000	120,000	165,853	45,853
Rental of real property	146,475	146,475	146,475	-
Total Use of Money and Property	<u>266,475</u>	<u>266,475</u>	<u>312,328</u>	<u>45,853</u>
Licenses and Permits:				
Business and other	92,650	92,650	98,308	5,658
Total Licenses and Permits	<u>\$ 92,650</u>	<u>\$ 92,650</u>	<u>\$ 98,308</u>	<u>\$ 5,658</u>

See independent auditors' report and notes to the financial statements.

INCORPORATED VILLAGE OF GREAT NECK
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL GENERAL FUND (continued)
 FOR THE YEAR ENDED MAY 31, 2009

	BUDGETED AMOUNTS		ACTUAL	VARIANCE FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES: continued				
Fines and Forfeitures:				
Fines and forfeiture	\$ 320,100	\$ 320,100	\$ 368,575	\$ 48,475
Total Fines and Forfeitures	<u>320,100</u>	<u>320,100</u>	<u>368,575</u>	<u>48,475</u>
Sales of Property and Compensation for Loss:				
Sales of equipment and other losses	7,400	7,400	49,551	42,151
Total Sales of Property and Compensation for Loss	<u>7,400</u>	<u>7,400</u>	<u>49,551</u>	<u>42,151</u>
Miscellaneous:				
Refunds and other unclassified revenues	11,000	11,000	15,080	4,080
Total Miscellaneous	<u>11,000</u>	<u>11,000</u>	<u>15,080</u>	<u>4,080</u>
State Aid:				
Revenue sharing (per capita)	77,314	77,314	77,314	-
Mortgage tax	260,000	260,000	201,825	(58,175)
Other general	26,524	26,524	3,650	(22,874)
Consolidated highway aid	60,000	60,000	90,005	30,005
Total State Aid	<u>423,838</u>	<u>423,838</u>	<u>372,794</u>	<u>(51,044)</u>
TOTAL REVENUES	<u>\$ 9,378,850</u>	<u>\$ 9,378,850</u>	<u>\$ 9,733,352</u>	<u>\$ 354,502</u>

See independent auditors' report and notes to the financial statements.

INCORPORATED VILLAGE OF GREAT NECK
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL GENERAL FUND (continued)
 FOR THE YEAR ENDED MAY 31, 2009

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		FINAL BUDGET
EXPENDITURES:				
General Government Support:				
Board of trustees:	\$ 44,200	\$ 44,200	\$ 37,305	\$ 6,895
Justice court:	287,676	282,976	270,272	12,704
Mayor:	7,600	7,600	6,321	1,279
Auditor:	35,000	35,000	24,750	10,250
Clerk-Treasurer:	414,920	429,920	429,632	288
Assessment:	13,200	13,200	6,200	7,000
Tax advertising and expense:	2,000	2,700	2,616	84
Law:	224,400	224,400	167,206	57,194
Engineer:	18,000	22,000	21,600	400
Election:	5,500	5,500	2,825	2,675
Records management:	5,000	5,000	-	5,000
Buildings:	120,700	180,700	179,121	1,579
Other general expenses:	820,669	745,669	444,249	301,420
Total General Government Support	\$ 1,998,865	\$ 1,998,865	\$ 1,592,097	\$ 406,768

See independent auditors' report and notes to the financial statements.

INCORPORATED VILLAGE OF GREAT NECK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL GENERAL FUND (continued)
FOR THE YEAR ENDED MAY 31, 2009

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		FINAL BUDGET
EXPENDITURES: continued				
Public Safety:				
Fire department:	\$ 1,192,000	\$ 1,192,000	\$ 1,149,807	\$ 42,193
Safety inspection:	359,293	353,293	294,057	59,236
Other public safety:	8,700	14,700	13,735	965
Total Public Safety	<u>1,559,993</u>	<u>1,559,993</u>	<u>1,457,599</u>	<u>102,394</u>
Health:				
Contract	<u>215,550</u>	<u>215,550</u>	<u>208,614</u>	<u>6,936</u>
Total Health	<u>215,550</u>	<u>215,550</u>	<u>208,614</u>	<u>6,936</u>
Transportation:				
Street administration:	190,143	200,143	199,256	887
Street construction	40,000	12,000	10,694	1,306
Street maintenance:	674,507	700,507	699,819	688
Snow removal:	66,100	66,100	64,094	2,006
Street lighting:	139,000	167,000	166,310	690
Off-street parking:	<u>15,100</u>	<u>5,100</u>	<u>4,534</u>	<u>566</u>
Total Transportation	<u>1,124,850</u>	<u>1,150,850</u>	<u>1,144,707</u>	<u>6,143</u>
Economic Assistance and Opportunity:				
Publicity:	50,000	50,000	27,441	22,559
Programs for the aging:	<u>2,500</u>	<u>2,500</u>	-	<u>2,500</u>
Total Economic Assistance and Opportunity	<u>\$ 52,500</u>	<u>\$ 52,500</u>	<u>\$ 27,441</u>	<u>\$ 25,059</u>

See independent auditors' report and notes to the financial statements.

INCORPORATED VILLAGE OF GREAT NECK
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL GENERAL FUND (continued)
 FOR THE YEAR ENDED MAY 31, 2009

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		FINAL BUDGET
EXPENDITURES: continued				
Culture and Recreation:				
Youth program:	\$ 4,500	\$ 4,500	\$ 2,500	\$ 2,000
Celebrations:	3,000	3,000	1,000	2,000
Park	-	11,000	10,262	738
Total Culture and Recreation	<u>7,500</u>	<u>18,500</u>	<u>13,762</u>	<u>4,738</u>
Home and Community Services:				
Zoning:	3,100	3,100	3,004	96
Planning:	3,100	3,100	3,004	96
Sanitary sewers:	1,342,052	1,316,052	1,224,512	91,540
Refuse and garbage:	1,179,249	1,190,249	1,189,792	457
Other	26,870	26,870	16,963	9,907
Street cleaning:	31,100	46,100	45,313	787
Total Home and Community Services	<u>2,585,471</u>	<u>2,585,471</u>	<u>2,482,588</u>	<u>102,883</u>
Employee Benefits:				
State retirement	221,000	223,000	222,061	939
Social security	234,000	234,000	215,884	18,116
Workers' compensation	148,000	166,000	165,224	776
Disability insurance	20,000	20,000	16,954	3,046
Hospital, medical and dental insurance	886,500	829,500	793,983	35,517
Total Employee Benefits	<u>1,509,500</u>	<u>1,472,500</u>	<u>1,414,106</u>	<u>58,394</u>
Total Expenditures	<u>9,054,229</u>	<u>9,054,229</u>	<u>8,340,914</u>	<u>713,315</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>324,621</u>	<u>324,621</u>	<u>1,392,438</u>	<u>1,067,817</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in			-	-
Operating transfers (out)	<u>(1,106,047)</u>	<u>(1,106,047)</u>	<u>(1,106,047)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(1,106,047)</u>	<u>(1,106,047)</u>	<u>(1,106,047)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (781,426)</u>	<u>\$ (781,426)</u>	286,391	<u>\$ 1,067,817</u>
Fund Balance - Beginning			<u>4,002,775</u>	
Fund Balance - End			<u>\$ 4,289,166</u>	

See independent auditors' report and notes to the financial statements.