

**VILLAGE OF GREAT NECK  
COUNTY OF NASSAU – STATE OF NEW YORK  
FINANCIAL STATEMENTS  
MAY 31, 2019**

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## **INDEPENDENT AUDITORS' REPORT**

To the Honorable Mayor and Board of Trustees of the  
Village of Great Neck

We have audited the accompanying financial statements of the governmental activities and each major fund of the Village of Great Neck, New York (the "Village"), as of and for the year ended May 31, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 entity'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 internal control. Accordingly, we express no such opinion. An audit 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 and each major fund of the Village of Great Neck, as of May 31, 2019, 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.

**Emphasis of Matter***Change in Accounting Principle*

As described in Note 1.V. to the financial statements, the Village had adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

**Other Matters***Required Supplemental Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information other than management's discussion and analysis as listed on the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Satty, Levine & Ciacco, CPAs, P.C.  
Melville, New York  
October 28, 2021

**VILLAGE OF GREAT NECK  
COUNTY OF NASSAU – STATE OF NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
MAY 31, 2019**

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As management of the Village of Great Neck (the "Village"), we offer readers the Village's financial statements in a narrative overview and analysis of the financial activities of the Village for the fiscal year ended May 31, 2019.

**FINANCIAL HIGHLIGHTS**

As reflected in the government-wide financial statements, the liabilities of the Village exceeded its assets at May 31, 2019 by \$4,513,469 (net deficit), of which \$8,472,841 is an unrestricted deficit and must be funded with future revenues.

As reflected in the fund financial statements as of the close of the fiscal year, the Village's governmental funds reported an ending fund balance of \$10,738,398. Of this amount, \$67,156 is nonspendable, \$4,746,473 is restricted, \$1,220,025 is assigned and \$4,704,744 is unassigned.

Effective June 1, 2018, the Village adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result of the adoption of GASB No. 75, the Village has restated its June 1, 2018 beginning net position to reflect the value of that liability as of the earliest period presented in these financial statements. The increase to the beginning liability was a decrease to the beginning net position by \$8,830,868.

**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 Position presents information on all of the Village's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the fiscal year. All changes in net position 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 years.

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

The government-wide financial statements can be found on pages 11 - 12 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.

**VILLAGE OF GREAT NECK  
COUNTY OF NASSAU – STATE OF NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
MAY 31, 2019**

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**Governmental Funds** - Governmental funds are used to account for essentially the same function and 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 four 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, Capital Projects Fund, Special Revenue Fund and Debt Service Fund.

The basic governmental fund financial statements can be found on pages 13 - 16 of this report.

The Village adopts an annual appropriated budget for its General Fund. The Statement of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund has been included as required supplementary information and demonstrate compliance with this budget.

The required supplementary information can be found on pages starting on page 43 this report.

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for parties outside of the Village and are not included in the government-wide financial statements because their resources are not available to support the Village's programs. The accounting used for fiduciary funds is based on the full accrual method of accounting. The Statement of Fiduciary Net Position is included in the basic financial statement section of this report,

The fiduciary fund financial statements can be found on page 17 of this report.

**Notes to the Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 18 - 42 of this report.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At May 31, 2019, the Village's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$4,513,469 creating a net deficit at the close of the most recent fiscal year.

The Village has a net investment in capital assets, net of related debt totaling \$190,115 at May 31, 2019, and a restricted balance of \$3,769,257 for capital projects, workers compensation, unemployment benefits reserve, parkland trust, and debt service. The remaining balance of unrestricted net deficit totaling \$8,472,841 will need to be funded with the government's future resources.

**VILLAGE OF GREAT NECK  
COUNTY OF NASSAU – STATE OF NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
MAY 31, 2019**

**VILLAGE'S NET POSITION**

	<b>Governmental Activities</b>		
	<b>2019</b>	<b>2018</b>	<b>Change</b>
<b>Assets:</b>			
Current and other assets	\$ 11,425,069	\$ 8,158,225	\$ 3,266,844
Capital assets (net of accumulated depreciation)	9,348,813	9,636,180	(287,367)
Deferred outflows of resources	485,178	827,669	(342,491)
Total Assets and Deferred Outflows of Resources	<u>21,259,060</u>	<u>18,622,074</u>	<u>2,636,986</u>
<b>Liabilities:</b>			
Current liabilities	2,006,889	1,948,382	58,507
Non-current liabilities	23,365,517	11,911,921	11,453,596
Deferred inflows of resources	400,123	911,525	(511,402)
Total Liabilities and Deferred Inflows of Resources	<u>25,772,529</u>	<u>14,771,828</u>	<u>11,000,701</u>
<b>Net position:</b>			
Net investment in capital assets	190,115	2,374,713	(2,184,598)
Restricted	3,769,257	937,381	2,831,876
Unrestricted	(8,472,841)	538,152	(9,010,993)
Total Net Position	<u>\$ (4,513,469)</u>	<u>\$ 3,850,246</u>	<u>\$ (8,363,715)</u>

As of May 31, 2019 and 2018, the Village's three components of net position are as follows:



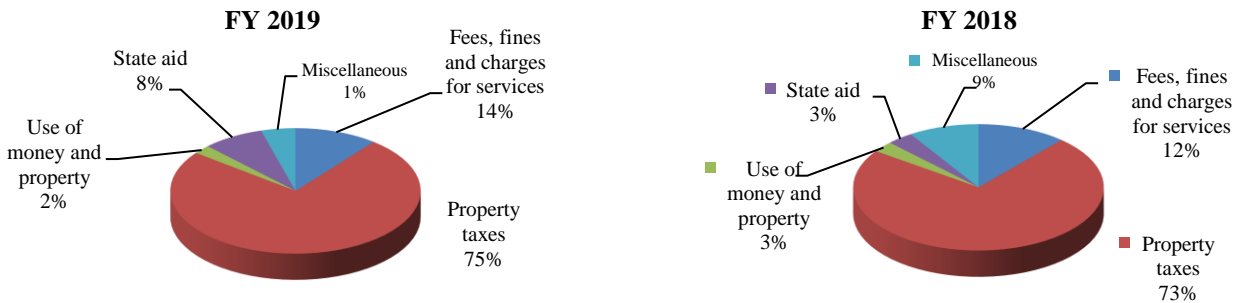
Currently, the largest portion of the Village's net position is the unrestricted net deficit which had a negative variance (reduction) of \$9,010,993. This decrease was the result of a restatement of \$8,830,868 as of the beginning of the year for the revaluation of the OPEB liability under new accounting standards. The net investment in capital asset decreased by 2,184,598 which is the result of increased bond issuances for capital projects offset by payments on debt and additions to capital assets. The restricted portion of the net position increase by \$2,831,876 which was the result of cash and investments held and restricted to spending on capital assets. The increase current and other assets of 3,266,844 was also triggered by the increase of capital funding held and restricted to capital improvements.

Non-current liabilities increased by \$11,453,596 which was related to adoption of new accounting standards and the restatement of OPEB liabilities, in addition, the Village issued debt during the current year of \$2,955,000 and reduced their debt by principal payments by \$1,056,510, resulting a net increase for bond obligations of \$1,898,490.

**VILLAGE OF GREAT NECK  
COUNTY OF NASSAU – STATE OF NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
MAY 31, 2019**

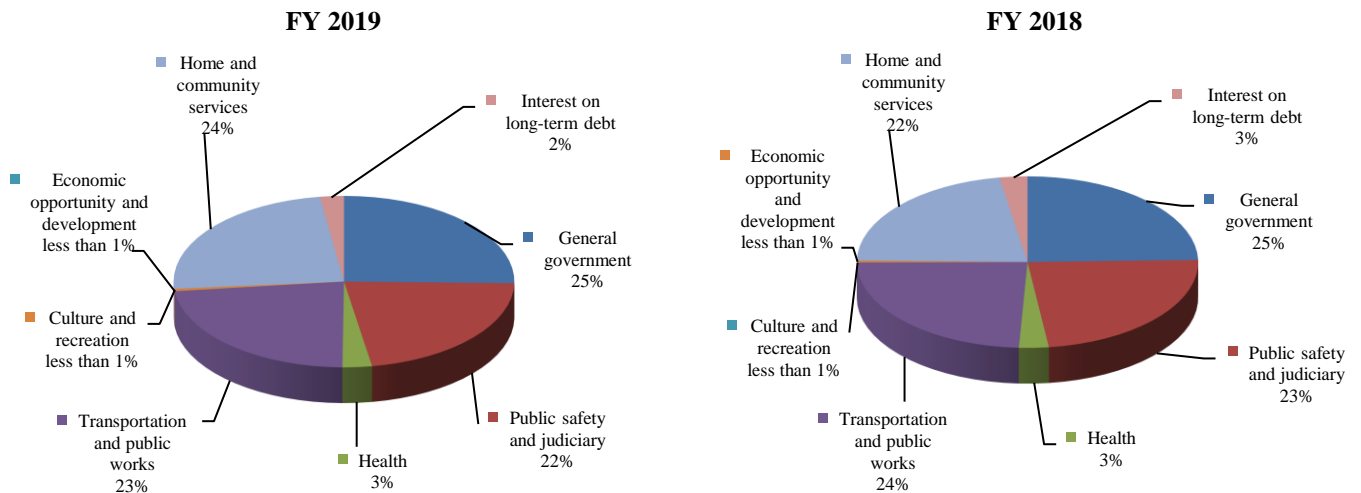
**Analysis of the Village's Operations** – Governmental activities increased the Village's net position by \$467,153. The increase is primarily revenue exceeding expenditures for the current fiscal year.

**Revenue by Major Category  
Governmental Activities  
For the Fiscal Years Ended May 31, 2019 and 2018**



Overall, the Village’s expenses for governmental activities were similar compared to last year and the program expenses by function remains substantially the same, the components demonstrate that general government made up a larger percentage of overall expenditures than in the prior year and is a reflection of higher employee benefits expenses being absorbed/allocated by that function, while transportation and public safety programs saw a slight decrease which is a combination of less appropriations those functions.

**Expenses by Type  
Governmental Activities  
For the Fiscal Years Ended May 31, 2019 and 2018**





**VILLAGE OF GREAT NECK  
COUNTY OF NASSAU – STATE OF NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
MAY 31, 2019**

The following table provides a summary of the Village's operations for the years ended May 31, 2019 and 2018.

**VILLAGE'S CHANGES IN NET POSITION**

	<b>Governmental Activities</b>		
	<b>2019</b>	<b>2018</b>	<b>Change</b>
<b>Revenues:</b>			
<b>Program revenue:</b>			
Fees, fines and charges for services	\$ 1,079,285	\$ 1,177,909	\$ (98,624)
<b>General revenues:</b>			
Property taxes and other property tax items	7,492,206	7,488,701	3,505
Use of money and property	227,492	282,666	(55,174)
State aid	797,021	347,629	449,392
Miscellaneous	447,012	932,806	(485,794)
Total Revenues	<u>10,043,016</u>	<u>10,229,711</u>	<u>(186,695)</u>
<b>Program expenses:</b>			
General government	2,423,243	2,278,226	145,017
Public safety	2,112,370	2,168,033	(55,663)
Health	266,717	260,421	6,296
Transportation and public works	2,205,323	2,233,803	(28,480)
Economic opportunity and development	2,150	-	2,150
Culture and recreation	41,816	34,076	7,740
Home and community services	2,307,572	2,045,213	262,359
Interest on long-term debt	216,672	243,802	(27,130)
Total Expenses	<u>9,575,863</u>	<u>9,263,574</u>	<u>312,289</u>
<b>Change in Net Position</b>	467,153	966,137	(498,984)
<b>Net Position - June 1st (as restated)</b>	<u>(4,980,622)</u>	<u>2,884,109</u>	<u>7,864,731</u>
<b>Net Position - May 31st</b>	<u>\$ (4,513,469)</u>	<u>\$ 3,850,246</u>	<u>\$ (8,363,715)</u>

**Revenue Categories:**

Program Revenues – includes charges for services which provide a direct benefit to the purchaser, fees for licenses and permits and fines.

General Revenues – include revenues that are available to fund the overall government and to provide a benefit to all taxpayers in the village. This includes miscellaneous funds that may be generated during the course of the year such as insurance recoveries, interest earned on bank accounts and rental properties that owned by the village.

**Expense Categories:**

General – includes expenditures which relate to the overall support of the government.

Public Safety – includes fire protection and safety inspection.

Health – is ambulance service.

Transportation and Public Works – includes street construction and maintenance, snow removal, and related services.

**VILLAGE OF GREAT NECK  
COUNTY OF NASSAU – STATE OF NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
MAY 31, 2019**

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Economic opportunity and development – includes the economic development and related expenditures.

Culture and Recreation – includes the Village owned parks and related expenditures.

Home and Community Services – includes sanitation and recycling programs.

**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 evaluating 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.

Fund Balances by Type  
Governmental Funds



At the end of the fiscal year, the Village's governmental funds reported an ending fund balance of \$10,738,398 an increase of \$3,331,720 in comparison to the prior year. Of the total fund balance, \$4,704,744 (44%) constitutes unassigned fund balance. The assigned fund balance of \$1,220,025 has been designated by the Board of Trustees for subsequent year's expenditures (\$789,795) and community benefit (\$430,230). \$67,156 is classified as nonspendable as it represents assets that were spent and will service the immediate near term (i.e. prepaid costs). The remaining fund balance is restricted to indicate that it is not available for new spending because it has already been committed (1) to pay for worker's compensation insurance of \$5,603, (2) to pay for unemployment insurance of \$30,717, (3) to fund service award pension benefits \$977,216, (4) to pay for parkland trust reserves of \$754,306, (5) to pay for debt service of \$202,143, and (6) to pay for capital reserve of \$2,776,488.

**General Fund** - The General Fund is the chief operating fund of the Village. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$4,704,744 and total fund balance was \$7,005,461. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to the fund's total operational expenditures. Unassigned fund balance represents 59% of total General Fund expenditures, the total fund balance represents 88% of the General Fund Expenditures.

The fund balance of the Village's General Fund increased by \$432,563 during the fiscal year the key factor in this was primarily the result of revenues exceeding expenditures for the year due to favorable variances in budgeted to actual expenditures.

**Capital Projects Fund** - The fund balance of the Village's Capital Projects Fund increased by \$2,835,957 as a result of the issuance of bonds during the year and those bonds are restricted to the acquisition/use of capital improvements.

**VILLAGE OF GREAT NECK  
COUNTY OF NASSAU – STATE OF NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
MAY 31, 2019**

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**Special Revenue Fund** - The fund balance of the Village’s Special Revenue Fund increased by \$59,636 during the fiscal year to \$754,306. The key factor in this was mandatory sub-division contribution by applicant of \$48,000.

**Debt Service Fund** - The fund balance of the Village’s Debt Service Fund increased by \$3,564 during the fiscal year to \$202,143 which was the result of interest earnings.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Village’s General Fund adopted budget for the year ended May 31, 2019 was \$9,673,329.

The budget was funded through a combination of revenues and transfers. The major funding sources were real property taxes of \$7,486,386, fines and forfeitures of \$480,100, and departmental income of \$446,600, and appropriated reserves of \$482,843.

The General Fund performed favorably compared to budgeted revenues and favorably to budgeted expenditures.

Actual revenues were \$9,858,778 compared to the original budget of \$9,190,486 with a favorable variance to budget of \$668,292. This favorable variance was primarily due to state aid (\$470,821) and interest earnings (\$125,716) being greater than expected.

Actual expenditures for the year were \$7,938,603 compared to the original budget of \$8,414,040 with a positive variance to budget of \$475,437. This favorable variance was primarily due to an unexpected decrease in general government and public safety.

**CAPITAL ASSETS**

The Village's net investment in capital assets for its governmental activities as of May 31, 2019, amounted to \$9,348,813 (net of accumulated depreciation). This investment in capital assets includes land, land improvements including roads, firehouse consortium building, village buildings, machinery and equipment, and infrastructure.

**Capital Assets at Year-End  
Net of Accumulated Depreciation**

	<b>Governmental Activities</b>	
	<b>2019</b>	<b>2018</b>
Land	\$ 280,151	\$ 111,672
Land improvements	349,366	387,404
Firehouse consortium building	924,672	961,659
Village buildings	251,779	267,042
Machinery and equipment	1,016,652	1,069,944
Infrastructure	6,526,193	6,838,459
<b>Total</b>	<b>\$ 9,348,813</b>	<b>\$ 9,636,180</b>

Additional information on the Village's capital assets can be found in Note 6 starting on page 28 of this report.

**VILLAGE OF GREAT NECK  
COUNTY OF NASSAU – STATE OF NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
MAY 31, 2019**

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**DEBT ADMINISTRATION**

The Village borrows money in order to acquire land or equipment or construct buildings and improvements or infrastructure. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. The Village pledges its full faith and credit for the payment of principal and interest. At the end of the fiscal year, the Village had total bonded debt of \$9,158,698 and a new public improvement bond of \$2,955,000 was issued in September 2018.

**Outstanding Debt at Year End**

	<b>Governmental Activities</b>	
	<b>2019</b>	<b>2018</b>
General Obligation Bonds	\$ 9,158,698	\$ 7,261,467

Additional information on the Village's long-term debt can be found in footnote 7 on page 29 of this report.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

**Property Tax** - The 2020 combined budget appropriations are \$10,039,580 which is approximately a 3.8% increase over the current year's budget.

**REQUEST FOR INFORMATION**

The financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional information, please contact the Village's clerk, as the Clerk is responsible for the day-to-day operations, financing issues and the Village's budget. They can be contacted at Village of Great Neck, 61 Baker Hill Road, Great Neck, NY 11023.

VILLAGE OF GREAT NECK  
COUNTY OF NASSAU - STATE OF NEW YORK  
STATEMENT OF NET POSITION  
MAY 31, 2019

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	GOVERNMENTAL ACTIVITIES
<b>CURRENT ASSETS:</b>	
Cash and cash equivalents	\$ 2,473,129
Investments at fair value	3,745,176
Accounts receivable	335,437
Prepaid expenses	67,156
Due from fiduciary fund	1,460
Restricted assets:	
Cash and cash equivalents	966,420
Investments at fair value	2,859,075
LOSAP plan assets	977,216
TOTAL CURRENT ASSETS	<u>11,425,069</u>
<b>NON-CURRENT ASSETS:</b>	
Non-depreciable capital assets	280,151
Depreciable capital assets (net)	9,068,662
TOTAL NON-CURRENT ASSETS	<u>9,348,813</u>
TOTAL ASSETS	<u>20,773,882</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pensions - NYS Retirement	345,738
Pensions - LOSAP	139,440
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>485,178</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 21,259,060</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	
<b>CURRENT LIABILITIES:</b>	
Accounts payable and accrued liabilities	\$ 409,793
Accrued interest payable	77,237
Accrued benefits	147,880
Current portion of long term liabilities (due within one year):	
General obligation bonds payable	1,221,979
Claims and judgments payable	150,000
TOTAL CURRENT LIABILITIES	<u>2,006,889</u>
<b>NON-CURRENT LIABILITIES:</b>	
General obligation bonds payable	7,936,719
Compensated absences	159,839
Proportionate share of net pension liability - NYS Retirement	514,407
Pension liability - LOSAP	1,630,907
Postemployment benefits other than pensions	13,123,645
TOTAL NON-CURRENT LIABILITIES	<u>23,365,517</u>
TOTAL LIABILITIES	<u>25,372,406</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pensions - NYS Retirement	227,088
Pensions - LOSAP	151,591
Premium on refunding bonds, net of amortization	21,444
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>400,123</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>25,772,529</u>
<b>NET POSITION:</b>	
Net investment in capital assets	190,115
Restricted	3,769,257
Unrestricted	(8,472,841)
TOTAL NET POSITION	<u>(4,513,469)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	<u>\$ 21,259,060</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF GREAT NECK  
COUNTY OF NASSAU - STATE OF NEW YORK  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MAY 31, 2019

FUNCTIONS/PROGRAMS:	EXPENSES	PROGRAM REVENUE			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		FEES, FINES AND CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
<b>GOVERNMENTAL ACTIVITIES:</b>					
General government	\$ 2,423,243	\$ 1,421	\$ -	\$ -	\$ (2,421,822)
Public safety and judiciary	2,112,370	898,787	-	-	(1,213,583)
Health	266,717	-	-	-	(266,717)
Transportation and public works	2,205,323	5,653	-	166,900	(2,032,770)
Economic opportunity and development	2,150	-	-	-	(2,150)
Culture and recreation	41,816	-	-	-	(41,816)
Home and community services	2,307,572	173,425	-	-	(2,134,147)
Interest on debt	216,672	-	-	-	(216,672)
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 9,575,863</u>	<u>\$ 1,079,286</u>	<u>\$ -</u>	<u>\$ 166,900</u>	<u>(8,329,677)</u>
<b>GENERAL REVENUES:</b>					
Real property taxes					7,244,196
Other real property tax items					248,010
Non-property tax items					310,667
Use of money and property					227,492
Mortgage tax and other state aid					630,121
Other					136,344
TOTAL GENERAL REVENUES					<u>8,796,830</u>
CHANGE IN NET POSITION					467,153
NET POSITION - BEGINNING (RESTATED)					<u>(4,980,622)</u>
NET POSITION - ENDING					<u>\$ (4,513,469)</u>

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF GREAT NECK  
COUNTY OF NASSAU - STATE OF NEW YORK  
BALANCE SHEETS  
GOVERNMENTAL FUNDS  
MAY 31, 2019**

	MAJOR FUNDS				TOTAL
	GENERAL FUND	CAPITAL PROJECTS	SPECIAL REVENUE	DEBT SERVICE	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,473,129	\$ -	\$ -	\$ -	\$ 2,473,129
Investments at fair value	3,745,176	-	-	-	3,745,176
Accounts receivable	35,305	-	-	-	35,305
Tax lien receivable	300,132	-	-	-	300,132
Prepaid expenses	67,156	-	-	-	67,156
Due from fiduciary	1,460	-	-	-	1,460
Restricted cash and cash equivalents	-	9,971	754,306	202,143	966,420
Restricted investments at fair value	36,320	2,822,755	-	-	2,859,075
Restricted LOSAP plan assets	977,216	-	-	-	977,216
<b>TOTAL ASSETS</b>	<b>\$ 7,635,894</b>	<b>\$ 2,832,726</b>	<b>\$ 754,306</b>	<b>\$ 202,143</b>	<b>\$ 11,425,069</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Accounts payable and accrued expenses	\$ 330,301	\$ 56,238	\$ -	\$ -	\$ 386,539
<b>TOTAL LIABILITIES</b>	<b>330,301</b>	<b>56,238</b>	<b>-</b>	<b>-</b>	<b>386,539</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Unearned revenue	300,132	-	-	-	300,132
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>300,132</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>300,132</b>
<b>FUND BALANCES:</b>					
Nonspendable					
Prepaid expenses	67,156	-	-	-	67,156
Restricted					
Workers compensation	5,603	-	-	-	5,603
Unemployment benefits reserve	30,717	-	-	-	30,717
Capital projects	-	2,776,488	-	-	2,776,488
Parkland trust	-	-	754,306	-	754,306
Debt service	-	-	-	202,143	202,143
Employee benefits - LOSAP	977,216	-	-	-	977,216
Assigned					
Appropriated for subsequent year's budget	789,795	-	-	-	789,795
Community benefit	430,230	-	-	-	430,230
Unassigned					
Fund balance	4,704,744	-	-	-	4,704,744
<b>TOTAL FUND BALANCES</b>	<b>7,005,461</b>	<b>2,776,488</b>	<b>754,306</b>	<b>202,143</b>	<b>10,738,398</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 7,635,894</b>	<b>\$ 2,832,726</b>	<b>\$ 754,306</b>	<b>\$ 202,143</b>	<b>\$ 11,425,069</b>

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF GREAT NECK  
COUNTY OF NASSAU - STATE OF NEW YORK  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
MAY 31, 2019**

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TOTAL GOVERNMENTAL FUND BALANCE \$ 10,738,398

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION ARE DIFFERENT FROM THE GOVERNMENTAL FUNDS BECAUSE:

The costs of building and acquiring capital assets (land, buildings and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred and do not appear on the balance sheet. However, the government-wide statement of net position includes these capital assets among the assets of the Village as a whole, and their original costs are expensed annually over their estimated useful lives.

Original cost of capital assets	22,265,441	
Accumulated depreciation	<u>(12,916,628)</u>	9,348,813

The Village's proportionate share of net pension assets and liabilities as well as pension-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include

Deferred outflows of resources from pensions	485,178	
Net pension liability - proportionate share	(2,145,314)	
Deferred inflows of resources from pensions	<u>(378,679)</u>	(2,038,815)

Bond premiums associated with bond refundings are recognized as a deferred inflow of resources in the government-wide statements		(21,444)
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Interest payable on long-term debt does not require current financial resources. Therefore interest payable is not recorded as a liability in the governmental funds balance sheet.		(77,237)
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Property taxes receivable that will be collected in the future, but are not available within 60 days of year end are deferred in the governmental funds.		300,132
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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		(9,158,698)
Accrued vacation		(147,880)
Compensated absences		(159,839)
Claims and judgments		(150,000)
Postemployment benefits other than pensions		<u>(13,123,645)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ (4,513,469)</u>
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**VILLAGE OF GREAT NECK  
COUNTY OF NASSAU - STATE OF NEW YORK  
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED MAY 31, 2019**

	<u>GENERAL FUND</u>	<u>CAPITAL PROJECTS</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>TOTAL</u>
<b>REVENUES:</b>					
Real property taxes	\$ 7,484,660	\$ -	\$ -	\$ -	\$ 7,484,660
Non-property tax items	310,667	-	-	-	310,667
Departmental income	530,059	-	-	-	530,059
Use of money and property	165,716	38,809	11,636	11,332	227,493
License and permits	173,416	-	-	-	173,416
Fines and forfeitures	375,801	-	-	-	375,801
Sale of property and compensation for loss	2,285	-	-	-	2,285
Miscellaneous	19,153	-	48,000	-	67,153
State aid	797,021	-	-	-	797,021
<b>TOTAL REVENUES</b>	<b>9,858,778</b>	<b>38,809</b>	<b>59,636</b>	<b>11,332</b>	<b>9,968,555</b>
<b>EXPENDITURES:</b>					
General government	1,755,438	-	-	198	1,755,636
Public safety	1,622,189	-	-	-	1,622,189
Health	266,717	-	-	-	266,717
Transportation	1,248,208	274,037	-	-	1,522,245
Culture and recreation	11,250	-	-	-	11,250
Home and community services	1,191,009	-	-	-	1,191,009
Employee benefits	1,841,642	-	-	-	1,841,642
Debt service:					
Principal payments	-	-	-	1,056,510	1,056,510
Interest	-	-	-	210,193	210,193
<b>TOTAL EXPENDITURES</b>	<b>7,938,603</b>	<b>274,037</b>	<b>-</b>	<b>1,266,901</b>	<b>9,479,541</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,920,175	(235,228)	59,636	(1,255,569)	489,014
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds from serial bond	-	2,955,000	-	-	2,955,000
Bond premium	-	56,185	-	-	56,185
Transfers in	-	60,000	-	1,259,133	1,319,133
Transfers out	(1,319,133)	-	-	-	(1,319,133)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,319,133)</b>	<b>3,071,185</b>	<b>-</b>	<b>1,259,133</b>	<b>3,011,185</b>
<b>SPECIAL ITEMS:</b>					
Purchase of land	(168,479)	-	-	-	(168,479)
<b>TOTAL SPECIAL ITEMS</b>	<b>(168,479)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(168,479)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>432,563</b>	<b>2,835,957</b>	<b>59,636</b>	<b>3,564</b>	<b>3,331,720</b>
<b>FUND BALANCES - BEGINNING</b>	<b>6,572,898</b>	<b>(59,469)</b>	<b>694,670</b>	<b>198,579</b>	<b>7,406,678</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 7,005,461</b>	<b>\$ 2,776,488</b>	<b>\$ 754,306</b>	<b>\$ 202,143</b>	<b>\$ 10,738,398</b>

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF GREAT NECK  
COUNTY OF NASSAU - STATE OF NEW YORK  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MAY 31, 2019**

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NET CHANGE IN FUND BALANCES- TOTAL GOVERNMENTAL FUNDS	\$ 3,331,720
AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:	
Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded in the current period.	553,001
Depreciation expense of capital assets is reported in the government-wide statement of activities and changes in net assets and it does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in the governmental funds.	(840,368)
Bond proceeds and related premium is reported as an other financing source in the governmental funds. However, in the government-wide statement of activities is reported as a component of the debt obligation.	(2,955,000)
Payment of debt principle is an expenditure in the government funds, and the payment reduces long-term liabilities in the statement of net position.	1,056,510
Governmental funds report revenues not collected within 60 days of year end as unearned revenues until subsequently collected. These transactions are recorded as revenues when earned in the statement of activities.	7,547
On the government-wide statement of activities the actual and projected long term expenditures for other postemployment benefits are reported whereas on the governmental funds statement only the actual expenditures are recorded for other postemployment benefits.	(743,975)
Accrued interest payable does not require the use of current financial resources and therefore is not reported as a liability in the governmental funds. The change in the liability is recognized in the governmental activities.	(7,729)
Certain expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the government funds:	
Changes related to bond amortization of premiums and charges	(10,722)
Changes in judgment and claims liability	30,000
Changes in compensated absences and accrued vacation	13,708
Changes in net pension liability	(155,728)
Deferred inflows of resources	500,680
Deferred outflows of resources	(342,491)
CHANGE IN NET POSITION ON STATEMENT OF ACTIVITIES	<u>\$ 467,153</u>

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF GREAT NECK  
COUNTY OF NASSAU - STATE OF NEW YORK  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
MAY 31, 2019**

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	<u>AGENCY FUNDS</u>
<b>ASSETS:</b>	
Cash and cash equivalents	\$ 300,727
<b>TOTAL ASSETS</b>	<u>\$ 300,727</u>
<b>LIABILITIES:</b>	
Developer and bid deposits	\$ 299,267
Due to general fund	1,460
<b>TOTAL LIABILITIES</b>	<u>\$ 300,727</u>

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF GREAT NECK  
COUNTY OF NASSAU – STATE OF NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
MAY 31, 2019**

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**Note 1. Summary of Significant Accounting Policies**

**A. Organization**

The Village of Great Neck (the "Village") was incorporated in 1922. The Village operates under a Board of Trustees form of government and provides the following services as authorized by its charter: general government, contracted fire and ambulance services, justice court, roads and highways, building & zoning, and sanitation.

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

**B. Financial Reporting Entity**

The Village of Great Neck is governed by Village Code 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 chief executive officer and the Clerk-Treasurer serves as chief fiscal officer.

All governmental activities and function/programs performed for the Village of Great Neck are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The financial reporting consists of (a) the primary government which is the Village, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusions would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statement No. 14 as amended by GASB Statement No. 39 and GASB Statement No. 61.

The decision to include a potential component of the Village's reporting entity is based on several criteria set forth in GASB 14, as amended by GASB Statement No. 61, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria the Great Neck Housing Authority (the "Authority") is excluded from the Village's reporting entity. The Authority was created in 1980 by act of 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 Village may voluntarily, at certain times, provide funds to the Authority, the Village is not responsible for debt or operating deficits of the Authority and they have not been guaranteed by the Village of Great Neck. The Village does not appoint management of the Authority nor does it approve the Authority's budget, contracts or hiring of staff. The Village has no oversight responsibility for funds of the Authority.

**C. Basis of Presentation**

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the government-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic resource measurement focus of the statement of activities, compared with the current financial resource measurement focus of the governmental funds.

**Government-wide Financial Statements**

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the activities of the Village. The effect of interfund activity has been removed from these statements.

In the government-wide Statement of Net Position, the governmental activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Village's net position is reported in three components - net investment in capital assets, restricted net position, and unrestricted net position. The Village first utilizes restricted resources to finance qualifying activities.

**VILLAGE OF GREAT NECK  
COUNTY OF NASSAU – STATE OF NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
MAY 31, 2019**

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**Note 1. Summary of Significant Accounting Policies (continued)**

The Statement of Activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**Fund Financial Statements**

The Village segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Village has presented the following major governmental funds:

1. General fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.
2. Capital fund is used to account for financial resources to be used for the acquisition or construction of major capital assets.
3. Special revenue fund is used to account for and report the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The special revenue fund of the Village includes the Park Land Trust, which is used to account for activities related to improvements and land acquisition for the parks.
4. Debt service fund is used to account for the payment of principal and interest on the Village's debt.

Fiduciary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income and financial position. All assets and liabilities are included on the statement of fiduciary net position. These activities are not included in the government-wide financial statements because their resources are not available to be used for the benefit of the Village. The Village has the following fiduciary fund: agency funds account for assets held by the Village in a purely custodial capacity. Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations.

**D. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures/expenses and the related assets and liabilities are recognized in the account and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of what is measured, i.e. expenditures or expenses.

Governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e. both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred, except that:

**VILLAGE OF GREAT NECK  
COUNTY OF NASSAU – STATE OF NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
MAY 31, 2019**

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**Note 1. Summary of Significant Accounting Policies (continued)**

- a. Expenditures for prepaid expenses and inventory-type items are recognized at the time of purchase.
- b. Principal and interest on indebtedness are not recognized as expenditures until due.
- c. Compensated absences, such as vacation and sick leave which vest or accumulate, are charged as expenditures when paid.

**E. Budgetary Data**

Budgets are adopted annually. All budget amounts provided in this report have been modified where necessary. The Village's procedures in establishing the budgetary data reflected in the financial statements are as follows:

- a. On or before March 31st, the budget officer prepares estimates for each administrative unit.
- b. No later than March 31st, the budget officer submits a tentative budget to the Board of Trustees for the fiscal year commencing the following June 1<sup>st</sup>. This tentative budget includes proposed expenditures and the means of financing for the general fund.
- c. No later than April 15<sup>th</sup>, a public hearing is conducted by the Board of Trustees to obtain comments.
- d. No later than May 1<sup>st</sup>, the Board of Trustees adopts the budget of the Village of Great Neck.

All modifications of the budget must be approved by the Board of Trustees.

**F. 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. Cash on deposit with financial institutions is collateralized in accordance with state's statutes.

**G. Restricted Service Award Program Investments**

Investments of the Fire Service Award Program are Held by RBC Wealth Management in a grantor/rabbi trust account for the Alert Engine, Hook, Ladder and Hose Company No. 1 where the Village is a nonemployer contributing entity that is contractually obligated to make contributions. These assets are primarily invested in fixed income funds and equities which are further measured at fair market value described later in these notes. None of the Village's investments are subject concentration of credit risk.

**H. 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. No allowance for uncollectible accounts has been recorded since it is believed that such allowance would not be material.

**I. Prepaid Items**

Prepaid items in the fund and government-wide statements represent expenses paid that will benefit the subsequent period.

**J. Interfund Transactions**

The operations of the Village include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The Village typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services.

**VILLAGE OF GREAT NECK  
COUNTY OF NASSAU – STATE OF NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
MAY 31, 2019**

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**Note 1. Summary of Significant Accounting Policies (continued)**

In the government-wide statements, the amounts reported on the statement of net position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary fund.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables are netted on the accompanying governmental funds balance sheet when it is the Village's practice to settle these amounts at a net balance based upon the right of legal offset.

A detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity is provided subsequently in these notes.

**K. Capital Assets**

Capital assets are reported in the applicable governmental activities columns in the government-wide financial statements. All capital assets purchased or acquired with an original cost of \$5,000 or more and an estimated useful life in excess of five years are reported at historical cost or estimated historical cost if the actual historical cost is not available. Contributed assets, if any, are reported at a fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Infrastructure assets for governmental activities after December 31, 1980, consisting of certain improvements other than buildings, including roads, curbs, sidewalks, drainage system, street lighting and sewer system are capitalized. Depreciation on all assets is provided on the straight-line basis with assumption of zero salvage value over the following estimated useful lives:

Buildings	20-50 years
Improvements other than buildings	20-50 years
Furniture, fixture, machinery and equipment	5-20 years
Infrastructure systems	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. As of May 31, 2019, the Village has not recorded any such impairment losses.

**L. Deferred Inflows and Deferred Outflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Village reports two items which qualify for reporting in this category:

1. A deferred charge related to refunding bonds.
2. Pension transactions reported in the government-wide statement of net position. This represents the difference between expected and actual experience, changes of assumptions, the net difference between projected and actual investment earnings on pension plan investments, changes in proportion and differences between employer contributions and proportionate share of contributions, and the Village's contributions to the pension system subsequent to the measurement date.

In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Village reports two items which qualify for reporting in this category:

**VILLAGE OF GREAT NECK  
COUNTY OF NASSAU – STATE OF NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
MAY 31, 2019**

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**Note 1. Summary of Significant Accounting Policies (continued)**

1. A bond premium related to refunding bonds.
2. Pension transactions reported in the government-wide statement of net position. This represents changes in proportion and differences between employer contributions and proportionate share of contributions, and differences between expected and actual experience.

**M. Unearned Revenue**

Unearned revenues are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when resources are received by the Village before it has legal claim to them, as when contractual or rental fees are received in advance. In subsequent periods, when both recognition criteria are met, or when the Village has legal claim to the resources, the liability for unearned revenue is removed and revenues are recorded.

**N. Compensated Absences**

Compensated absences of the Village consists of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered.

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Village will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at May 31st by all employees.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by currently adopted Employee Handbook, plus applicable additional salary related payments. Village employees are granted vacation and sick leave in varying amounts based on years of service. In the event of termination, an employee is reimbursed for accumulated vacation and sick leave at various rates.

The entire compensated absence liability is reported on the government-wide financial statements.

**O. Accrued Liabilities and Long-Term Obligations**

Payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments that will be paid from governmental funds, are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due. Long-term liabilities are liquidated through future budgetary appropriations of the general fund.

Long-term obligations represent the Village's future obligations or future economic outflows. The liabilities are reported as due within one year or due in more than one year in the statement of net position.

**P. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.



**VILLAGE OF GREAT NECK  
COUNTY OF NASSAU – STATE OF NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
MAY 31, 2019**

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**Note 1. Summary of Significant Accounting Policies (continued)**

**Q. Other Benefits**

Eligible Village employees participate in the New York State Employees' Retirement System.

In addition to providing pension benefits, the Village provides post-employment health insurance coverage for eligible retired employees. The Village accounts for these postemployment benefits in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*. Substantially all of the Village's employees may become eligible for these benefits if they reach normal retirement age while working for the Village. In the government-wide statements, postemployment costs are measured and disclosed using the accrual basis of accounting. The cost of providing these benefits is recorded as an expenditure in the governmental funds in the year paid.

**R. Short-Term Debt**

The Village may issue bond anticipation notes (BAN's) in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BAN's issued for capital purposes be converted to long-term financing within five years after the original issue date. No BANs were issued for the fiscal year ended May 31, 2019.

**S. Insurance**

The Village insures against the liability for most risk including, but not limited to, property damage and personal injury liability. Judgment and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. There are no current judgements or claims pending or outstanding against the Village that would materially impact the financial statements of the Village.

**T. Equity Classifications**

**Government-wide Statements**

In the government-wide statements there are three classes of net position.

Net investment in capital assets – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets.

Restricted net position – reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributions, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – reports all other net position that do not meet the definition of "restricted" or "net investment in capital assets", and are deemed to be available for general use by the Village.

**Governmental Fund Statements**

In the fund statements, governmental fund equity is classified as fund balance and may consist of five classifications under GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The Village only utilizes the following four:

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

**VILLAGE OF GREAT NECK  
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**Note 1. Summary of Significant Accounting Policies (continued)**

Restricted – Consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. Restricted fund balances, including reserves in accordance with New York State law, are created to satisfy legal restrictions, plan for future expenditures or relate to resources not available for general use or appropriation. These reserve funds are established through Board action or voter approval and a separate identity must be maintained for each reserve. Earnings on the invested resources become part of the respective reserve funds; however, separate bank accounts are not necessary for each reserve fund. Restricted reserves currently in use by the Village include the following:

Capital Reserve – this reserve is used to pay the costs of capital improvements and is restricted by General Municipal Law to the individual purpose for which bonds were issued or funds have been accumulated.

Workers Compensation Reserve - this reserve may be used to pay compensation and benefits, medical, hospital or other expenses authorized by Article 2 of the Workers' Compensation Law, may be used to pay the expenses of administering a self-insurance program.

Unemployment Insurance Reserve – this reserve is used to reimburse the State Unemployment Insurance Fund for payments made to claimants.

Parkland Trust – the reserve for parkland trust reports funds which are restricted by Village Code Section 7-730 for capital expenditures related to parks, playgrounds and recreational designated areas.

Debt Service Reserve – this reserve is used to pay principal and interest on bonds issued by the Village having a maximum maturity of not less than five years.

Assigned – Consists of amounts that are subject to a purpose constraint that represents an intended use established by the Village's Board of Trustees. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance includes an amount appropriate to partially fund the subsequent year's budget. Assigned fund balance also includes encumbrances not classified as restricted at the end of the year.

Unassigned – Represents the residual classification for the Village's general fund and could report a surplus or deficit. In funds other than the general fund, unassigned classification should be used only to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

The Board of Trustees shall delegate the authority to assign fund balance, for encumbrance purposes, to the person(s) to whom it has delegated the authority to sign purchase orders.

In circumstances where an expenditure is incurred for a purpose for which amounts are available for multiple fund balance classifications (that is restricted, assigned or unassigned) the expenditure is to be spent first from the restricted fund balance to the extent appropriated by either budget vote or board approved budget revision and then from the assigned fund balance to the extent that there is an assignment and then from the assigned fund balance.

The Village segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements.

**VILLAGE OF GREAT NECK  
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**Note 1. Summary of Significant Accounting Policies (continued)**

**U. Newly Adopted Accounting Principles**

Effective June 1, 2018, the Village implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. This Statement replaces GASB Statement No. 45 and expands certain note disclosures and requires certain postemployment benefits to be reported in the statement of net position. The provisions of this adoption resulted in a restatement that is discussed in the subsequent notes.

Effective June 1, 2018, the Village implemented GASB Statement No. 85, *Omnibus 2017*. This standard addressed various practice issues that were noted in the application of practice concerning component units, goodwill, fair value measurement and OPEB benefits. The requirements of this standard are effective for the Village beginning after June 15, 2017 and had no material impact to the current year financial statements as a whole.

Effective June 1, 2018, the Village implemented GASB Statement No. 86, *Certain Debt Extinguishment Issues*. This standard will improve consistency in accounting and financial reporting for certain debt extinguishments and enhance the decision-usefulness of debt defeasance disclosures. The provisions of this adoption is had no material impact to the current year financial statements as a whole.

Effective June 1, 2019, the Village implemented GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This standard improved the information disclosed in the notes to the financial statements related to indebtedness and clarifies liabilities that arise from contractual obligations. The effects of adoption of this standard are reflected in the note disclosures shown in these financial statements.

**V. Prior Period Adjustment**

The effect of the implementation of GASB Statement No. 75 is a restatement of the beginning net position to report the cumulative effect of the remeasured liability. The effects of this restatement to the beginning for employment benefits other than pensions (OPEB) liability is as follows:

	Debit/(Credit) Balance		
	As Originally Stated	Adoption of GASB No. 75	As Restated
Postemployment benefits	\$ 3,548,802	\$ 8,830,868	\$ 12,379,670
Unrestricted net position/(deficit)	\$ 538,152	\$ (8,830,868)	\$ (8,292,716)
Net position/(deficit)	\$ 3,850,246	\$ (8,830,868)	\$ (4,980,622)

**VILLAGE OF GREAT NECK  
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**Note 2. Budget Basis of Accounting**

The Village's Clerk-Treasurer prepares a proposed budget for approval by the Board of Trustees for the general and debt service funds. Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized in the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists, which was not determined at the time the budget was adopted.

Budgets are adopted annually on a basis consistent with GAAP. Budgets are established and used for individual capital project fund expenditures as approved by the Board. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

**Note 3. Cash, Cash Equivalents and Investments**

The Village's investment policies are 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 Village is authorized to use savings or/and demand deposit accounts placed through a depository institution that has a main or branch office in the state and that contractually agrees to place funds in federally insured depository institutions through the Insured Cash Sweep Service ("ICS"). The Village is also authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. treasury and U.S. agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposit at 102% of all 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.

The written investment policy requires repurchase agreements to be purchased from banks located within the state and that underlying securities must be obligations of the federal government. Underlying securities must have a market value of at least 102% of the cost of the repurchasing agreement.

Custodial credit risk for deposits exist 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.

The total bank deposits at year-end of \$3,961,988 were covered by federal deposit insurance coverage and / or by collateral held by a custodial bank in the Village's name.

**VILLAGE OF GREAT NECK  
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**Note 3. Cash, Cash Equivalents and Investments (continued)**

*Investments* – The Village is a participant in the New York Cooperative Liquid Asset Securities System (NYCLASS), a cooperative investment program, reported as an external investment pool. NY CLASS measures all investments at fair value and the fair value of the Village’s position in the investment pool is equal to the value of the investment pool shares which is measured at the net amortized cost. As a result, external investment pools are excluded from the fair value hierarchy. The investment advisor for NYCLASS is Public Trust Advisors, LLC a Sec registered investment advisor and whose financials statements are made available at <https://www.newyorkclass.org>. The pool was established under a municipal cooperation agreement made pursuant to New York General Municipal Law and enables participants to invest in short-term, highly liquid investments that yield favorable returns. NYCLASS is rated ‘AAA’ by Standard and Poor’s Global, who also monitors the portfolio weekly. The Composition of the Village’s fund investment in the external investment polls in the amount of \$6,604,252 and is composed of the following:

Collateralized bank deposits	9%
Repurchase agreements	14%
Treasury securities	77%

Additional information regarding the fair market value of these investments can be found subsequently in these notes.

**Note 4. Real Property Taxes**

Real property taxes are determined no later than May 1<sup>st</sup> with the adoption of the budget and become a lien on the first day of the levy year, June 1<sup>st</sup>. Taxes are collected during the period June 1<sup>st</sup> to July 1<sup>st</sup> without penalty or interest. Thereafter penalty and interest are imposed pursuant to the Real Property Tax Law. Delinquent taxes not received within 60 days of year-end are recorded as unearned revenues.

**Note 5. Interfund Receivables and Payables**

The composition of the interfund receivables and payables at May 31, 2019 is as follows:

Due to/from other funds:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Trust fund	\$ 1,460
Total - fund financial statements		1,460
Less: fund eliminations		-
Total interfund balances - government wide statement of net position		<u>\$ 1,460</u>

This balance is expected to be repaid within one year.

Interfund transfers – A schedule of interfund transfers for the year ended May 31, 2019, are as follows:

Transfers to/from other funds:

<u>Receiving fund</u>	<u>Paying fund</u>	<u>Amount</u>
Debt service fund	General fund	\$ 1,259,133
Capital projects fund	General fund	60,000
Total - fund financial statements		<u>\$ 1,319,133</u>

The transfers to the Debt Service and Capital Projects fund were made for the sole purpose of paying down outstanding debt and capital expenditures.

**VILLAGE OF GREAT NECK  
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**Note 6. Changes in Capital Assets**

A summary of capital assets transactions for the year ended May 31, 2019 is as follows:

	<b>Beginning Balance</b>	<b>Addition / Transfers</b>	<b>Retirements / Transfers</b>	<b>Ending Balance</b>
<b>PRIMARY GOVERNMENT:</b>				
Capital assets not being depreciated:				
Land	\$ 111,672	\$ 168,479	\$ -	\$ 280,151
<b>OTHER CAPITAL ASSETS:</b>				
Land improvements	1,190,834	-	-	1,190,834
Firehouse consortium building	1,849,346	-	-	1,849,346
Buildings	776,605	-	-	776,605
Furniture, fixtures, machinery equipment & vehicles	5,793,723	129,220	-	5,922,943
Infrastructure:				
Roads, curbs, and sidewalks	11,990,260	255,302	-	12,245,562
<b>TOTAL OTHER CAPITAL ASSETS</b>	<b>21,600,768</b>	<b>384,522</b>	<b>-</b>	<b>21,985,290</b>
<b>Less: Accumulated depreciation for:</b>				
Land improvements	(803,430)	(38,038)	-	(841,468)
Firehouse consortium building	(887,687)	(36,987)	-	(924,674)
Buildings	(509,563)	(15,263)	-	(524,826)
Furniture, fixtures, machinery equipment & vehicles	(4,723,779)	(182,512)	-	(4,906,291)
Infrastructure:				
Roads, curbs, and sidewalks	(5,151,801)	(567,568)	-	(5,719,369)
<b>Total Accumulated Depreciation</b>	<b>(12,076,260)</b>	<b>(840,368)</b>	<b>-</b>	<b>(12,916,628)</b>
<b>Other Capital Assets (Net)</b>	<b>9,524,508</b>	<b>(455,846)</b>	<b>-</b>	<b>9,068,662</b>
<b>Capital assets (Net)</b>	<b>\$ 9,636,180</b>	<b>\$ (287,367)</b>	<b>\$ -</b>	<b>\$ 9,348,813</b>

Depreciation was charged to governmental functions as follows:

General government support	\$ 19,896
Public safety	38,322
Transportation	751,584
Culture and recreation	30,566
<b>Total governmental activities depreciation expense</b>	<b>\$ 840,368</b>

**VILLAGE OF GREAT NECK  
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**Note 7. Long Term Liabilities**

The following is a summary of changes in long-term liabilities for the year ended May 31, 2019.

GOVERNMENTAL ACTIVITIES	Beginning			Ending	Due in one
<i>General Obligation Bonds</i>	Balance	Increases	Reductions	Balance	year
General obligation bonds	\$ 7,261,467	\$ 2,955,000	\$ (1,057,769)	\$ 9,158,698	\$ 1,221,979
Unamortized premium	32,166		(10,722)	21,444	-
<b>Total bond net of unamortized premiums</b>	<b>\$ 7,293,633</b>	<b>\$ 2,955,000</b>	<b>\$ (1,068,491)</b>	<b>\$ 9,180,142</b>	<b>\$ 1,221,979</b>
<i>Other Long-Term Liabilities</i>					
Pension liabilities	\$ 2,001,154	\$ 590,006	\$ (956,986)	\$ 2,145,314	\$ -
Postemployment benefits other than pensions*	12,379,670	743,975	-	13,123,645	-
Claims and judgments	180,000	(30,000)	-	150,000	150,000
Compensated absences	158,258	9,596	(8,015)	159,839	-
<b>Total Other Long-Term Liabilities</b>	<b>\$ 14,719,082</b>	<b>\$ 1,313,577</b>	<b>\$ (965,001)</b>	<b>\$ 15,578,798</b>	<b>\$ 150,000</b>
<b>TOTAL ALL LONG-TERM LIABILITIES</b>	<b>\$ 22,012,715</b>	<b>\$ 4,268,577</b>	<b>\$ (2,033,492)</b>	<b>\$ 24,758,940</b>	<b>\$ 1,371,979</b>

\*Beginning balance restated for GASB 75 See Note 1V

Serial Bonds - The Village borrows money in order to acquire land, equipment, to construct roads and other improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of these capital assets. These long-term liabilities are full faith and credit debt of the Village. 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.

In September of 2018 the Village issued \$2,955,000 of public improvement bonds at a rate of 3% interest due semi-annually and principal payments due annually until 2032. The issuance will be used for the reconstruction and resurfacing of roads within the Village and for purchase of equipment for the Department of Public Work.

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

Original Date Issued	Original Amount	Interest Rate (%)	Final Maturity Date	Balance Outstanding
12/15/1994	\$ 922,000	2.70% - 6.10%	5/15/2023	\$ 145,000
9/15/2007	1,600,000	3.50% - 4.00%	12/15/2023	447,188
7/17/2008	1,700,000	3.37% - 4.00%	8/23/2024	695,000
8/1/2009	1,500,000	2.00% - 3.65%	8/1/2024	700,000
9/15/2010	1,000,000	2.00% - 3.00%	9/15/2025	530,000
7/15/2011	1,825,000	2.25% - 3.50%	7/15/2026	1,090,000
8/1/2012	1,450,000	2.00% - 2.25%	8/1/2027	935,000
7/15/2013	1,700,000	2.50% - 3.63%	7/15/2028	1,215,000
9/15/2013	2,240,000	2.00% - 2.50%	9/15/2020	446,510
9/15/2019	2,955,000	3.00%	9/15/2032	2,955,000
				<b>\$ 9,158,698</b>

**VILLAGE OF GREAT NECK  
COUNTY OF NASSAU – STATE OF NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
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**Note 7. Long Term Liabilities (continued)**

Future principal and interest payments to maturity are as follows:

<u>Year Ending May 31,</u>	<u>General Obligation</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 1,221,979	\$ 179,735
2021	1,109,679	309,454
2022	1,013,906	231,945
2023	1,048,134	198,897
2024	920,000	165,544
2025-2029	2,905,000	427,356
Thereafter	940,000	34,172
<b>TOTALS</b>	<b>\$ 9,158,698</b>	<b>\$ 1,547,103</b>

**Other Long-term Liabilities**

In addition to the above long-term debt, the Village has the following non-current liabilities:

Other Postemployment Benefits – In addition to providing retirement benefits, the Village provides postemployment health insurance coverage for eligible retired employees. Additional information can be found subsequently in these notes.

Compensated Absences – Village employees are granted vacation and sick leave and earn compensatory absences in varying amounts based primarily on length of service. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation and sick leave and unused compensatory absences at varying rates subject to certain maximum limitations.

Net Pension Liability – Proportionate Share - the Village has adopted new accounting guidance that requires it to report as an asset and/or liability its portion of the collective net pension asset and/or liability in the New York State Employees Retirement System. Additional information can be found subsequently in these notes.

**Note 8. Pension Plans**

**State Wide Local Government Retirement System**

**Plan Description**

The Village of Great Neck participates in the New York State and Local Employees Retirement System (the “System”), 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 (the “NYSRSSL”). As set forth in the NYSRSSL, the Comptroller of the State of New York (the “Comptroller”) serves as sole trustee and administrative head of the System. The Comptroller adopts and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of its funds. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.



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**Note 8. Pension Plans (continued)**

**Funding Policy**

The System is noncontributory for employees who joined the New York State and Local Employees' Retirement System before July 27, 1976. Those joining after July 27, 1976 and before January 1, 2010 with less than ten years of membership are required to contribute 3% of their annual salary. Those joining on or after January 1, 2010 (ERS) and before April 1, 2012 are required to contribute 3% of their salary throughout their active membership.

Those joining on or after April 1, 2012 are required to contribute between 3% and 6%, depending upon their salary, throughout their active membership. 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.

The Village is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were equal to 100% of the contributions required and were as follows:

2019	\$ 318,073
2018	\$ 335,240
2017	\$ 340,740

**Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At May 31, 2019, the Village reported a total liability of \$514,407 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2018. The Village's proportion of the net pension liability was based on a projection of the Village's long-term share of contributions to the pension plans relative to the projected contributions of all participating members, actuarially determined. This information was derived from reports provided by the NYSRSSL to the Village.

	<b>ERS</b>
Actuarial valuation date	April 1, 2018
Net pension liability	\$ 514,407
Village's portion of the Plan's total net pension liability	0.0072602%

For the year ended May 31, 2019, the Village recognized pension expense of \$321,312. At May 31, 2019, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<b>ERS</b>	<b>ERS</b>
Differences between expected and actual experience	\$ 101,297	\$ 34,531
Changes of assumptions	129,301	-
Net difference between projected and actual investment earnings on pension plan investments	-	132,025
Changes in proportion and differences between employer contributions and proportionate share of contributions	62,128	60,532
Payment/accruals made subsequent to the measurement date	53,012	-
Total	<u>\$ 345,738</u>	<u>\$ 227,088</u>

**VILLAGE OF GREAT NECK  
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**Note 8. Pension Plans (continued)**

Payments made subsequent to the measurement date (\$53,012) will be reflected as a reduction in the pension liability in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>For the years ended</u>	<u>ERS</u>
2020	\$ 97,695
2021	(95,396)
2022	(4,446)
2023	67,785
2024	-
Thereafter	-
	<u>\$ 65,638</u>

**Actuarial Assumptions**

The total pension liability at March 31, 2019 was determined by using an actuarial valuation as of April 1, 2018, with update procedures used to roll forward the total pension liability to March 31, 2019. The actuarial valuation used the following actuarial assumptions.

	<u>ERS</u>
Investment rate of return	7.00%
Interest rate / COLA	1.3%
Salary scale	4.2%
Decrement tables	April 1, 2011 - March 31, 2015 System's Experience
Inflation rate	2.5%

Annuitant mortality rates are based on April 1, 2011 – March 31, 2015 System’s experience with adjustments for mortality improvements based on MP-2014.

The actuarial assumptions used in the April 1, 2018 valuation are based on the results of an actuarial experience study for the period April 1, 2011 – March 31, 2015.

The long term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2019 are summarized below:

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**Note 8. Pension Plans (continued)**

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic equity	36.00%	4.55%
International equity	14.00%	6.35%
Private equity	10.00%	7.75%
Real estate	10.00%	5.80%
Absolute return strategies	2.00%	4.00%
Opportunistic portfolio	3.00%	5.89%
Real assets	3.00%	5.54%
Bonds and mortgages	17.00%	1.31%
Cash	1.00%	-0.25%
Inflation index bonds	4.00%	1.50%
	<u>100.00%</u>	

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

**Discount Rate**

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

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

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

	<u>1% Decrease (6.0%)</u>	<u>Current Assumptions (7.0%)</u>	<u>1% Increase (8.0%)</u>
Village's proportionate share of the net pension (asset)/ liability	<u>\$ 1,899,609</u>	<u>\$ 514,407</u>	<u>\$ (796,335)</u>

**VILLAGE OF GREAT NECK  
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**Note 8. Pension Plans (continued)**

**Pension Plan Fiduciary Net Position**

The components of the current-year net pension liability of the employers as of March 31, 2019, were as follows:

	<b>ERS</b>
	<i>(Dollars in Thousands)</i>
Employers' total pension liability	\$ (189,803,429)
Plan net position	<u>182,718,124</u>
Employers' net pension assets/(liability)	<u>\$ (7,085,305)</u>
Ration of plan net position to the employers' total pension liability	96.27%

Employer contributions are paid annually based on the System’s fiscal year which ends on March 31<sup>st</sup>. Contributions as of May 31, 2019 represent the projected employer contribution for the period of April 1, 2017 through March 31, 2019 based on estimated ERS wages, multiplied by the employer’s contribution rate, by tier.

**Length of Service Award Program (LOSAP)**

**Fire Fighter Length of Service Awards Program - LOSAP**

The Village’s financial statements are for the year ended May 31, 2019. The information contained in this note is based on information for the Length of Service Awards Program for the plan year ending on December 31, 2018, which is the most recent plan year for which complete information is available.

**Program Description**

Four municipalities jointly established a defined benefit Service Award Program (referred to as a "LOSAP" - Length of Service Award Program - under Section 457(e)(11) of the Internal Revenue Code) effective January 1, 1996 for the active volunteer firefighter members of the Alert Engine, Hook, Ladder and Hose Company, Inc. The four sponsoring municipalities are the Town of North Hempstead, Village of Great Neck, Village of Kings Point, and Village of Saddle Rock. The Program was established pursuant to Article 11-A of the New York State General Municipal Law. The Program provides municipally-funded deferred compensation to volunteer firefighters to facilitate the recruitment and retention of active volunteer firefighters. The four municipalities jointly sponsor the Program and, through an inter-municipal agreement, have established a Municipal Sponsoring Board to oversee the administration of the Program.

An eligible Program Participant is defined to be an active volunteer firefighter who is at least 17 years of age and has earned one year of Service Award Program Service Credit. An active volunteer firefighter earns a year of Service Credit for each calendar year after the establishment of the Program in which he or she accumulates 50 points. Points are granted for the performance of certain firefighter activities in accordance with a system established by the Sponsor on the basis of a statutory list of activities and point values. A Participant may also receive Service Credit for five years of active volunteer firefighting service rendered prior to the establishment of the Program.

Participants acquire a non-forfeitable right to be paid a Service Award after earning five years of Service Credit, becoming totally and permanently disabled, dying while an active volunteer, or upon attaining the Program's Entitlement Age while an active volunteer. The Program's Entitlement Age is age 65 and is the age at which benefits begin to be paid to Participants.

**VILLAGE OF GREAT NECK  
COUNTY OF NASSAU – STATE OF NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
MAY 31, 2019**

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**Note 8. Pension Plans (continued)**

**Benefits provided**

A Participant's Service Award benefit is paid as a ten-year certain and continuous monthly payment life annuity. The amount payable each month equals \$20.00 multiplied by the total number of years of Service Credit earned by the Participant. The maximum number of years of Service Credit a Participant may earn under the Program is 40 years. Currently, there are no other forms of payment of a volunteer's earned Service Award under the Program.

Except in the case of pre-Entitlement Age death or total and permanent disablement, a Participant's Service Award will not be paid until he or she attains the Entitlement Age. Volunteers who are active after attaining the Entitlement Age and who may have commenced receiving a Service Award have the opportunity to earn Service Credit and, thereby, increase their Service Award payments. The preEntitlement Age death and disability benefit is equal to the actuarial value of the Participant's earned Service Award at the time of death or disablement. If the Participant was an active volunteer firefighter member at the time of death, the minimum death benefit is \$10,000. The Program does not provide extra line-of-duty death or disability benefits. All death and disability benefits are self-insured and are paid from the Program Trust Fund.

**Fiduciary Investment and Control**

After the end of each calendar year, the fire company prepares and certifies a list of names of all persons who were active volunteer members of the fire company during the year indicating which volunteers earned 50 points. The certified list is delivered to the Joint Sponsoring Board for the Board's review and approval. The fire company must maintain the point system records to verify each volunteer's points on forms provided and/or approved by the Joint Sponsoring Board.

The four (4) municipalities through the Joint Sponsoring Board have retained McLaughlin & Stern, LLP, 1010 Northern Blvd., Suite #400, Great Neck, NY 11021, as legal counsel to assist to the Board with some of its administrative duties.

The Joint Sponsoring Board has retained Penflex, Inc. to assist in the administration of the Program and has purchased a fiduciary liability insurance policy through the agency BWD Group LLC, with coverage being provided by the Hudson Insurance Company.

Based on the certified calendar year volunteer firefighter listings, Penflex determines and certifies in writing to the Joint Sponsoring Board the amount of the service award to be paid to a participant or to a participant's designated beneficiary. The person(s) authorized by the Joint Sponsoring Board then authorizes, in writing, the custodian of the Alert Engine, Hook & Ladder & Hose Co., No.1, Inc. of Great Neck's LOSAP Trust Funds to pay the service award. No service award benefit payment is made without the written certification from Penflex and the written directive from an authorized representative of the Joint Sponsoring Board.

All administrative and actuarial service fees, as well as insurance premium, are authorized for payment by the Joint Sponsoring Board from the Service Award Program Trust Fund. The Joint Sponsoring Board then reimburses the Trust Fund for all fees and premium paid as part of the annual required contribution.

Program assets are required to be held in trust by Article 11-A, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the program. The Joint Sponsoring Board created a Service Award Program Trust Fund through the adoption of the Master Plan and the inter-municipal Agreement, copies of which are available from Stephen Limmer, Esq. The Joint Sponsoring Board is the program's trustee.

Authority to invest the Program asset is vested in the Program trustee. Program assets are invested in accordance with a statutory prudent person rule and in accordance with an investment policy adopted by the Joint Sponsoring Board.

The Joint Sponsoring Board has retained RBC Wealth management to provide investment management and custodial services and Comerica Bank as paying agent.

**VILLAGE OF GREAT NECK  
COUNTY OF NASSAU – STATE OF NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
MAY 31, 2019**

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**Note 8. Pension Plans (continued)**

**Participants Covered by the Benefit Terms**

Participants covered by the benefit terms. At the December 31, 2018 measurement date, the following participants were covered by the benefit terms:

Inactive participants currently receiving benefits	31
Inactive participants entitled to but not yet receiving benefits payments	30
Active participants	86
Total	147

*Contributions* – New York State General Municipal Law Section 219(d) requires the Village to contribute an actuarially determined contribution on an annual basis. The actuarially determined contribution shall be appropriated annually by the Village.

*Trust Assets* – Although assets have been accumulated in an irrevocable trust such that the assets are dedicated to providing pensions to plan members in accordance with benefit terms, the trust assets are not legally protected from creditors of the Village. As such, the trust assets do not meet the criteria in paragraph 4 of GASB Statement No. 73.

**Measurement of Total Pension Liability**

The total pension liability at the December 31, 2018 measurement date was determined using an actuarial valuation as of December 31, 2017, with update procedures used to roll forward the total pension liability to December 31, 2018.

*Actuarial Assumptions.* The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Salary Scale:	None Assumed
RP-2014 Male Mortality Table without projection	

*Discount Rate* –The discount rate used to measure the total pension liability was 3.64% as compared to 3.16% at the prior measurement date. This was the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2018. In describing this index, S&P Dow Jones Indices notes that the index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years and with a rating of at least Aa2 by Moody’s Investors Service’s, AA by Fitch, or AA by Standard & Poor’s Rating Services.

**Proportionate Share of Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended May 31, 2019, the Village reported a liability of \$1,630,907 for its proportionate share of the total pension liability, measured as of December 31, 2018. The proportionate share of total pension liability for the year ended May 31, 2018 was \$1,742,317, measured as of December 31, 2017. The Village’s proportion of the total pension liability was based on a cost sharing agreement between the Village and the three other sponsoring municipalities. At the December 31, 2018 measurement date, the Village’s proportion was 39.91 percent which was a minor increase from 39.71 percent as of December 31, 2017.

For the year ended May 31, 2019, the Village recognized pension expense of \$118,762.

**VILLAGE OF GREAT NECK  
COUNTY OF NASSAU – STATE OF NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
MAY 31, 2019**

**Note 8. Pension Plans (continued)**

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

Service cost	\$	51,189
Interest on total pension liability		56,014
Changes of assumptions or other inputs		1,160
Differences between expected and actual experience		(4,956)
Changes in proportion		834
Pension plan administrative expenses		14,521
		<u>118,762</u>
Total pension expense	\$	<u>118,762</u>

At May 31, 2019, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 43,545
Changes of assumptions or other inputs	108,848	108,046
Changes in proportion	7,339	-
Benefit payments & administrative expenses subsequent to the measurement date	23,253	-
	<u>139,440</u>	<u>151,591</u>
Total	\$ 139,440	\$ 151,591

Deferred outflows of resources related to pensions resulting from Village transactions subsequent to the measurement date will be recognized as a reduction of the total pension liability in the year ended May 31, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended May 31:</u>	
2020	\$ (2,961)
2021	(2,961)
2022	(2,961)
2023	(2,961)
2024	(2,961)
Therafter	<u>(20,599)</u>
	<u>\$ (35,404)</u>

**Sensitivity of the Total Pension Liability to Changes in the Discount Rate**

The following presents the total pension liability of the Village as of the December 31, 2018 measurement date, calculated using the discount rate of 3.64 percent, as well as what the Village's total pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.64 percent) or 1-percentage point higher (4.64 percent) than the current rate:

	<u>1% Decrease (2.64%)</u>	<u>Current Discount Rate (3.64%)</u>	<u>1% Increase (4.64%)</u>
Total pension liability	\$ 1,896,371	\$ 1,630,907	\$ 1,415,600

**VILLAGE OF GREAT NECK  
COUNTY OF NASSAU – STATE OF NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
MAY 31, 2019**

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**Note 9. Other Post-Employment Benefits - (OPEB)**

**Plan Description**

The Village sponsors a single employer healthcare plan that provides postemployment medical benefits for eligible retirees and their spouses through the New York State Health Insurance Plan (NYSHIP) (the “Plan”). Substantially all of the Village’s employees may become eligible for these benefits if they reach normal retirement age with 10 years of service to the Village. The Village does not issue a publicly available financial report for the plan; however, the financial activities of NYSHIP are included with the financial statements of the State of New York.

**Funding Policy and Benefits**

The Plan provides a specified percentage of the retiree health premiums (and, if applicable, the retiree’s spouse’s premium) charged by the insurance carrier is paid by the Village. The Village contributes 100% of the cost of premiums for individual and family coverage for all employees hired prior to April 5, 2011, and 85% of the cost for all covered employees hired after that date. The Village recognizes the cost of providing benefits by recording its share of insurance premiums as expenditures in the year paid.

At this time there is no New York statute providing local governments with the authority for establishing a postemployment benefits trust. Since the Village cannot fund the OPEB liability at this time, the required contribution is based on a projected pay-as-you-go financing requirement. The contribution requirements of Plan members and the Village are established by the Board of Trustees. For the year ended May 31, 2019, the Village recognized a general fund expenditure of \$743,975 for currently enrolled retirees.

**Employees Covered by Benefit Terms**

At May 31, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries’ current receiving benefits	25
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>30</u>
Total	<u><u>55</u></u>

**Total OPEB Liability and Actuarial Assumptions**

The Village's total OPEB liability of \$13,123,645 was measured as of May 31, 2019, and was determined by an actuarial valuation report dated September 25, 2019. Calculation of the total OPEB liability was performed using the entry age normal, as a level percentage of salary actuarial cost method. The following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	2.79% 20 Year AA Municipal General Obligation Bond rate Index.
Projected salary increases	2.00%
Healthcare cost trend rates	
Medical	5.40% trending to 5.20% by year ten
Pharmacy	7.60% trending to 4.70% by year ten
Dental	4.00% trending to 3.00% by year ten
Vision	3.00%

Mortality rates are in accordance with the RP2000 Mortality Table for males and females projected 18 years.



**VILLAGE OF GREAT NECK  
COUNTY OF NASSAU – STATE OF NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
MAY 31, 2019**

**Note 9. Other Post-Employment Benefits - (OPEB) (continued)**

**Changes in the Total OPEB Liability**

Balance at the June 1, 2018 (as restated)	<u>\$ 12,379,670</u>
Changes for the year:	
Service cost	296,707
Interest	633,819
Changes in assumptions	(186,551)
Benefit payments	<u>-</u>
Net changes	743,975
Balance at May 31, 2019	<u><u>\$ 13,123,645</u></u>

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.1%) or 1% higher (4.1%) than the current discount rate:

	<u>1% Decrease (1.79%)</u>	<u>Current Assumptions (2.79%)</u>	<u>1% Increase (3.79%)</u>
Total OPEB Liability	<u>\$ 15,318,900</u>	<u>\$ 13,123,645</u>	<u>\$ 11,349,140</u>

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend**

The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the baseline rates (year one) discussed in the earlier table:

	<u>1% Decrease</u>	<u>Current Assumptions</u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$ 11,137,770</u>	<u>\$ 13,123,645</u>	<u>\$ 15,598,930</u>

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

The total OPEB expense for the year ended May 31, 2019 was \$743,975. At May 31, 2019, the Village did not report any deferred outflows or deferred inflows of resources related to OPEB as under the standard the Village had calculated their liability using the alternative measurement method.

**VILLAGE OF GREAT NECK  
COUNTY OF NASSAU – STATE OF NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
MAY 31, 2019**

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**Note 11. Fair Value Measurements**

The Village categorizes its fair value measurements into the fair value hierarchy established by GASB Statement No. 72. The three levels of inputs used to measure fair value are as follows:

**Level 1-** Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Village has the ability to access.

**Level 2 -** Inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in inactive markets;
- Inputs other than quoted prices that are observable for the asset;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset.

**Level 3-** Inputs to the valuation methodology are unobservable inputs and significant to the fair value measurement.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets measured at fair value:

US and International Equities: Reported at current quoted fair values.

Fixed income funds: are measured that the quoted price per share which approximates fair value.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurement at the reporting date.

The following table summarizes as of May 31, 2019, the investments held for the Village's service award programs, and categorization with the fair value measurement hierarchy:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
US Equities	\$ 289,452	\$ 289,452	\$ -	\$ -
International Equities	182,131	182,131	-	-
Fixed Income	505,633	505,633	-	-
	<u>\$ 977,216</u>	<u>\$ 977,216</u>	<u>\$ -</u>	<u>\$ -</u>

**VILLAGE OF GREAT NECK  
COUNTY OF NASSAU – STATE OF NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
MAY 31, 2019**

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**Note 11. Commitments and Contingencies**

**State Grants**

The Village is a recipient of a number of state grants. These grants are administered by various agencies. These grants are subject to various compliance and financial audits by the respective agencies administering the grants, which could result in certain disallowances. The Board believes that they have substantially complied with the rules and regulations as specified under the various grant agreements as well as rules and regulation of the respective agency for each grant.

**Tax Certiorari**

There are presently pending against the Village of Great Neck a number of real property tax review proceedings requesting reductions in assessed valuations of various properties for both past and current years. The financial exposures in these cases are indeterminable at this time, and management does not believe that reevaluation of the properties, likely to have a material impact on the financial statements.

**Other**

The Village is subject to litigation in the ordinary conduct of its affairs. Management does not believe however, that such litigation, individually or in the aggregate, is likely to have a material effect on the financial statements.

**Note 12. Subsequent Events**

The Village has evaluated events and transactions that occurred through October 28, 2021, which is the date the financial statements were available to issued, for possible disclosure and recognition in the financial statements. No adjustment or disclosure has been made to these financials.

The Village's operations will be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which in March 2020 has been declared a pandemic by the World Health Organization. The ultimate disruption which will be caused by the outbreak is uncertain; and management, at this time, cannot reasonably estimate the impact it will have on the Village's financial position, operations and cash flows. Possible areas that may be affected include, but are not limited to, disruption to the Village's revenue, labor workforce, and the decline in value of investments and property and equipment owned by the Village.

**Note 13. Recent Accounting Principles**

The GASB has issued the following Statements which will be effective in future years:

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This standard will establish uniform criteria to recognize and measure certain AROs, including those AROs previously reported. The requirements of this standard are effective for the Village beginning after June 15, 2018.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This standard will enhance the consistency and comparability of fiduciary activity by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities. The requirements of this standard are effective for the Village beginning after December 15, 2018.

In June 2017, GASB issued Statement No. 87, *Leases*. This standard will improve consistency in accounting and financial reporting for leases by governments as well as requiring the recognition of certain lease assets and liabilities that were previously classified as operating leases. The requirements of this standard are effective for the Village beginning after December 15, 2019.

In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This standard will improve the information disclosed in the notes to the financial statements related to indebtedness and clarifies liabilities that arise from contractual obligations. The requirements of this standard are effective for the Village beginning after June 15, 2018.

**VILLAGE OF GREAT NECK  
COUNTY OF NASSAU – STATE OF NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
MAY 31, 2019**

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**Note 13. Recent Accounting Principles (continued)**

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This standard will establish accounting requirements for interest cost incurred before the end of a construction period that was previously accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The requirements of this standard are effective for the Village beginning after December 15, 2019.

In August of 2018, GASB issued Statement No. 90, *Majority Equity Interests an Amendment of GASB Statements No. 14 and No. 61*. This Statement has primary objectives to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement modifies previous guidance for reporting a government's majority equity interest in a legally separate organization. This statement also provides guidance for reporting a component unit if a government acquires a 100 percent equity interest in that component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

In May of 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objective of this Statement is to provide a single method of reporting conduit debt obligations, thereby reducing diversity in practice and improving consistency and comparability in financial statements. In addition, this standard will address arrangements that are often characterized as leases and have associated conduit debt obligations. The requirements will outline when such arrangements should not be treated as a lease and provide for the appropriate accounting treatment. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*, (amended by GASB issued Statement No. 95). The primary objective of this Statement was address certain practice issues that were noted in the application of previously issued standards by enhancing terminology and clarifying various requirements in the originally issued pronouncements. The overall objective of this standard is to provide consistency and comparability in the accounting and financial reporting of issuers across the industry. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*, (amended by GASB issued Statement No. 95). The primary objective of this Statement was to address changes in the global financial markets that replaced LIBOR with a new globally acceptable benchmark. This standard provides guidance that will ease the transition for certain existing agreements which reference LIBOR to recognize the new globally identified benchmark as a reference rate, provided those agreements meet criteria set forth in the standard. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public partnerships and Availability Payment Arrangements*. This statement supersedes GASB Statement No. 60, in addition to amendments of various paragraphs in previously issued standards. This standard is designed to improve the comparability of financial statements among governments that enter into PPPs and APAs. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides a definition for SBITs and provides uniform guidance for accounting and financial reporting for transactions that meet that definition. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

The Village is currently evaluating the impact of these statements on the financial statements, and does not expect a material impact upon adoption.

**VILLAGE OF GREAT NECK  
COUNTY OF NASSAU - STATE OF NEW YORK  
BUDGETARY COMPARISON SCHEDULE (unaudited)  
FOR THE YEAR ENDED MAY 31, 2019**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		FINAL BUDGET
<b>REVENUES:</b>				
Real property tax items	\$ 7,486,386	\$ 7,486,386	\$ 7,484,660	\$ (1,726)
Non-property tax items	260,000	260,000	310,667	50,667
Departmental income	446,600	446,600	530,059	83,459
Use of money and property	40,000	40,000	165,716	125,716
License and permits	130,100	130,100	173,416	43,316
Fines and forfeitures	480,100	480,100	375,801	(104,299)
Sale of property and compensation for loss	15,100	15,100	2,285	(12,815)
Miscellaneous	6,000	6,000	19,153	13,153
State aid	326,200	326,200	797,021	470,821
<b>TOTAL REVENUES</b>	<b>9,190,486</b>	<b>9,190,486</b>	<b>9,858,778</b>	<b>668,292</b>
<b>EXPENDITURES:</b>				
General government	2,056,940	2,056,940	1,755,438	301,502
Public safety	1,804,800	1,804,800	1,622,189	182,611
Health	275,050	275,050	266,717	8,333
Transportation	1,167,900	1,167,900	1,248,208	(80,308)
Economic opportunity and development	5,500	5,500	2,150	3,350
Culture and recreation	4,000	4,000	11,250	(7,250)
Home and community services	1,204,350	1,204,350	1,191,009	13,341
Employee benefits	1,895,500	1,895,500	1,841,642	53,858
<b>TOTAL EXPENDITURES</b>	<b>8,414,040</b>	<b>8,414,040</b>	<b>7,938,603</b>	<b>475,437</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	776,446	776,446	1,920,175	1,143,729
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	(1,259,289)	(1,259,289)	(1,319,133)	(59,844)
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>(1,259,289)</b>	<b>(1,259,289)</b>	<b>(1,319,133)</b>	<b>(59,844)</b>
<b>SPECIAL ITEMS:</b>				
Purchase of land	-	-	(168,479)	(168,479)
<b>TOTAL SPECIAL ITEMS</b>	<b>-</b>	<b>-</b>	<b>(168,479)</b>	<b>(168,479)</b>
<b>APPROPRIATED RESERVES:</b>				
Appropriated reserves	482,843	482,843	-	(482,843)
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>432,563</b>	<b>\$ 432,563</b>
<b>FUND BALANCE - BEGINNING</b>			<b>6,572,898</b>	
<b>FUND BALANCE - ENDING</b>			<b>\$ 7,005,461</b>	

See independent auditors' report

**VILLAGE OF GREAT NECK  
COUNTY OF NASSAU - STATE OF NEW YORK  
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND REALATED RATIOS (unaudited)  
FOR THE YEAR ENDED MAY 31, 2019**

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<b>Total OPEB Liability</b>	
Service cost	\$ 296,707
	633,819
Changes in assumptions	(186,551)
<b>Net Change in Total OPEB Liability</b>	<u>743,975</u>
<b>Total OPEB Liability - Beginning</b>	12,379,670
<b>Total OPEB Liability - Ending (a)</b>	<u>13,123,645</u>
<b>Plan's Fiduciary Net Position (b)</b>	*N/A
<b>Village's Net OPEB Liability - Ending (a) - (b)</b>	<u>\$ 13,123,645</u>
<b>Plan's Fiduciary Net Position As A Percentage of the Total OPEB Liability</b>	0%
<b>Covered - Employee Payroll</b>	\$ 2,439,305
<b>Village's Net OPEB Liability As A Percentage of Covered-Employee Payroll</b>	538%

*\*N/A - Current regulations do not permit the Village to fund the OPEB obligation, it is a "pay-as-you-go" and no assets accumulate*

**Notes to Required Supplementary Information:**

*Plan Assets:*

No assets are accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4, to pay related benefits.

*This schedule is shown on a prospective basis from the year GASB Statement No. 75 is adopted until 10 years of information is presented.*

**VILLAGE OF GREAT NECK  
COUNTY OF NASSAU - STATE OF NEW YORK  
SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET) / LIABILITY (Unaudited)  
MAY 31 2019**

<b>NYSLRS Pension Plan</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Village's proportion of the net pension liability	0.0072602%	0.0080199%	0.0077546%	0.0085217%
Village's proportionate share of the net pension liability	\$ 514,407	\$ 258,839	\$ 728,636	\$ 1,367,758
Village's covered-employee payroll	\$ 2,439,306	\$ 2,344,294	\$ 2,196,626	\$ 2,318,793
Village's proportionate share of the net pension liability as a percentage of its covered-employee payroll	21.09%	11.04%	33.17%	58.99%
Plan fiduciary net position as a percentage of the total pension liability	98.24%	98.24%	94.70%	90.68%

See independent auditors' report

**VILLAGE OF GREAT NECK  
COUNTY OF NASSAU - STATE OF NEW YORK  
SCHEDULE OF VILLAGE'S CONTRIBUTIONS (Unaudited)  
FOR THE YEARS ENDED MAY 31,**

NYSLRS Pension Plan (ERS)	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 318,073	\$ 335,240	\$ 340,740	\$ 336,819	\$ 472,468	\$ 429,205	\$ 380,485	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>318,073</u>	<u>335,240</u>	<u>340,740</u>	<u>336,819</u>	<u>472,468</u>	<u>429,205</u>	<u>\$ 380,485</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village's covered-employee payroll	\$ 2,439,306	\$ 2,344,294	\$ 2,196,626	\$ 2,318,793	\$ 2,897,555	\$ 2,973,562	\$ 2,751,639	\$ -	\$ -	\$ -
percentage of covered-employee payroll	13.0%	14.3%	15.5%	14.5%	16.3%	14.4%	13.8%	0.0%	0.0%	0.0%

See independent auditors' report



**VILLAGE OF GREAT NECK  
COUNTY OF NASSAU - STATE OF NEW YORK  
SCHEDULE OF CHANGES IN THE VILLAGE'S TOTAL PENSION LIABILITY - LOSAP (unaudited)  
MAY 31, 2019**

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Measurement date as of December 31,	<b>2018</b>	<b>2017</b>
Village's proportion of the total pension liability	39.91%	39.71%
Village's proportionate share of the total pension liability	\$ 1,630,907	\$ 1,742,317

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available*

**Notes to Required Supplementary Information:**

*Changes of assumptions or other inputs:*

The discount rate used to measure the total pension liability was based on the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index and was as follows:

December 31, 2018	3.64%
December 31, 2017	3.16%

*Trust Assets:*

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 73 to pay related benefits.

*\* There is no covered payroll due to the fact that this is a volunteer fire department service program. Benefits are determined based upon service credits earned.*