



**Freeport Community Development Agency
Village of Freeport, New York**

Single Audit Reports

Year Ended August 31, 2021

**Freeport Community Development Agency
Village of Freeport, New York**

Single Audit Reports

Year Ended August 31, 2021

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**Freeport Community Development Agency
Village of Freeport, New York**

Schedule of Expenditures of Federal Awards

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Year Ended August 31, 2021</u>			<u>Total Federal Expenditures</u>
	<u>Assistance Listing Number</u>	<u>Pass-Through Award Number</u>	<u>Passed Through to Subrecipients</u>	
U.S. Department of Housing and Urban Development Nassau County, New York		CQHI20000052, CQHI20000107, CQHI20000018	-	<u>\$ 1,054,537</u>
Community Development Block Grants/Entitlement Grants	14.218			

See accompanying Notes to Schedule of Expenditures of Federal Awards, Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*, and Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance.

Freeport Community Development Agency Village of Freeport, New York

Notes to the Schedule of Expenditures of Federal Awards Year Ended August 31, 2021

Note 1 - Basis of Presentation

The Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the Freeport Community Development Agency of the Village of Freeport, New York (Agency), for the year ended August 31, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule only presents a selected portion of the operations of the Agency, it is not intended to and does not present the financial position and changes in net position of the Agency.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3 - Indirect Cost Rate

The Agency has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.



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

Honorable Mayor and Board of Directors of the
Freeport Community Development Agency
Village of Freeport, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the governmental fund of the Freeport Community Development Agency of the Village of Freeport, New York (Agency) as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated March 6, 2023, which contained an adverse opinion on the governmental activities opinion unit because amounts relating to liabilities, deferred outflows of resources, deferred inflows of resources, and expenses from the Agency's participation in the New York State and Local Retirement System have not been recorded; and an unmodified opinion on the governmental fund opinion unit.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001, 2021-002, and 2021-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

Agency's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Agency's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Agency's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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

BST+Co.CPAs, LLP

Latham, New York
March 6, 2023





Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Honorable Mayor and Board of Directors of the
Freeport Community Development Agency
Village of Freeport, New York

Report on Compliance for Each Major Federal Program

We have audited the Freeport Community Development Agency of the Village of Freeport, New York's (Agency) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Agency's major federal program for the year ended August 31, 2021. The Agency's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Major Federal Program

In our opinion, the Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended August 31, 2021.

Other Matter

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questions costs as item 2021-004. Our opinion on the major federal program is not modified with respect to this matter.

Other Matter - Continued

The Agency's response to the noncompliance finding identified in our audit is described in the accompanying corrective action plan. The Agency's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a deficiency in internal control over compliance, described in the accompanying schedule of findings and questions costs as item 2021-004 that we consider to be a significant deficiency.

The Agency's response to the internal control over compliance finding identified in our audit is described in the accompanying corrective action plan. The Agency's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities and the governmental fund of the Agency as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements. We issued our report thereon dated March 6, 2023, which contained an adverse opinion on the governmental activity financial statements and an unmodified opinion on the governmental fund. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

BST+Co.CPAs, LLP

Latham, New York
March 6, 2023



Freeport Community Development Agency Village of Freeport, New York

Schedule of Findings and Questioned Costs Year Ended August 31, 2021

Section I - Summary of Independent Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP: Adverse - Governmental Activities, Unmodified - Governmental Fund

Internal control over financial reporting:

- Material weakness(es) identified? X Yes No
- Significant deficiency(ies) identified Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified X Yes None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes X No

Identification of major federal programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grants/Entitlement Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes X No

Freeport Community Development Agency Village of Freeport, New York

Schedule of Findings and Questioned Costs Year Ended August 31, 2021

Section II – Financial Statement Findings

2021-001. Government-Wide Financial Reporting

Criteria: Accounting principles generally accepted in the United States of America (U.S. GAAP), as prescribed by the Governmental Accounting Standards Board (GASB), require the estimation of the net pension liability as a component of the governmental activities within the government-wide financial statements.

Condition and Cause: Principally as a result of employee turnover within the Agency, the Agency did not timely report accurate census information of active and retired eligible employees of the Agency to the New York State and Local Employees' Retirement System.

Effect or potential effect: The Agency's share of the net pension liability was inaccurately calculated. As a result, an adverse opinion has been issued on the governmental activities' opinion unit to the purported inaccuracies of the Agency's governmental activities deferred outflows of resources, liabilities, deferred inflows of resources, net position, and expenses.

Recommendation: The Agency should implement policies and procedures to ensure the accurate and timely reporting of census information to the New York State and Local Employees' Retirement System.

View of Responsible Officials: As detailed in the Corrective Action Plan, management has agreed to the findings and recommendation noted above.

2021-002. Due to Village of Freeport, New York (Village)

Criteria: The Agency is required to prepare its financial statements in conformity with U.S. GAAP.

Condition and Cause: The Agency reported amounts due to the Village at August 31, 2020 that could not be substantiated. Upon further research, it was determined the Agency did not owe the Village any amounts at August 31, 2020.

Effect or potential effect: The Agency's August 31, 2020 financial statements were materially misstated as a result of this misstatement. Accordingly, the Agency recorded a prior period restatement of fund balance within the General Fund and net position within the Governmental Activities to correct the misstatement.

Recommendation: The Agency should implement internal controls to ensure amounts due to and due from the Village are supported, accurate, and complete.

View of Responsible Officials: As detailed in the Corrective Action Plan, management has agreed to the findings and recommendation noted above.

Freeport Community Development Agency Village of Freeport, New York

Schedule of Findings and Questioned Costs Year Ended August 31, 2021

Section II – Financial Statement Findings - Continued

2021-003. Budgeting

Criteria: An annual budget is required to be adopted by the Agency. The Agency's accounting system is required to provide the basis for appropriate budgetary control.

Condition and Cause: The Agency's adopted budget does not include budgeted amounts for all expenditures. In addition, the Agency's budget is not reviewed and modified throughout the year.

Effect or potential effect: Budgeting is an essential element of financial planning, control, and evaluation of the ongoing operations of the Agency. Without accurate budgetary practices, the Agency is unable to monitor and evaluate financial results. In addition, without modifications to the budget as necessary throughout the year, the Agency could potentially expend funding that is greater than the maximum authorized expenditures.

Recommendation: The Agency should review its policies and practices associated with budgeting to ensure all expenditures are considered within the annual adopted budget. In addition, the adopted budget should be reviewed throughout the year to ensure the Agency has not exceeded the maximum authorized expenditures.

View of Responsible Officials: As detailed in the Corrective Action Plan, management has agreed to the findings and recommendation noted above.

Section III – Federal Award Findings and Questioned Costs

2021-004: Single Audit Report Submission

Criteria or specific requirement (including statutory, regulatory, or other citation): In accordance with 2 CFR 200.512, the Agency is required to complete and submit the data collection form within the earlier of 30 days after receipt of the auditor's report, or nine months after the end of the audit period.

Condition and Cause: The Agency did not obtain an independent audit within the required period for submission.

Effect or potential effect: The Agency did not comply with the requirements of 2 CFR 200.512.

Questioned costs: None.

Identification as a repeat finding, if applicable: Not applicable.

Recommendation: The Agency should develop a course of action to ensure future single audit reports are completed and submitted to the Federal Agency Clearinghouse in accordance with the requirements of 2 CFR 200.512.

Views of responsible officials: As detailed in the Corrective Action Plan, management has agreed to the findings and recommendation noted above.



**VILLAGE OF FREEPORT
COMMUNITY DEVELOPMENT AGENCY**

Corrective Action Plan
Year Ended August 31, 2021

Finding 2021-001 Government-Wide Financial Reporting

Principally as a result of employee turnover with the Agency, the Agency did not timely report accurate census information of active and retired eligible employees of the Agency to the new York State and local Employee' Retirement System.

Corrective Action Plan

The Agency will implement policies and procedures to ensure the accurate and timely reporting of census information to the New York State and Local Employees' Retirement System.

Responsible Party and Anticipated Completion Date

Jeanne Jordan

August 15, 2023

Finding 2021-002 Due to Village of Freeport, New York

The Agency reported amounts due to the Village at August 31, 2020 that could not be substantiated. Upon further research, it was determined the Agency did not owe the Village any amounts at August 31, 2020.

Corrective Action Plan

The Agency will implement internal controls to ensure amounts due to and due from the Village are supported, accurate, and complete.

Responsible Party and Anticipated Completion Date

Jeanne Jordan

August 15, 2023

Finding 2021-003 Budgeting

The Agency's adopted budget does not include budgeted amounts for all expenditures. In addition, the Agency's budget is not reviewed and modified throughout the year.

Corrective Action

The Agency will review its policies and practices associated with budgeting to ensure all expenditures are considered within the annual adopted budget. In addition, the adopted budget should be reviewed throughout the year to ensure the Agency has not exceeded the maximum authorized expenditures.

Responsible Party and Anticipated Completion Date

Jeanne Jordan

August 15, 2023

Finding 2021-004 Single Audit Report Submission

The Agency did not obtain an independent audit within the required period for submission.

Corrective Action

The Agency will develop a course of action to ensure future single audit reports are completed and submitted to the Federal Agency Clearinghouse in accordance with the requirements of 2 CFR 200.512.

Responsible Party and Anticipated Completion Date

Jeanne Jordan

August 15, 2023

Jeanne Jordan, Executive Director
February 15, 2023