



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

Single Audit Reports

Year Ended August 31, 2022

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

Single Audit Reports

Year Ended August 31, 2022

C O N T E N T S

|   | Page |
|---|------|
| Schedule of Expenditures of Federal Awards.....   | 1    |
| Notes to Schedule of Expenditures of Federal Awards .....   | 2    |
| Report on Internal Control Over Financial Reporting and on Compliance<br>and Other Matters Based on an Audit of Financial Statements<br>Performed in Accordance with <i>Government Auditing Standards</i> ..... | 3-4  |
| Report on Compliance for Each Major Federal Program; Report on<br>Internal Control over Compliance; and Report on Schedule of<br>Expenditures of Federal Awards Required by the Uniform Guidance.....           | 5-7  |
| Schedule of Findings and Questioned Costs.....  | 8-10 |
| Corrective Action Plan.....   | 11   |
| Schedule of Prior Audit Findings.....   | 12   |

# Freeport Community Development Agency Village of Freeport, New York

## Schedule of Expenditures of Federal Awards

| Federal Grantor/<br>Pass-Through Grantor/<br>Program Title                  | Year Ended August 31, 3022      |  |                                       | Total<br>Federal<br>Expenditures |
|---|---------------------------------|--|---------------------------------------|----------------------------------|
|   | Assistance<br>Listing<br>Number | Pass-Through<br>Award Number                   | Passed<br>Through to<br>Subrecipients |                                  |
| U.S. Department of Housing and Urban Development<br>Nassau County, New York |                                 |  |                                       |                                  |
| Community Development Block Grants/Entitlement Grants                       | 14.218                          | CQHI20000052,<br>CQHI20000107,<br>CQHI20000018 | -                                     | \$ 808,993                       |

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, 2022

### **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, 2022. 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, 2022, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated May 5, 2023.

**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 2022-001 and 2022-002 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 Findings**

*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  
May 5, 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**

***Opinion on 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, 2022. 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.

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, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Agency's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Agency's federal program.

### **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Agency's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Agency's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Agency's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Agency's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Agency's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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.



### **Report on Internal Control Over Compliance - Continued**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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, 2022, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements. We issued our report thereon, dated May 5, 2023, which contained an adverse opinion on the governmental activity financial statements and an unmodified opinion on the governmental fund financial statements. 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 expenditure 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  
May 5, 2023



# Freeport Community Development Agency Village of Freeport, New York

## Schedule of Findings and Questioned Costs Year Ended August 31, 2022

### 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            Yes     X     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, 2022

### **Section II – Financial Statement Findings**

#### **2022-001. 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 as of August 31, 2021.

*Effect or potential effect:* The Agency's share of the net pension liability was inaccurately calculated as of August 31, 2021. 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 net position as of August 31, 2021 and expenses of the governmental activities for the year ended August 31, 2022.

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

*View of Responsible Officials:* 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. 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.

#### **2022-002. 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:* The Agency will review its policies and practices associated with budgeting to ensure all expenditures are considered within the annual adopted budget. In addition, policies and practices will be reviewed to ensure the Agency has not exceeded the maximum authorized expenditures.

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

Schedule of Findings and Questioned Costs  
Year Ended August 31, 2022

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

No findings noted.

# Freeport Community Development Agency Village of Freeport, New York

Corrective Action Plan  
Year Ended August 31, 2022



## VILLAGE OF FREEPORT COMMUNITY DEVELOPMENT AGENCY

Corrective Action Plan  
Year Ended August 31, 2022

### **Finding 2022-001 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 2022-002 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

# Freeport Community Development Agency Village of Freeport, New York

## Schedule of Prior Audit Findings Year Ended August 31, 2022

| Prior Year Finding Reference                            | Prior Year Finding  | Current Year Status                                   |
|---|---|---|
| 2021-001 Government-Wide Financial Reporting            | 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. As a result, the Agency's share of the net pension liability was inaccurately calculated and an adverse opinion was 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 for the year ended August 31, 2021. | Partially implemented during 2022. See item 2022-001. |
| 2021-002 Due to Village of Freeport, New York (Village) | 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. As a result, 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.   | This matter was cleared and has not been repeated.    |
| 2021-003 Budgeting                                      | The Agency's adopted budget does not include budgeted amounts for all expenditures. In addition, the budget is not reviewed and modified throughout the year.   | This is a continuing finding for 2022. See 2022-002.  |
| 2021-004 Single Audit Report Submission                 | The Agency did not obtain an independent audit within the required period of time for submission. Accordingly, the Agency did not comply with the requirements of 2 CFR 200.512.  | This matter was cleared and has not been repeated.    |