VILLAGE OF FREEPORT
COMMUNITY DEVELOPMENT AGENCY
(A Component Unit of the Incorporated Village of Freeport, New York)

FINANCIAL STATEMENTS
For the Year Ended February 28, 2017

Prepared by:
The Village of Freeport
Community Development Agency

VILLAGE OF FREEPORT
COMMUNITY DEVELOPMENT AGENCY
FREEPORT, NEW YORK

A COMPONENT UNIT OF
THE INCORPORATED VILLAGE OF FREEPORT, NEW YORK

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FOR THE YEAR ENDED FEBRUARY 28, 2017

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VILLAGE OF FREEPORT COMMUNITY DEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE INCORPORATED VILLAGE OF FREEPORT, NEW YORK)
FREEPORT, NEW YORK
FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 28, 2017

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INDEPENDENT AUDITORS' REPORT

Hon. Robert T. Kennedy, Chairman
and the Members of the Board of Commissioners
Village of Freeport Community Development Agency
Freeport, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and the major fund of the Village of Freeport Community Development Agency, a component unit of the Incorporated Village of Freeport, New York, as of and for the year ended February 28, 2017, and the related notes to the financial statements, which collectively comprise the Village of Freeport Community Development Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Village of Freeport Community Development Agency, New York, as of February 28, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* on pages 3 through 12 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2017 on our consideration of the Village of Freeport Community Development Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Freeport Community Development Agency's internal control over financial reporting and compliance.

Tabriztchi & Co., CPA, P.C.

Garden City, NY

May 26, 2017

VILLAGE OF FREEPORT COMMUNITY DEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED FEBRUARY 28, 2017

INTRODUCTION

The Village of Freeport Community Development Agency ("CDA") is a public benefit corporation which was created by New York State Legislation in 2010 under Section 620 of the General Municipal law, as amended by chapter 169 of the laws of 1976. As of and prior to the fiscal year ended February 28, 2010, all activities of the Village of Freeport Community Development Agency were presented under the Incorporated Village of Freeport Community Development Fund, a major special revenue fund of the Incorporated Village of Freeport ("the Village of Freeport"). In 2010, the Village of Freeport Community development Agency was established as a legally independent unit of the Village of Freeport by the New York State Legislature. For the fiscal years ended February 28, 2017 and February 29, 2016, all activities of the Village of Freeport Community Development Agency are presented as the activities of a separate component unit of the Village of Freeport.

The Agency is an independent entity from the Village of Freeport government. The Mayor appoints all members of the CDA Board of Commissioners. The Board of CDA consists of the Mayor, who acts as chairman and four other commissioners appointed by the Mayor. Also, the Mayor has appointed the Community Development Coordinator who administers the agency.

Mission of the CDA is to engage in Economic Development, Downtown Revitalization, Public Service Programs, and Moderate to Low Income Housing Rehabilitation in the Village of Freeport.

The Agency functions as a key component; a partner, advisor and/or participant in a variety of efforts to improve the quality of life for a diverse community of business owners, stakeholders, and residents. The Agency works to maintain a sustainable, vibrant, safe, walkable, transit-oriented community that renews the spirit of every Freeport resident.

We encourage readers to consider the information presented here in conjunction with the Agency's basic financial statements that follow.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the CDA's basic financial statements.

The CDA's basic financial statements are comprised of three components:
- Government-wide financial statements,
- Fund financial statements, and
- Notes to the financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to present a broad overview of the financial position of the CDA in a manner analogous to a private-sector business. These statements consist of the Statement of Net position and the Statement of Activities and are prepared using the economic resources measurement focus and the accrual basis of accounting, as opposed to the modified accrual basis used in prior reporting models. This means that all the current year's revenues and expenses are included regardless of when cash is received or paid, producing a view of financial position similar to that presented by most private-sector companies.

The Statement of Net Position consolidates reporting of the CDA's current financial resources with reporting of capital assets, deferred inflows, deferred outflows and long-term obligations. The net position, which is the difference between the CDA's assets and deferred inflows and liabilities and deferred outflows, is one measure of the CDA's financial health. In evaluating the net position of the CDA, other non-financial factors affecting the CDA's overall health and financial condition should be considered, such as changes in demographics and economic conditions, the condition (i.e. residential and commercial conditions and development requirements).

The Statement of Activities presents the change in net position of the CDA during the most recent fiscal year. All the current year's revenues and expenses are recognized regardless of when cash is received or paid. Some of the reported revenues and expenses will have corresponding cash flows in future fiscal periods (e.g. deferred revenues and earned but not used vacation leave). The Statement of Activities focuses on both the gross and net cost of various activities; the CDA's revenues pay these costs. This statement summarizes the cost of providing (or the subsidy provided by) specific government services and includes all current year revenues and expenses.

In the Statement of Net Position and the Statement of Activities, the activities of CDA are comprised only of Governmental activities for reporting purposes.

Governmental Activities are CDA's basic home and community services including economic development, commercial and residential rehabilitation, public facilities improvement, culture and recreation. Federal aid and program income from sale of properties or collection of economic development loans finance these activities.

The government-wide financial statements can be found in pages 13 and 14 of this report.

Fund Financial Statements

A 'fund' is a self-balancing accounting entity. The Agency, similar to other state and local governments uses fund accounting to ensure and disclose compliance with finance-related laws and regulations.

Fund financial statements present financial information in a form familiar to experienced users of governmental financial statements. The CDA has a single governmental fund, the General Fund, as required by the State of New York.

Governmental Fund

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental funds financial statements utilize the modified accrual basis of accounting, which measures cash and other assets that can be readily converted to cash. The CDA has only one fund, its general fund.

The governmental fund statements provide a detailed short-term view of the CDA's general governmental operations and the basic services it provides. The fund financial statements focus on

near-term inflows and outflows of spendable resources and the spendable resources available at the end of the fiscal year for the CDA's programs.
Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented in governmental funds with similar information presented for governmental activities in government-wide financial statements. There are reconciliations following the fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance. These reconciliations explain the difference between the government-wide Statement of Net Position and the governmental fund Balance Sheet, as well as the difference between the government-wide Statement of Activities and the governmental Statement Revenues, Expenditures and Changes in Fund Balance.

The basic governmental fund financial statements are presented on pages 15 and17 of this report.

Notes to the Financial Statements

The notes supply information that is essential to a full understanding of the data in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements, pages 19-39.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Financial Highlights

Management believes that the CDA's financial has improved. The following are the significant elements of the CDA's financial performance for fiscal years ended February 29, 2016 (fiscal year 2015) and February 28, 2017 (fiscal year 2016).

- The CDA had total assets of $3,233,932 as of February 28, 2017. The assets decreased by $(469,037) (12.7%) from $3,702,969 at February 29, 2016. The decrease primarily reflected the $188,163 (62.5%) reduction in cash and equivalents, $300,000 (8.9%) reduction in properties held for development and sales, offset by $26,384 (239.3%) more receivables from other governments.

- The CDA's net position of governmental activities increased by $1,055,768 (70.5%) from $1,498,405 on February 29, 2016 to $2,554,173 on February 28, 2017. The increase in net position was mainly the result of net revenues of $1,137,095 earned from the transfer and conveyance of certain properties held for development and sale to the Village of Freeport.

- The CDA's total governmental activities liabilities were $694,727, at February 28, 2017, which decreased by $1,505,643 (68.4%) from $2,200,370 at February 29, 2016. The decrease in liabilities was primarily the result of the $1,443,133 reduction in the amounts due to the Village of Freeport as consideration for the transfer and conveyance of certain properties held for development and sale.

Net position

On February 28, 2017, total assets of the governmental activities were $3,233,932, deferred outflows were $46,549, while total liabilities were $694,727 and deferred inflows were $31,581, resulting in net position of $2,554,173 (Table 1 and Charts 1 and 2). The operating capital assets of the CDA are provided by and are the properties of the Village of Freeport. As noted earlier, net position may serve over time as a useful indicator of a government's financial position.

The CDA's net position of governmental activities increased by $1,055,768 (70.5%) from $1,498,405 on February 29, 2016 to $2,554,173 on February 28, 2017 and had decreased by $212,399 (12.3%) from $1,710,804 on February 28, 2015 to $1,498,405 on February 29, 2016. The increase in 2016 was mainly the result of net revenues of $1,137,095 earned from the transfer and conveyance of certain properties held for development and sale to the Village of Freeport. The decrease in 2015 reflected the legal fees and claim and damages paid.

TABLE 1

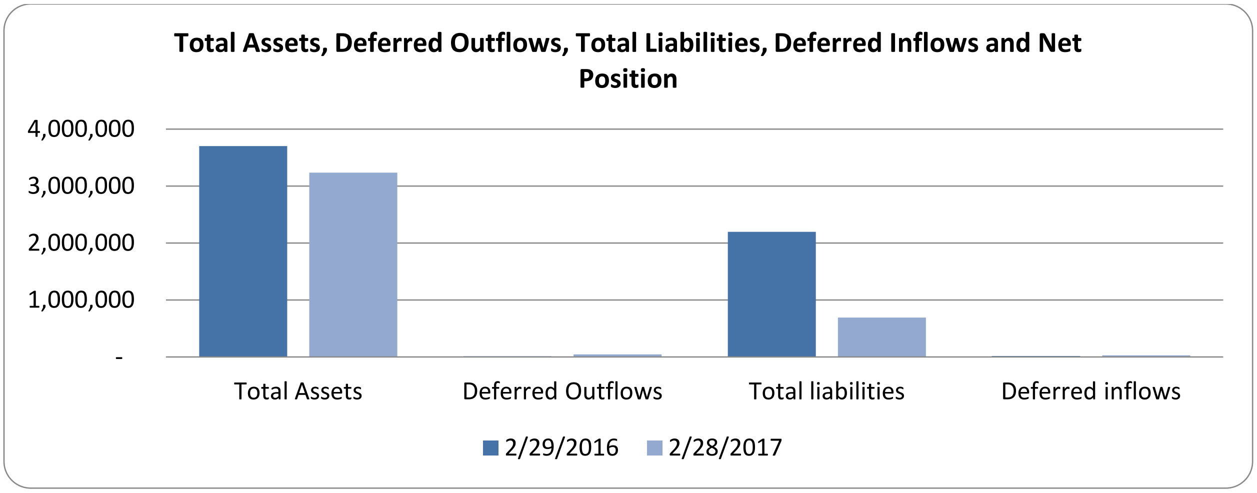
SUMMARY OF NET POSITION

		February 28, 2017		February 29, 2016
Assets				
Current and other assets	$	3,233,932	$	3,702,969
Total Assets		3,233,932		3,702,969
Deferred outflows		46,549		13,303
Liabilities				
Long-term liabilities		345,820		341,221
Other liabilities		348,907		1,859,149
Total liabilities		694,727		2,200,370
Deferred inflows		31,581		17,497
Net position				
Unrestricted		2,554,173	$	1,498,405
Total Net position	$	2,554,173	$	1,498,405

The largest category of CDA assets is its investment in land and real property held for sale, which was $3,081,286 and accounted for 94.3% of the total assets, on February 28, 2017.

The major liability of the Agency was the amount of $1,468,022 due to the Village of Freeport that represented 66.7% of the total liabilities and 39.6% of total assets, on February 29, 2016. This amount represents the net balance of reimbursable community development and administrative and other expenses of the CDA that were advanced by the Village of Freeport. This liability was paid off by the transfer and conveyance of certain properties held for development and sale in 2016.

CHART 1



Changes in Net position

The total program revenues from operating grants and disposition of property were $2,109,365 in fiscal year 2016 as compared to $672,650, in 2015 (Table 2 and Chart 2), showing an increase of $1,436,715 (213.6%). The program revenues from operating grants remained substantially the same, in 2016. The CDA grant revenues are from the Community Development Block Grants and are expenditure driven. The changes in component of grant revenues included the increases of $8,122 (2.0%) in public facilities improvement, 10,570 in commercial rehabilitation and $3,969 (4.5%) in residential rehabilitation revenues offset by decreases of $17,443 (19.2%) in public service and $5,598 in project delivery and administration revenues.

The total program revenues from operating grants were $672,650 in fiscal year 2015 as compared to $286,314, in 2014 (Table 2 and Chart 3). The program revenues from operating grants had increased by $386,336 (134.9%). The growth of grant revenues was primarily the net result of the increases of $385,157 (1,925.8%) in public facilities improvement and $60,850 (202.8%) in public service revenues and the decrease of $33,515 (27.4%) in residential rehabilitation revenues.

TABLE 2

	Changes in Net Position Years Ending, February 28, 2017	February 29, 2016
Revenues:		
Operating grants	$ 672,270	$ 672,650
Charges and other-conveyance of property	1,437,095	-
Interest	81	95
Total revenues	2,109,446	672,745
Expenses:		
Community development	1,053,678	885,144
Increase (decrease) in net position	1,055 ,768	(212,399)
GASB 68 and 71, pension liability adjustment		
Net position, beginning	1,498,405	1,710,804
Net position, ending	$ 2,554,173	$ 1498,405

CHART 2

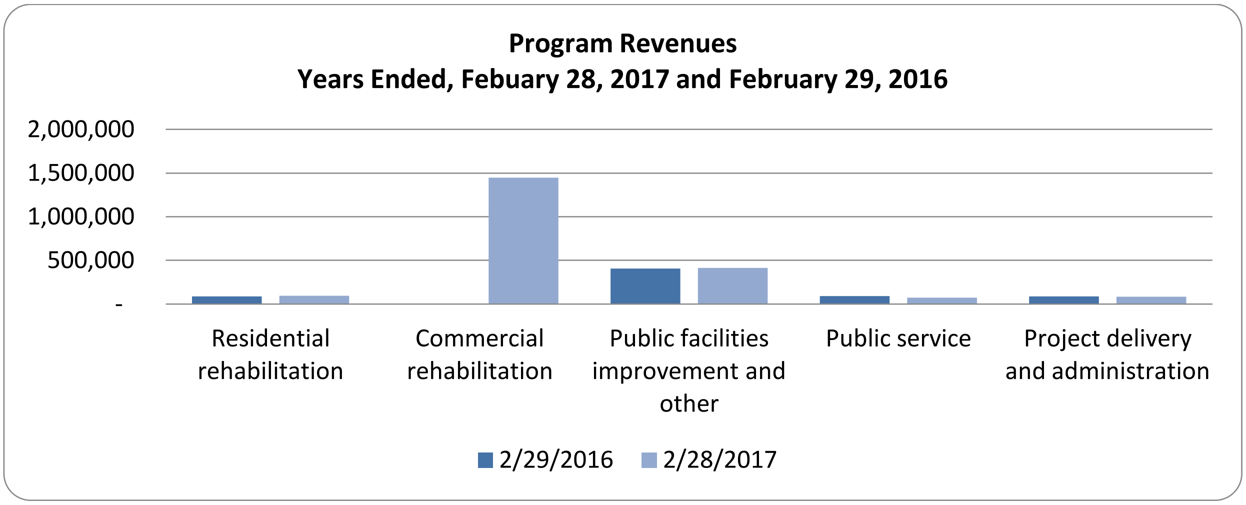
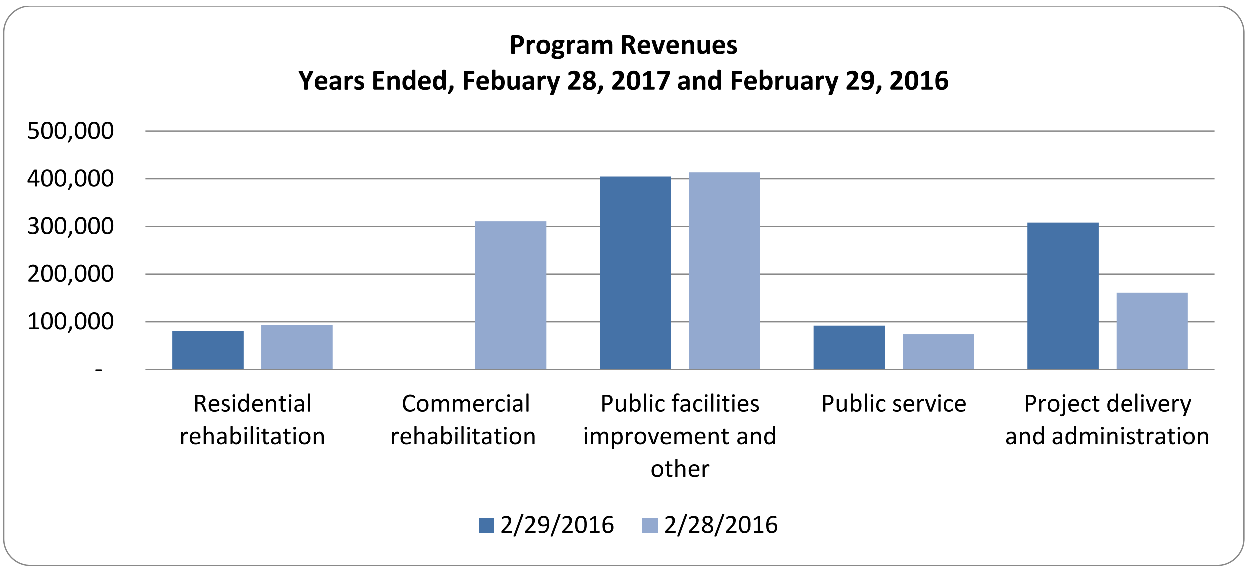


CHART 3



The total expenses increased by $168,534 (19.0%), from $885,144 in 2015 to $1,053,678, in 2016 (Chart 2). The primary reason for increase was the $300,000 cost of the properties conveyed to the Village as offset by $147,374 (47.9%) reduction in project delivery, administration and other expenses. The $62,404 legal expenses and $85,000 damages incurred in 2015 account for the higher project delivery, administrative and other expenses in that year. The CDA spent $413,279 and $405,026 for street and drainage improvements and tree removal and planting (public facilities and other improvements), in 2016 and 2015, respectively.

The CDA completed residential rehabilitation work on eight and six properties in fiscal years 2016 and 2015, respectively. The residential rehabilitation expenses increased by $12,919 (16.1%), from $80,025, in 2015, to $92,944, in 2016.

The total expenses had increased by $564,680 (176.2%), from $320,464 in 2014 to $885,144, in 2015 (Chart 3). The primary reasons were additional expenditures of $375,026 (1,250.1%) for public facilities and other improvements, $160,869 (109.2%) for project delivery, administration and other and $71,250 (345.9%) assistance to public service organizations.

The CDA had completed residential rehabilitation work on six properties in each fiscal year 2015 and 2014. The residential rehabilitation expenses had decreased by $42,465 (34.7%), from $122,490, in 2014, to $80,025, in 2015.

The public service grants mostly range from $5,000 to $10,000 and are used to subsidize the operating costs and improve the facilities of the recipient organizations. The public service expenses are primarily to assist nonprofit organizations engaged in providing educational and recreational services for youth and food and shelter for the persons in need. The organizations that have received aid from the CDA has include the following: Freeport Summer Youth Program, Harvest for The World, Girl Scouts of Nassau County, the Safe Center, The Cedarmore Corporation, Interfaith Nutrition Network, Economic Opportunity Commission of Nassau County and Freeport Our Holy Redeemer Church.

Governmental Fund

Total General Fund assets were $3,233,932 on February 28, 2017 as compared to $3,702,969 on February 29, 2016. The $469,037 (12.7%) decrease in assets was the net result of reductions of $188,163 (62.5%) in cash and cash equivalents, $300,000 (8.9%) in land and building held for development and sale, $26,384 (239.5%) increase in CDBG grant amounts due from other governments.

Total General Fund assets were $3,523,684 on February 28, 2015 as compared to $3,702,969 on February 29, 2016. The increase of $179,285 (5.1%) was essentially the result of $166,501 (123.9%) increase in cash and cash equivalents and $11,026 due from other governments.

The total liabilities of the General Fund decreased by $1,510,242 (81.2%), from $1,859,149, on February 29, 2016 to $348,907, on February 28, 2017. The decrease in liabilities was primarily due to the payment of the $1,437,095 amounts due to the Village of Freeport, by conveying certain land and building held for development, and $92,138 (44.9%) accounts payable and accrued expenses offset by $17,134 (9.2%) increase in unearned revenues.

The total liabilities of the General Fund had increased by $392,391 (26.6%), from $1,476,758 on February 28, 2015 to $1,859,149 on February 29, 2016. The increase in liabilities was primarily for the unearned revenues of $185,701 and increase in accounts payable of $171,801, mainly for legal fees and damage claims. The unearned revenues represent the CDBG grant funds advanced for public facilities improvement and public service prior to incurring related expenses.

The total fund balance increased by $1,041,205 (56.5%), from $1,843,820, on February 29, 2016 to $2,885,025 on February 28, 2017. Unassigned fund balance improved by $1,343,963 (87.2%) from $(1,537,466) as of February 29, 2016 to $(196,261) on February 28, 2017. The conveyance of certain properties to the Village in exchange for the amounts owed to the Village accounts for the improvement.

The total fund balance had decreased by $203,106 (9.9%), from $2,046,926 on February 28, 2015 to $1,843,820 on February 29, 2017. Unassigned fund balance decreased $203,106 (15.2%) from $(1,334,360) as of February 28, 2015 to $(1,537,466) on February 29, 2016. This decrease in unassigned fund balances were due to of administrative expenses and other operating expenses exceeding revenues.

Total program revenues increased $1,436,702 (213.6%) from $672,745 in 2015 to $2,109,447 in 2016. The federal grant revenues, which are expenditure driven remained substantially unchanged. In addition to the CDBG revenues, the CDA received a $1,437,095 from the Village of Freeport in exchange for certain properties during 2016.

Federal grant revenues, had increased by $386,336 (134.9%) form $286,383, during 2014 to $672,650 in 2015. The increase in revenues were primarily due to the revenues of $385,157 (1,925.8%) corresponding to the additional expenditures for public facilities improvements.

The total expenditures in 2016 increased by $192,391 (22.0%) from, $875,851 in 2015 to $1,068,242 in 2015. The increased expenditure was the net result the additional expenditures of $313,328 for commercial rehabilitation, including $300,000 cost of properties transferred to the Village of Freeport, $39,639 (402.1%) for benefits and related expenses, including $18,311 contribution to New York State Retirement System, $12,919 (16.1%) increase in residential rehabilitation, offset by $70,613 (72.2%) decrease in professional expenses and $18,443 (20.1%) in public service expenditures.

The total expenditures in 2015 had increased by $417,620 (91.1%). The increased expenditure was the net result of the additional expenditures of $384,426 (1,866.1%) for public facilities improvements and $83,327(149.4%) project delivery, administrative and other expenditures, offset primarily by decreased expenditures of $42,465 (34.7%) for residential rehabilitation, $77,388 (88.2 %) for benefits, $21,680 (29.4%)for administrative salaries.

The CDA has participated in the development of the Master Plan for the Village of Freeport's North Main Street Corridor and Station Area and has integrated its community development activities with the developing vision of this plan. The project area of the master Plan includes the entire length of North Main Street from Freeport's northern border at Roosevelt to its terminus at Sunrise Highway. In previous years, the CDA has contributed to the funding of the planning and design of the Plan.

The Master Plan envisions the development of about 168,000 square feet of new retail and more than 63,000 square feet of new commercial space, which will open a variety of new employment opportunities in the heart of the Village.

Implementation of the plan is laid out over three phases, with initial work being completed within a year or less. Full implementation could take up to 10-15 years, depending on economic conditions.

Debt Administration

The only long-term liability of the CDA is the net OPEB obligation of $283,495, which the Agency will pay on a pay as you go basis.

ECONOMIC FACTORS AND NEXT YEAR’S PLAN

The US Census Bureau estimated the Village of Freeport population at 43,334 in July 2015. From April 1, 2010 to July 1, 2015, the percentage change in the Village population was 1.1% (474 persons) as compared to 1.6% for the Nassau County and 2.1% for the State of New York.

Freeport has one of the highest residential population densities on Long Island, at 9,261 people per square mile, more than double the average density of Nassau County.

Per the 2010 Census data, the Village population is generally younger than those living in Nassau county and the State of New York. The percentage of population below the age of 65 was 88% as compared to 73.9% for Nassau County and 66.5% for the State of New York. The following table for major population groups shows that in 2010 the population was predominantly Hispanic or Latino and African America.

	Village of Freeport	Nassau County	New York State
African American	33.3%	12.40%	15.9%
Hispanic or Latino,	41.7%	15.70%	17.6%
White (Not Hispanic or Latino)	40.5%	63.30%	58.3%

The US Census data for the period 2011-2015 provides information regarding the number of households, national origin, language education, income and housing of the population. The number of households was 13,347. The average number of persons per household was 3.20 in the village as compared to 3.03 for Nassau County and 2.63 for New York State.

The Foreign-born population constituted 31.3% of the population in the Village as compared to 21.7% in Nassau County and 22.5% in the State of New York. The percentage of persons who spoke a language other than English at home was 43.3% in the Village, 27.90% in Nassau County and 30.4% in the State of New York.

The percentages of persons 25 years or older with high school a higher degree were 81.2%, 90.8% and 85.6%, for the Village, Nassau County and the State of New York, respectively. The percentages with Bachelor's degree or higher, for persons over 25 years old were 26.4%, 42.8% and 34.2%, for the Village, Nassau County and the State of New York, respectively.

The annual per capita income was $28,357 as compared to $43,206 for the Nassau County. The persons below poverty level were 13.8% of the total population in the Village and 6.1% in Nassau County.

As of April 1, 2010, there were 13,865 housing units in the Village. The information regarding the housing units and home ownership is provided in the following table:

	Village of Freeport	Nassau County	State of New York
Home-ownership rate	53.6%	80.3%	53.6%
Housing units	13,865	168,346	8,108,103
Median value of owner-occupied housing units,	$ 283,400	$446,400	$312,800

The 2010 Survey of the US Census Bureau shows the significance of African American, Hispanic and Women owned businesses in the Village:

Firm Owner	Village of Freeport	Nassau County	New York State
Minority	2,646	44,392	709,021

Women	1,679	48,489	725,709
Veteran	312	11,775	137,532
All firms	4,795	162,528	2,008,988

The Village of Freeport had an unemployment rate of 5.2% in April 2015 compared to 4.2% rate for Nassau County. Resident income levels remain below-average for the New York City area with the 2014 median family income at 117% of the US median. The village's December 2016 unemployment rate of 5% is slightly elevated compared to state (4.5%) and national (4.5%).

The Agency has considered the above and other factors in developing its plan for the next year's community development activities

Contacting the CDA's Financial Management

This financial report is designed to provide the reader with a general overview of the CDA's finances and to demonstrate the CDA's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Community Development Agency at (516) 442-4844.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

VILLAGE OF FREEPORT COMMUNITY DEVELOPMENT AGENCY
STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
FEBRUARY 28, 2017

Assets		
Cash and cash equivalents	$	112,736
Due from other governments		37,410
Due from primary government		
Prepaid items		2,500
Lands and buildings held for development and sale		3,081,286
Total assets		3,233,932
Deferred outflows		
Deferred pension outflows		46,549
Liabilities		
Accounts payable accrued expenses		113,288
Unearned revenues		202,834
Compensated absences-due in one year		42,653
Net pension liability		19,672
Other post-employment benefits (OPEB)		283,495
Due to Village of Freeport		32,785
Total liabilities		694,727
Deferred inflows		
Deferred pension inflows		31,581
Net position		
Unrestricted		2,554,173
Total net position	$	2,554,173

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

VIALLAGE OF FREEPORT COMMUNITY DEVELOPMENT AGENCY
STATEMENT OF GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED FEBRUARY 28, 2017

		Program Revenues		Net (Expense) Revenue and Changes in Net position
	Expenses	Charges and Other	Operating Grants	Total
Functions/Programs:				
Commercial rehabilitation	$ (313,328)	$ 1,437,095	10,570	1,134,337
Residential rehabilitation	(92,944)		92,944	-
Public facilities improvement and other	(413,279)		413,279	-
Public service	(73,407)		73,407	-
Project delivery and administration	(160,720)		82,070	(78,650)
Total	$ (1,050,920)	$ 1,437,095	672,270	1,055,687
General revenues:				
Interest				81
Change in net position				1,055,768
Net position – beginning				1,498,405
Net position – end				$ 2,554,173

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

BASIC FINANCIAL STATEMENTS: FUND FINANCIAL STATEMENTS

VILLAGE OF FREEPORT COMMUNITY DEVELOPMENT AGENCY
GOVERNMENTAL FUND
BALANCE SHEET
FEBRUARY 28, 2017

Assets		
Cash and cash equivalents	$	112,736
Due from primary government		
Due from other governments		37,410
Prepaid expenses		2,500
Lands and buildings held for development and sale		3,081,286
Total assets	$	3,233,932
Liabilities:		
Accounts payable & accrued expenses	$	113,288
Unearned revenues		202,834
Due to Village of Freeport		32,785
Total liabilities		348,907
Fund balances:		
Unrestricted		
Non-spendable		3,084,044
Unassigned (Deficit)		(199,019)
Total fund balance		2,885,025
Total liabilities, deferred inflows and fund balance	$	3,233,932

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

VILLAGE OF FREEPORT COMMUNITY DEVELOPMENT AGENCY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUND TO THE STATEMENTS OF NET POSITION
FEBRUARY 28, 2017

Fund balances - total governmental fund	$	2,885,025
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred outflow of resources resulting from pension obligations are not available resources, therefore, are not reported in governmental funds.		46,549
Deferred inflow of resources resulting from pension obligations are not due and payable in the current period and, therefore, are not reported in In governmental funds.		(31,581)
Long-term liabilities, including compensated absences and other post-employment benefits are not due and payable in the current period and, therefore are not reported in the general Fund.		
Compensated absences		(42,653)
Net pension liability		(19,672)
The net post-employment benefit liability is recorded in the Government-Wide financial statements but not in the fund financial statements		(283,495)
Net position of governmental activities.	$	2,554,173

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

VILLAGE OF FREEPORT COMMUNITY DEVELOPMENT AGENCY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE - GOVERNMENTAL FUND
THE YEAR ENDED FEBRUARY 28, 2017

Revenues:		
Federal aid	$	672,271
Revenues from conveyance of property		1,437,095
Interest		81
Total revenues		2,109,447
Expenditures:		
Current:		
Commercial rehabilitation		313,328
Residential Rehabilitation		92,944
Public Service		73,407
Public facilities improvement and other		413,279
Administrative salaries and taxes		46,644
Benefits		49,498
Professional Expenses		27,224
Other administrative expenses		51,918
Total expenditures		1,068,242
Excess of revenues over expenditures		1,041,205
Changes in fund balance		
Change in fund balance		1,041,205
Fund balance, beginning:		1,843,820
Fund balance, ending	$	2,885,025

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

VILLAGE OF FREEPORT COMMUNITY DEVELOPMENT AGENCY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED FEBRUARY 28, 2017

Net change in fund balances - governmental fund	$ 1,041,205
Amounts reported for governmental activities in the statement of activities are different because:	
Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Other post-employment benefit expenses	(5,126)
Deferred pension plan outflows	18,311
Pension expense	1,378
Change in net position of governmental activities	$ 1,055,768

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

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BASIC FINANCIAL STATEMENTS:

NOTES TO FINANCIAL STATEMENTS

The notes provide a summary of significant accounting policies
and other disclosures required for a fair presentation of the basic financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Village of Freeport Community Development Agency ("CDA", "Agency") have been prepared in conformity with the generally accepted accounting principles applicable to state and local governmental units as promulgated by the Government Accounting Standards Board (GASB).

The basic financial statements of the CDA include all its funds, which consist only of the General Fund. The financial statements of the CDA have been prepared to conform to the generally accepted accounting standards (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and reporting principles. The more significant accounting principles and reporting practices used by the CDA are described below.

FINANCIAL REPORTING ENTITY

The Village of Freeport Community Development Agency ("CDA") is a public benefit corporation which was created by New York State Legislation in 2010 under Section 620 of the General Municipal law, as amended by chapter 169 of the laws of 1976. It is organized in the manner prescribed by law and is an independent entity from the Village of Freeport. The Mayor appoints the Commissioners of the CDA and serves as the Chair of the Board of Commissioners.

As of and prior to the fiscal year ended February 28, 2010, all activities of the Village of Freeport Community Development Agency were presented under the Village of Freeport Community Development Fund, a major special revenue fund of the Village of Freeport. In 2010, the Village of Freeport Community development Agency was established as a legally independent unit of the Village of Freeport by the New York State Legislature. For the fiscal years ended February 28, 2011 and thereafter, all activities of the Village of Freeport Community Development Agency are presented as the activities of a separate component unit of the Village of Freeport.

GASB Statement No. 14, *"The Financial Reporting Entity,"* states that a primary government that appoints a voting majority of an organization's officials and is obligated in some manner for the debt of that organization, is financially accountable for that organization. Based on this criterion, the CDA would be considered a discretely presented component unit of the Village of Freeport and is included in their basic financial statements.

BASIC FINANCIAL STATEMENTS

In accordance with GASB Statement No. 34, "*Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*," the basic financial statements include both government-wide and fund financial statements. The government-wide financial statements (Statement of Net position and Statement of Activities) report on the Agency excluding fiduciary activities. Governmental activities, which normally are supported by intergovernmental revenues (Primarily Federal aid), are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All activities, both governmental and business-type, are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The Agency has only a single governmental activity.

The government-wide financial statements focus more on the sustainability of the Agency as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

The government-wide Statement of Net position reports all financial and capital resources of the Agency. It is displayed in a format of assets and deferred outflows less liabilities and deferred inflows equal net position, with the assets and liabilities shown in order of their relative liquidity. Net position is required to be displayed in three components: 1) invested in capital assets, 2) restricted, and 3) unrestricted. Invested in capital assets, net represents capital assets net of accumulated depreciation which is reduced by outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position is those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net position not otherwise classified as restricted are shown as unrestricted.

Generally, the Agency would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide Statement of Activities demonstrates the degree to which both direct and indirect expenses of the various functions and programs of the Agency are offset.

Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type. In the Statement of Net position, the governmental activities and business activities columns are presented on a consolidated basis in a single column (the CDA has only a single General Fund and does not have any business-type fund), and are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (home and community, culture and recreation and housing assistance) and the general revenues. The general revenues principally include interest.

The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants and charges for providing services. The program revenues must be directly associated with the functional (home and community, culture and recreation and housing assistance) activity. The operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants. The Agency did not have capital specific grants in the fiscal year ended February 28, 2017.

The net costs, by function, are covered by general revenues and transfers. The general revenues included interest earned on the Agency's cash equivalents.

This government-wide focus is more on the sustainability of the Agency as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

In the fund, financial statements the emphasis is on the major funds. Non-major funds (by category), if any, or fund types are summarized into a single column. The Agency has only a single major fund, the general fund.

The governmental fund financial statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which the general fund is budgeted. This presentation is deemed most appropriate to (a) demonstrate legal and covenant compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the Agency's actual experience conforms to the fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented on the page following each statement, which briefly explains the adjustment necessary to transform the fund based financial statements into the governmental column of the government-wide presentation.

In the governmental fund financial statements, fund balance is presented using the following classifications:

Nonspendable fund balance is amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance is amounts that are restricted to specific purposes when constraints placed on the use of resources are either by (a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance is amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners.

Assigned fund balance is amounts that are constrained by the Agency's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Commissioners has delegated the authority to assign fund balance to the Executive Director.

Unassigned fund balance includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

Pursuant to the Agency's Comprehensive Fund Balance Policy, restricted fund balance is to be spent first when expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, committed amounts are reduced first followed by assigned amounts and then unassigned amounts.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized only as they become susceptible to accrual (measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Agency considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures when payment is due.

Intergovernmental revenues, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual. In applying the susceptible to accrual criteria to intergovernmental revenues (grants and subsidies), eligibility requirements of the individual programs must be met. In general, monies must be expended on a specific purpose or project before any amounts not available are recorded as deferred revenue. All other revenue items are measurable and available only when cash is received by the Agency.

The Agency reports the following major governmental fund:

General Fund - The General Fund is the general operating fund of the CDA through which the CDA provides most services. Its principal sources of revenue are the Community Development Block Grant received from the United States Department of Housing and Urban Development.

BUDGETS AND BUDGETARY ACCOUNTING

The Agency uses both annual and program budgets for the General Fund. The annual budget is not legally adopted budget but is used for planning and control documents by the agency.

Annual Budgets

The annual budget is proposed for the General Fund by the Executive Director and submitted to the Board for approval. The budgets are amended during the year as additional planning information becomes available. The Executive Director with the approval of the Board of Commissioners is authorized to amend the budget allocations and total appropriations.

Programs and Program Budgets

The Community Development Block Grant Program Budget

The CDA is a member of the 34 member Nassau Urban County Consortium (“the Consortium”). The Consortium includes 3 large towns (unincorporated areas), 2 cities, and 29 large and small villages.

The mission of the Consortium is to deal with a broad cross section of urban and suburban problems, such as a shortage of affordable, decent housing and job opportunities; a growing homeless population; aging infrastructure; a growing need for support services to meet the demands of a changing population; and a need for job creation and retention, both separate and part of revitalization efforts needed in local business areas.

The Nassau County Office of Economic Development ("NCOED") is the overall administrative agent for the Federal Community Development Block Grant (CDBG) Program, HOME Investment Partnerships Program (HOME) and the Emergency Shelter Grant (ESG) Program, which are all funded through the Federal U.S. Department of Housing & Urban Development (HUD).

Since 1995, HUD has required Nassau County to consolidate the submission requirements for all Members of the Consortium for the above formula grant programs to provide coordinated neighborhood and community development strategies to revitalize communities. It also creates the opportunity for citizen participation to occur in a comprehensive context. As a member of the consortium, the CDA receives annual funding of approximately $625,000, from the Community Development Block Grant Program ("CDBG") of the United States Department of Housing and Urban Development ("HUD") via the NCOED. Historically, the Village of Freeport had assisted the Agency with advancing salary and benefit costs.

Every year the CDA receives an application from NCOED to apply for CDBG funds. The contract fiscal year for the CDBG grant begins at the first day of September and ends on the thirty first day of August. The application is sent to the CDA between February and March of the next grant year. The Agency must complete the application and submit a three-year plan for the upcoming and following two grant years for the agency. The Agency must also include the CDBG Budget in the CDBG Application.

Activities included in the application must meet the National Objectives of the program benefiting low and moderate income persons (defined as below 80% of Nassau County's median income) or aiding in the prevention or elimination of slums or blight. The application must include a three-year project plan.

Upon receipt of the application, the CDA will then hold a meeting of the Board to authorize the Executive Director to apply for the grant. After authorization, a Public Hearing is called regarding the grant. Notice of Public Hearing is published and a public hearing is held by the CDA to provide citizens with an opportunity to propose the inclusion of activities in the program year. The Public Agencies applications are reviewed by the CDA Board.

After approval of the Board, the grant application is sent to the Nassau County Office of Economic Development (NCOED). The NCOED reviews and recommends changes to the CDA's request of funds and sends the awarded contract back to the CDA for the Mayor's and Executive Director's signatures. After the Mayor and Executive Director sign the contract it is sent back to NCOED for approval. NCOED will send the approval and an environmental clearance to the CDA at which point the CDA has the right to draw down the funds.

The CDA annual ("the Program Year") budget allotment does not expire at the year end. The grant contract period is for two years or until the projects included in the budget are completed. The completion of a project could take several years.

The Agency's major programs include the following

Commercial Rehabilitation

Historically, the CDA has participated in the development of the Master Plan for the Village of Freeport's North Main Street Corridor and Station Area and has integrated its community development activities with the developing vision of this plan. The project area of the master Plan includes the entire length of North Main Street from Freeport's northern border at Roosevelt to its terminus at Sunrise Highway. In previous years, the CDA has contributed to the funding of the planning and design of the Plan .

As a major part of commercial rehabilitation, the Agency has developed and implemented its Commercial Facade Improvement and fixture replacement Program to assist in the revitalization of older target business areas of the Village. To be eligible for participation in the program the building must be located within the geographic boundaries of the Village of Freeport and located in a Community Development eligible census tract. Area and the principal use of any property must be non-residential to be eligible for inclusion in the program.

The financial assistance for the Facade Improvement generally consists of a grant covering up to 50% of actual construction costs. Funding for the remaining construction costs is to be provided by the owner, including a good faith deposit toward total project costs of 10% of the final architect's cost estimate, due when the grant agreement is signed. Under this program, a loan for the owner's share of the construction costs may also be made available to the owner from the Community Development Corporation of Long Island or other lender. The agency from time to time may develop specific loan and grant procedures and regulations as an amendment to this agreement on a project-by-project basis. Director of the FCDA will approve these amendments.

Financial assistance for the Fixture Replacement Program will consist of a grant not to exceed $15,000 per store front, based on actual cost for purchase and installation of new fixtures. Fixtures are to include signs, sign lighting, awnings and other exterior fixtures or apparatus as approved by the FCDA. Unit costs for approved fixtures for each applicant will be determined by a competitive bid, to include installation in accordance with Davis-Bacon wage requirements. Additionally, any other items for the fixture replacement program must be pre-approved by the FCDA and bid in accordance with FCDA directions.

In the case of a building with multi fronts, a maximum of $15,000 grant is to be provided to each store front, based on actual costs of the improvements.

The CDA may assist business applicant with technical assistance for facade improvements, or fixture replacement.

Residential Rehabilitation

The Village of Freeport Residential Rehabilitation Assistance Program has been designed to improve the quality of standard housing units within the Village.

The be eligibile for rehabilitation the property must be owner occupied and located within the Inc. Village of Freeport and the owner’s income should be within the annual income limits for this program, which is established according to §813.106 of the U.S. Department of Housing and Urban Development (HUD) regulations.

Rehabilitation may include but is not necessarily limited to the roofing and siding improvements; replacement and/or repair of doors; Architectural barrier Removal (ABR) Handicap Ramps, incipient code violations or preventative maintenance efforts.

The funding will be a grant provided that the owner remains in the house for a period of one year from the date of completion of the work and remain in ownership for a total of five years from the date of completion of the work. However, in the event the house is sold within five years from the date of completion the amount of the loan shall be reduced by 20% for each year the homeowner shall have complied with the residency and ownership requirements. The balance of the loan shall be due and payable at the time of sale with interest of 3% per annum computed from the date of completion.

In the event the homeowner does not reside in the house for a period of one year following completion of the work, the homeowner shall be forgiven the pro rata portion of the fund borrowed from the Village of Freeport Community Development Agency. The balance of the loan is due the Village of Freeport Community Development Agency together with interest of 3% per annum for the remaining portion of the five (5) year ownership period.

A Chattel mortgage and UCC-1 Certificate or subordinate mortgage and mortgage note is signed by the owner in order to protect the funds provided for under the terms of the grant agreement. At the end of the five (5) year term, a mortgage satisfaction will be executed for filing with Nassau County. The filing cost of the mortgage and satisfaction is the responsibility of the homeowner.

Public Service

For over 25 years, the Community Development Block Grant (CDBG) program has provided a comprehensive and flexible source of funding to address local housing and community development needs. But CDBG funds, up to a maximum of 15%, may be used to provide public services (including labor, supplies, materials and other costs).

To be eligible for CDBG assistance, the *public service* must be either: a new service or increase in the level of a service in accordance with the Basic Eligibility Activities listed in the Federal Register 24 CFR Parts 570.201-570.206. Each January, the Agency sends out Notice of Funding Availability to interested parties and public service agencies. Funding is allocated on a competitive basis with applications for each funding source rated based on criteria set forth in the published request for proposals for the specific grant fund requested.

ASSETS, LIABILITIES, NET POSITION OR EQUITY AND REVENUES AND EXPENSES

Deposits and Investments

Cash includes amounts in demand deposits as well as short-term investments with original maturities of three months or less from the date acquired by the CDA.

Accounts held by an official custodian for the CDA are insured as follows: up to $250,000 for the combined total of all time and savings deposits (including NOW accounts).

The CDA's investment policy requires the CDA to follow State statutes which allow the CDA to invest in obligations guaranteed by the U.S. Treasury or its agencies and general obligations of the State of New York and its municipalities.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. In the governmental fund financial statements, these prepaid items are recorded on the consumption basis.

Other Assets

Other assets held are recorded and accounted for at cost.

Deferred Outflows and Inflows

A deferred outflow of resources is a consumption of net position by the Agency that is applicable to a future reporting period and a deferred inflow of resources is an acquisition of net position by the city that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the statement of net position but are not recognized in the fund financial statements as revenues and expenditures until the period(s) to which they relate.

Under the modified accrual basis of accounting, revenues and other fund financial resources are recognized in the period in which they become both measurable and available. Assets recorded in the fund financial statements for which the revenues are not available are reported as a deferred inflow of resources. Deferred inflows of resources consist of reimbursement based grants, as applicable in the government-wide and fund financial statements.

"Available" means collectible within the current period (year ended February 28, 2017) or within 60 days after year end (March or April of 2017) and usable to pay liabilities of the current period.

In accordance with GASB Statement No. 33, the CDA accrues revenue from expenditure-driven/reimbursement type grants, such as CDBG grant, when the expenditures have been made and the revenue is available.

Deferred inflows are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

Capital Assets

Capital Assets of the Agency are provided by the Village of Freeport and are the property of the Village of Freeport.

Long-term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. As of February 28, 2017, the only long term liability was net other post-employment benefits obligations.

Compensated Absences

Compensated absences consist of vacation leave and a calculated amount of sick leave earned by employees based on services already rendered. The CDA employees receive vacation time, sick leave, and other benefits. Employees of the CDA may carry over unused vacation and sick days and are entitled to payment for accumulated vacation and sick days, upon retirement or termination subject to certain limitations.

The cost of compensated absences is accrued, when incurred, in the government-wide financial statements. A liability for the current amount of compensated absences is recorded as a current liability at February 28, 2017.
The compensated absences are reported in governmental fund only if they have matured (i.e., unused reimbursable leave still outstanding following an employee's resignation or retirement).

Other Post Retirement Benefits (OPEB)

In addition to providing pension benefits, the Agency provides health insurance coverage and survivor benefits for employees and their survivors. All the Agency's employees may become eligible for these benefits if they reach normal retirement age while working for the Agency. Healthcare benefits and survivors' benefits are provided through an insurance company whose premiums are based on the benefits paid during the year.

Prior to the issuance of the Government Accounting Standards Board Statement 45 (GASB 45), the Agency followed a "pay-as-you-go" accounting approach in which the cost of benefits is not reported until after employees retire. However, this approach is not comprehensive—only revealing a limited amount of data and failing to account for costs and obligations incurred as the Agency receives employee services each year for which they have promised future benefit payments in exchange.

In the year ended February 28, 2009, the Agency implemented the Statement 45, and has reported, annual other than pension postemployment benefits (OPEB) cost and its unfunded actuarial accrued liabilities for past service costs. This has fostered improved accountability and a better foundation for informed policy decisions about, for example, the level and types of benefits provided and potential methods of financing those benefits

Statement 45 requires the disclosure of information about the funded status of the plan, including the UAAL, in the notes to the financial statements and the presentation of multi-year funding progress trend information as a required supplementary schedule

Pension, Pension Obligation and Deferred Outflows - Restatement

The Agency provides retirement benefits for substantially all its regular, full-time employees through contributions to the New York State and Local Employees' Retirement System. The system provides various plans and options, and all full-time employees are required to join the plan.

The Agency's proportionate share of the net pension liability, deferred outflows of resources and deferred inflows of resources, and expense associated with the CDA's requirement to contribute to the New York State Employees' Retirement System ("NYSERS") have been determined on the same basis as they are reported by NYSERS. Contributions made to NYSERS after the actuarial measurement date and prior to the CDA's fiscal year end are reported as deferred outflows of resources.

The adoption of GASB Statement Nos. 68 and 71 resulted in the restatement of the Agency's fiscal year ended February 28, 2015 financial statements to reflect the reporting of net pension liabilities and deferred inflows of resources and deferred outflows of resources for its qualified pension plan and the recognition of pension expense in accordance with the provisions of GASB Statement No. 68. Net position as of February 28, 2015, was decreased by $15,101 to $1,710,803 reflecting the cumulative retrospective effect of the adoption of GASB Statement No. 68. Net pension liability of $19,672, deferred outflow of resources of $46,547 and deferred inflows of resources of $31,581 were reported at Februaray 28, 2017. The Agency's recognized aggregate pension expense of $1,378 for the fiscal year 2016.

Grants and Other Intergovernmental Revenues

The federal reimbursement type grants are recorded as intergovernmental receivables and revenues when the related expenditures are incurred. On an accrual basis, revenue in the form of shared revenue is recognized when the provider government recognizes its liability to the Agency.

Risk Management

The Agency is potentially exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; general liability; workers' compensation and unemployment claims. The Agency had no outstanding claims or judgments against it during the fiscal year.

NOTE 2. CASH AND CASH EQUIVALENTS

At February 28, 2017, carrying values of cash and cash equivalents was $112,736 in five bank accounts. The amounts on deposit were fully insured by the FDIC.

Interest rate risk. It is the risk that changes in market interest rates will adversely affect the fair value of the investment. Generally, the fair values of investments with longer maturities are more sensitive to changes in market interest rates. In accordance with its cash management and investment policy, the Agency manages its exposure to declines in fair values by investing its excess cash in money market accounts or certificate of deposits with maturity of less than one year.

Custodial and credit risk. The Agency's bank balances of deposits were either entirely insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 or collateralized with securities pledged in third party custodial accounts of the pledging financial institutions in the CDA's name.

NOTE 3. AMOUNTS DUE TO AND FROM VILLAGE OF FREEPORT

On February 1, 2016, the CDA's Board of Directors conducted a public hearing, after a notice published in Newsday on January 29, 2016, and adopted a resolution authorizing the conveyance and transfer of certain properties held for development and sale to the Incorporated Village of Freeport. On, December 20, 2016, the Office of Village Attorney filed the quit claim indentures between the Agency and the Village were filed by, on December 20, 2016.

These transferred properties which were acquired by the CDA for $300,000.00 were transferred to the Village for $1,437,095, the total outstanding balance of the amounts due to the village, on February 29, 2016.

On February 28, 2017, the balance of the amount due to the Village of Freeport was as follows:

AMOUNT DUE TO THE VILLAGE OF FREEPORT		
For reimbursable expenses	$	11,164
For Youth and Senior Program		21,621
Balance, February 28, 2017	$	32,785

According to the standing agreement between the Village and the CDA, the Village has made reimbursable payments on behalf of the CDA and provided grants, office facilities and management, financial planning and accounting resources to the assist the CDA.

During the year ended February 28, 2013, the CDA relocated its offices from the Village headquarters to the second floor of building located at 11 Richmond Street, Freeport, which belongs to the Village. The CDA is on a month to month lease and paid a monthly rent of $2,500 to the Village of Freeport during the fiscal year ended February 28, 2017.

NOTE 4. PENSION PLANS AND POST RETIREMENT BENEFITS

The Agency participates in the New York State and Local Employees' Retirement System (ERS) which are collectively referred to as New York State and Local Retirement System (the System). These are cost-sharing multiple-employer defined benefit retirement systems. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System.

The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November 2014, he was elected for a new term commencing January 1, 2015. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Housing Authority also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance.

The System is included in the State's financial report as a pension trust fund. That report may be found at 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.

Benefits Provided

The System provides retirement benefits as well as death and disability benefits.

Tiers 1 and 2

Eligibility: Tier 1 members, except for those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, except for those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Because of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months. Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20 percent of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous two years.

Tiers 3, 4, and 5

Eligibility: Tier 3 and 4 members, except for those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, except for those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 3, 4 and 5 members, each year of final average salary is limited to no more than 10 percent of the average of the previous two years.

Tier 6

Eligibility: Tier 6 members, except for those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members and 62 for PFRS members.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with ten or more years of service can retire as early as age 55 with reduced benefits. Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

Ordinary Disability Benefits

Generally, ordinary disability benefits, usually one-third of salary, are provided to eligible members after ten years of service; in some cases, they are provided after five years of service.

Accidental Disability Benefits

For all eligible Tier 1 and Tier 2 ERS and PFRS members, the accidental disability benefit is a pension of 75 percent of final average salary, with an offset for any Workers' compensation benefits received. The benefit for eligible Tier 3, 4, 5 and 6 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first $50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for ten years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed $18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1 percent or exceed 3 percent.

Contributions

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) who generally contribute 3 percent of their salary for their entire length of service. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Contributions for the current year was made subsequently during fiscal year 2016 and for the two preceding years contributions were equal to 100 percent of the contributions required, and were as follows:

Year ended	Amount
2/28/2017	$15,210
2/29/2016	-
2/28/2015	5,245
2/28/2014	30,546

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

At February 28, 2017, the Agency's reported a liability of $19,672 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Agency's proportion of the net pension liability was based on a projection of the CDA's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At March 31, 2016, the Agency's proportion was 0.0001226%.

For the year ended February 28, 2017, the Housing Authority recognized pension expense of $1,378. At February 28, 2017, the CDA's reported deferred outflows of resources related to pensions from the following sources:

		Deferred Outflow of Resources
Difference between expected and actual experience		99
Changes in assumptions		5,246
Net difference between projected and actual investment earnings on pension plan investments		11,671
Agency contributions subsequent to the measurement date		29,533
Total deferred outflows of resources	$	46,549

The $29,533 reported as deferred outflows of resources related to pensions resulting from the Agency's contributions after the measurement date was recognized as a reduction of the net pension liability in the year ended February 28, 2017. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	Amount
2/28/2017	$ 4,682
2/28/2018	4,682
2/28/2019	4,682
2/29/2020	520

Actuarial Assumptions

The total pension liability for the March 31, 2016 measurement date was determined by using an actuarial valuation as of April 1, 2015, with update procedures used to roll forward the total pension liability to March 31, 2016. The valuation used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.5%
Salary scale	3.8%, indexed by service
Investment rate of return, including inflation expense	7.0% compounded annually, net of investment
Cost of living adjustments	1.3% annually

Decrements	Developed from the Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015
Mortality improvement	Society of Actuaries Scale MP-2014

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations.* ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for equities and fixed income as well as historical investment data and plan performance.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2015, and 2014 are summarized as follows:

Asset Class	Asset Allocation	Long-term Expected Rate of Return
Domestic equity	38.00%	7.30%
International equity	13.00%	8.55%
Private equity	10.00%	11.00%
Real estate	8.00%	8.25%
Absolute return strategies	3.00%	6.75%
Opportunistic portfolio	3.00%	8.60%
Real assets	3.00%	8.65%
Bonds and mortgages	18.00%	4.00%
Cash	2.00%	2.25%
Inflation-indexed bonds	2.00%	4.00%
	100.00%	

Discount-Rate

The discount rate used to calculate the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current rates and contributions from employers will be made at the statutorily required rates, actuarially. Based upon the assumptions, the State Plan'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 CDA's proportionate share of the net pension liability/(asset) calculated using the discount rate of 7%, as well as what the CDA's proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is 1% lower (6.0%) or 1% higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Assumption (7.0%)	1% Increase (8.0%)
Employer's proportionate share of the net pension liability/(asset)	$44,360	$19,672	$ (1,187)

Collective Net Position Liability of Participating Employers and Actuarial Information

The components of the collective net pension liability of participating employers as of March 31, 2016 were as follows.

	Employee's Retirement System	Police and Fire Retirement system	Total
Employers' total pension liability	$ 172,303,544	$ 30,347,727	$ 202,651,271
Plan fiduciary net position	(156,253,265)	(27,386,940)	(183,640,205)
Employers' net pension liability	$ 16,050,279	$ 2,960,787	$ 19,011,066
System fiduciary net position as a percentage of total pension liability	90.7%	90.2%	90.6%

NOTE 5. OTHER POST EMPLOYMENT BENEFITS (OPEB)

The other long-term liability of the Agency is the liability for the net Other Post-Employment Benefits of $283,495 as of February 28, 2017.

The Village of Freeport Community Development Agency's is a part of the Village of the Village of Freeport single-employer defined benefit OPEB plan. The CDA's retirees' medical/drug and dental insurance plans are fully insured.

New Government Accounting Standards Board (GASB) Statements. The financial statements do not reflect the impact of GASB Statements 74 & 75 which are effective for fiscal years beginning after June 15, 2017. The impact to financial statements because of these new GASB Statements include, but are not limited to, the amount of the Net OPEB Obligation to be reported on the financial statements, the selected actuarial cost method, discount rate used, and disclosures in the audited financial statements.

As of February 28, 2017, the census information for the active and retired employees covered under OPEB plan were as follows:

	Number	Average Age
Actives	1	43
Retirees	4	77
Total	5	

First year of implementation was March 1, 2008 to February 28, 2009 prior valuations Were done as part of the Village of Freeport valuations. The latest actuarial evaluation date is March1, 2014. The actuarial assumptions used in the evaluation were as follows:

Discount rate of 3.00%. Discount rate selection was based on the Citibank Pension Discount Interest Rates published by the Society of Actuaries rounded to the nearest percentage point.

Insurance Coverage Funding Basis. Medical coverage, including prescription drugs as part of the medical plan, is offered to retirees on a fully insured basis through the New York State Health Insurance Plan (NYSHIP) aka the Empire Plan. Benefits are not provided for retirees for dental, vision and life insurance. Reimbursements provided for Medicare Part B premium. Medical, including prescription drugs, is provided on a fully insured basis through the New York State Health Insurance Plan (NYSHIP) Empire Plan.

Assets. Assets are not valued since benefit is unfunded. Assets are zero.

Actuarial Cost Method Projected Unit Credit.

Retirement Eligibility Assumptions. Eligibility for early retirement is based on meeting a criteria of minimum age and/or years of service requirements for New York State Employee Retirement System. The minimum retirement age is assumed to be fifty-five and minimum years of service is five years of service, consistent with the retiree benefits for pensions.

Retiree Contribution Rates. Individuals eligible for retiree benefits will have 0% contribution rates (i.e., plan is non-contributory).

Future Contributions for medical. Retiree contributions as a percentage of premium remain constant over the valuation. No benefit cost cap changes other than increases due to inflation and the PPACA fees and tax calculation as projected in the valuation.

Retirement System. Valuation is based on the most recent New York State Employees' Retirement System (ERS) with tables developed in 2010.

Health Care Cost Trend Assumption. The following assumptions are used for annual healthcare cost inflation (trend):

	Year	Pre-65	Post 65
Initial Trend	January 1, 2018	10.0%	10.0%
Ultimate Trend	January 1, 2028 & Later	5.0%	5.0%
Grading Per Year		0.5%	0.5%

Healthcare costs for calendar years 2017 and prior were based on actual premium rates.

Medicare Part B Reimbursements. The valuation reflects the reimbursement of Medicare Part B premium rates to retirees & spouses over age 65 that are eligible for the benefit. Employees would pay this premium and then be reimbursed by the Company. The Company reimburses 100% of all Medicare Part B premiums paid by retiree. For valuation purposes, it is assumed that the Company reimburses at the standard Medicare Part B premium level and that there is no additional reimbursement due to income level surcharge.

Medicare Part D Reimbursements. The Agency does not reimburse for Medicare Part D premium.

Starting Claim Costs. Base plan costs are based on premium rates for calendar years 2015 through 2017 with years blended 2/12 for 2014 and 10/12 for 2015 for year 1 and 2/12 of 2015 and 10/12 of 2016 for year 2 of the valuation and so on as applied for each of pre-65 and post-65 retirees

Percentage of Future Retirees Opting Out. None, assume 100% participation for those covered as actives. All active and retired employee records provided by client were valued. This valuation is 100% retirees only and no actives.

Dependent Coverage. Not applicable since one retiree life valued with single coverage.

Plan Design Changes. Valuation assumes no changes in future plan designs from current benefits offered for the current plan year. It is assumed that the current level of benefits will remain, with no modifications to avoid the potential excise "Cadillac" tax imposed by the Patient Protection and Affordable Care Act (PPACA) described in detail above.

Mortality. RP 2014 Healthy Male and Female Tables are based on the Combined Healthy Table for both pre-and post-retirement projected with mortality improvements using Projection Scale AA plus an additional twenty (20) years additional mortality improvement.

Turnover Assumptions. This reflects rate of separation from the active plan and excludes retirement and disability. Turnover table varies by age, gender and years of service with rates of turnover based on the NYS Employees' Retirement System (ERS).

Disability Assumptions. This reflects disability assumptions from the active plan and is based on age and gender. This is the assumption used for the NYS Employees' Retirement System (ERS).

Retirement Assumptions. This reflects rate of retirement from the active plan and is based on age and gender. This is the assumption used for the NYS Employees' Retirement System (ERS).
Surviving Spouses & Dependents. Surviving spouses are eligible for subsidized retiree benefits at the same level as retirees.

Valuation of Spouses & Marital Status. Spouses are valued for benefits similar to retired employees. Employees with spouses are assumed to be married to those spouses at and throughout retirement. Employees that are without spouses (or not covering a spouse) are assumed to be single at and throughout retirement.

Spouse Age Assumptions. Not applicable since one retiree life valued with single coverage. No future dependents are assumed to be added.

Amortization Initial unfunded accrued liability (UAL) is amortized over thirty (30) years on a level dollar open basis to the appropriate Standards of Practice and guidelines of the Actuarial Standards Board (ASB).

Actuarial calculations of the OPEB plan reflect a long-term perspective. Actuarial valuations for OPEB plans involve estimates of value of reported amounts and assumptions about probability of events far into the future, and actuarially determined amounts are subject to continual revision as result are compared to past expectations and new estimates are made about future. The amortization of unfunded liabilities as a level dollar amount over 30 years was selected to comply with GASB 45 requirements for a Closed Group. A separate, audited GAAP-basis postemployment benefit plan is not available for the OPEB plan.

Following presents the annual OPEB cost:

ANNUAL OPEB COST AND NET OPEB OBLIGATION FISCAL YEAR ENDING February 28, 2017	
Annual Required	
Contribution - ARC	$22,709
Interest	8,400
Adjustment to ARC	(9,879)
Annual OPEB Cost (Expense)	21,230
Less contributions made	(17,728)
Increase in net OPEB Obligation	3,502
Net OPEB Obligation-beginning of year	279,993
Net OPEB Obligation- end of year	$283,495

The funding status and the funding progress of the Agency's Actuarial Value of Assets, Actuarial Liability, Covered payroll and Unfunded Actuarial Accrued Liability as a percentage of Covered Payroll are shown above:

FUNDING STATUS AND FUNDING PROGRESS						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Fundec Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
3/1/2014	-0-	283,495	(283,495)	0%5	73,186	384%
3/1/2012	-0-	1,035,053	(1,035,053)	0%	207,920	498%

The Agency's annual OPEB Cost, the percentage of annual OPEB cost contributed to the plan and Net OPEB obligation for three years is shown below:

ANNUAL OPEB COST, PERCENTAGE CONTRIBUTED AND NET OPEB OBLIGATION					
Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation	Covered Payroll	OPEB Cost as a Percentage of Covered Payroll
2/28/2017	21,230	84%	$283,495	73,816	384.1%
2/29/2016	20,779	92%	279,993	73,816	379.3%
2/28/2015	(94,886)	-%	278,369	73,816	128.5%
2/28/2014	100,994	38.3%	393,437	110,125,	91.7%
2/28/2013	96,701	36.7%	331,106	207,920	46.5%

NOTE 6. CONTINGENCIES AND CONCENTRATION OF RISK

The CDA receives financial assistance from the United States Department of Housing and Urban Development (HUD). The HUD Community Development Block Grant funds pass through the County of Nassau Department of Community Development.

These grant funds are subject to audit by HUD.

The Agency also receives assistance in the form of operating facilities and advances for reimbursable expenses from the Village of Freeport.

The agency is funded 100% by these two sources and material change in these funds may seriously affect its continued operations.

NOTE 7. LANDS AND BUILDINGS HELD FOR DEVELOPMENT AND SALE

As of February 28, 2017, the lands held for development and sale was as follows:

Parcel ID	Legal Address		Acquisition Cost
55--289-223	70 W Sunrise Hwy	$	756,118
55--289-18	1-7 Freeport Plaza West		400,000
55--289-12	21 Freeport Plaza West		220,442
55--289-8	42 W Sunrise Hwy		211,378
55--202-35	5-8 Benson Pl		173,438
55--289-221	24 W Sunrise Hwy		167,400
55--289-4	37-39 Freeport Plaza West		167,400
55--289-19	4 Church St		165,000
55--289-120	6 Church St		159,939
55--289-23	12 Church St		155,551
55--289-21	8 Church St		151,290
55--289-11	23 Freeport Plaza West		138,924
55--289-22	10 Church St		124,200
55--289-10	25 Freeport Plaza W		55,206
55--289-7	31 Freeport Plaza W		35,000
	Total cost	$	3,081,286

The CDA owned the following properties located at 199, 202 and 217 Woodcleft Avenue purchased together at a total cost of $300,000. The properties contain a one-story building with approximately 6,500 square feet of space occupied by Operation Splash, a volunteer nonprofit organization, which is active in keeping the south shore bays and waterways clean of debris, and to preserve and enhance the cultural and recreational resources of the area. The Organization's boats patrol the local waterways and retrieve trash, marine debris and navigational hazards from the bays, beaches and waterways. The Organization also uses the facility to repair boats and store artifacts. Operation Splash had no lease and no written agreement with the CDA regarding their occupancy. The Organization has been at this location since approximately 2003 and has plans to remain at this location and build a Seaport Museum. The Operation Splash's occupancy has been free of rent.

On February 1, 2016, the CDA's Board of Directors conducted a public hearing, after a notice published in Newsday on January 29, 2016, and adopted a resolution authorizing the conveyance and transfer of certain properties held for development and sale to the Incorporated Village of Freeport, subject to the prior approval of the Village's governing body. The Nassau County Land & Tax Map and street addresses of properties are as follows: Section 62, Block 175, Lots 4 and 303 and identified also by the street address 202 Woodcleft Avenue, Freeport, NY; Section 62, Block 177, Lots 152 and 153 and identified also by the street address 217 Woodcleft Avenue, Freeport, NY; Section 62, Block 177, Lot 151 and identified also by the street address 199 Woodcleft Avenue, Freeport, NY .

On, December 20, 2016, the Village Clerk issued a directive to the Village attorney, representing an excerpt from the minutes the Board of Trustees Meeting of December 19, 2016, pending official approval by the Mayor and Board of Directors, stating that the Village of Freeport Board of Trustees had accepted the conveyance of the property. The Office of Village Attorney filed the quit claim indentures between the Agency and the Village were filed by, on December 20, 2016.

These transferred properties were acquired by the CDA for $300,000.00; and were transferred to the Village for $1,437,095, the total outstanding balance of the amounts due to the village, on February 29, 2016.

On July 16, 2014, the Board of the CDA had passed a resolution to convey the property located at 70 Sunrise Highway West to the Village of Freeport. As of February 28, 2017, execution of the conveyance had not been effectuated.

On September 19, 2016, the Board approved the transfer of real property known as 5-8 Benson Place, Freeport, NY 11520 to the Village of Freeport. As of February 28, 2017, execution of the conveyance had not been effectuated.

NOTE 9. DEFICIT FUND BALANCE

The Agency had an unassigned fund balance deficit of $196,261, on February 28, 2017. The deficit will be financed by proceeds from disposal of the properties held for development and sale.

NOTE 10. SUBSEQUENT EVENTS

The Agency has evaluated subsequent events as of May 26, 2017, the date that the financial statements were issued. The Agency has determined that there were no other subsequent events or transactions that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates in the process of preparing financial statements (recognized subsequent events) or events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after that date (Non-recognized subsequent events).

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH G*OVERNMENT AUDITING STANDARDS*

Hon. Robert T. Kennedy, Chairman
and the Members of the Board of Commissioners
Village of Freeport Community Development Agency
Freeport, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund of the Village of Freeport Community Development Agency, New York, a component unit of the City of Freeport, New York, as of and for the year ended February 28, 2017, and the related notes to the financial statements, which collectively comprise Village of Freeport Community Development Agency's basic financial statements, and have issued our report thereon dated May 26, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Freeport Community Development Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Freeport Community Development Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of Village of Freeport Community Development 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Freeport Community Development 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Tabriztchi & Co., CPA, P.C.

May 26, 2017
Garden City, NY