VILLAGE OF FREEPORT
COMMUNITY DEVELOPMENT AGENCY

FINANCIAL STATEMENTS
For the Year Ended February 28, 2018

Prepared by:
The Village of Freeport
Community Development Agency

VILLAGE OF FREEPORT COMMUNITY DEVELOPMENT AGENCY
FREEPORT, NEW YORK
FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 28, 2018

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BASIC FINANCIAL STATEMENTS

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, 2018, 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, 2018, 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.

Emphasis of Matter
As discussed in Note 1 to the accompanying financial statements, the Village of Freeport Community Development Agency adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension.* Accordingly, the net position of the Village of Freeport Community Development Agency has been restated as of March 1, 2017. Our opinion is not modified with respect to this matter.

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

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2019 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.

Astoria, New York

November 25, 2019

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, 2018 and February 28,2017, 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 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 serve 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 15 and 16 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 17 and 19 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 21-46.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Financial Highlights

During the year ended February 28, 2018 the CDA's financial conditions declined. The following are the significant elements of the CDA's financial performance for fiscal years ended February 28, 2018 (fiscal year 2017):

- The CDA had total assets of $77,184 as of February 28, 2018. The assets decreased by $3,156,748 (98%) from $3,233,932 at February 28, 2017. The decrease primarily reflected the transfer of $3,081,286 of properties held for development and sales to the Village of Freeport for commercial development. These properties were originally obtained by the resources contributed by the Village of Freeport.

- The CDA's net position of governmental activities decreased by $3,121,074 (138%) from $2,255,214 on February 28, 2017 to a deficit balance of $865,860, on February 28, 2018. The decrease in net position was mainly the result the transfer and conveyance of properties held for development and sale to the Village of Freeport.

- The CDA's total governmental activities liabilities were $918,210, at February 28, 2018, which decreased by $75,456 (8%) from $993,666 at February 28, 2017. The decrease in liabilities was primarily the result of lower current liabilities, on February 28,2018

Net position

On February 28, 2018, total assets of the governmental activities were $77,184, total liabilities were $918,210 and deferred inflows were $24,834, resulting in a deficit net position of $865,860. On February 28, 2017, total assets of the governmental activities were $3,233,932, deferred outflows were $46,549, while total liabilities were $993,666 and deferred inflows were $31,581, resulting in net position of $2,255,214 (Table 1 and Charts 1 and 2). The CDA uses space provided by the Village of Freeport for its operations. 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 decreased by $3,121,074 (138%) from $2,255,714 on February 28, 2017 to a deficit of $865,860 on February 28, 2018.

TABLE 1

Condensed Statement of Net Position

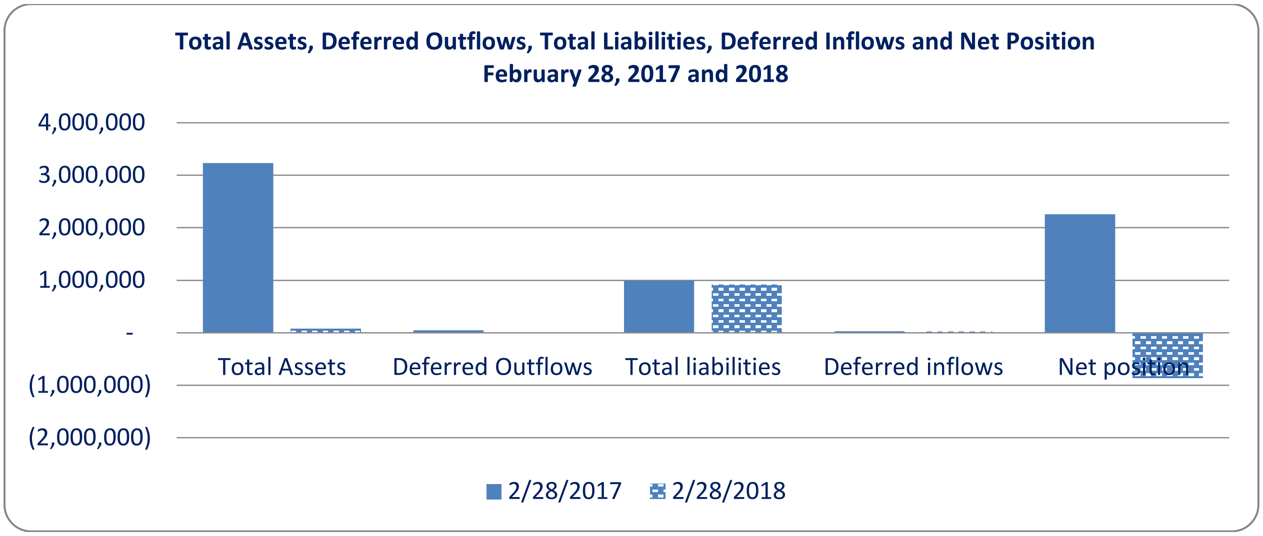
		February 28, 2018		February 28, 2017		Changes from February 28, 2017 to 2018 Amount	Percent
Assets							
Current assets	$	77,184	$	3,233,932	$	(3,156,748)	-98%
Total Assets		77,184		3,233,932		(3,156,748)	-98%
Deferred Pension outflows				46,549		(46,549)	-100%
Liabilities							
Current liabilities		337,934		348,907		(10,973)	-3%
Long-term liabilities		580,276		644,759		(64,483)	-10%
Total liabilities		918,210		993,666		(75,456)	-8%
Deferred Pension inflows		24,834		31,581		(6,747)	-21%
Net position							
Unrestricted		(865,860)		2,255,214		(3,121,074)	-138%
Total Net position	$	(865,860)	$	3,280,461	$	(3,203,277)	-98%

On February 28, 2018, the assets of the CDA included $57,874 of cash and $19,310 of accounts receivable from the County of Nassau, department of Community Development, for reimbursement of the CDBG amounts expended in 2017. On February 28, 2017, the largest category of CDA assets was the 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.

On February 28, 2018, the current liabilities were $337,934, as compared to the current assets of $77,184. The long-term liabilities were $580,276 and $644,759 on February 28, 2018 and 2017, respectively. The major liability of the CDA was the net liability for post-employment healthcare benefits of $580,276 and $582,454, on February 28, 2018 and 2017, respectively. The CDA's policy is to pay as you go, and it does not set aside resources for paying the future post-employment liabilities.

The implementation of GASB Statement 75 increased the net other post-employment (OPEB) liability by $298,939 from $345,820 (under GASB Statement 45) to $582,454 (under GASB Statement 75), as of February 28, 2017 (Chart 1).

CHART 1



Changes in Net position

During the fiscal year ended February 28, 2018, total program revenues from operating grants and conveyance of property rights was $709,434, which was a decrease of $1,400,012 (66.%) from the previous fiscal year. The total program revenues from operating grants and disposition of property were $2,109,365 in fiscal year ended February 28, 2017. The program revenues from operating grants remained substantially the same, $694,242 and $672,270 in fiscal years ended February 28, 2018 and 2017, respectively.

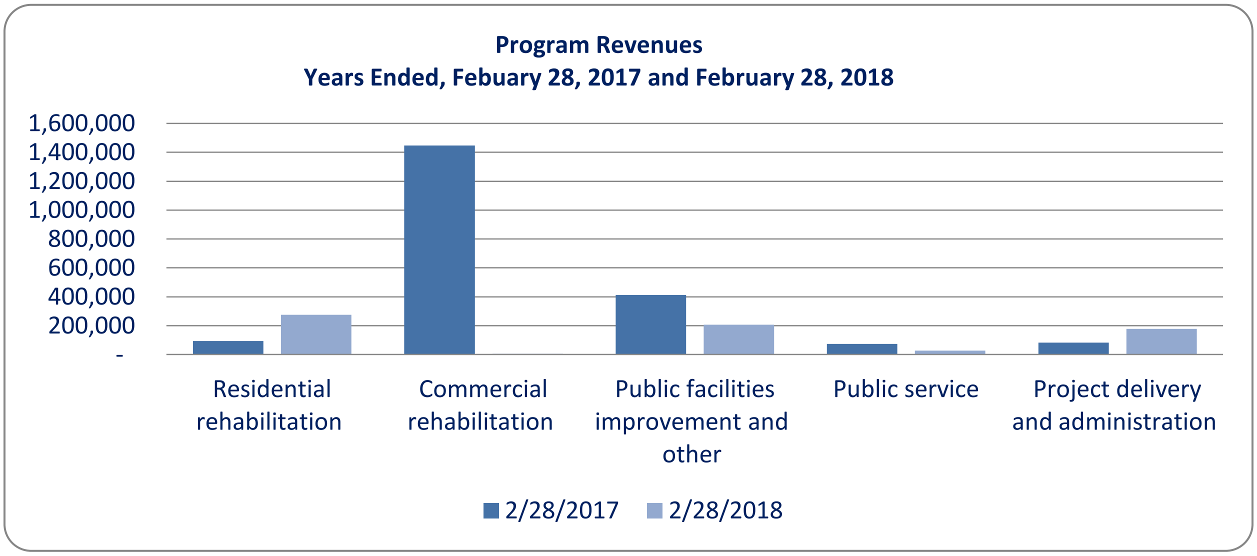
TABLE 2

Condensed Staten of Changes in Net Position

	Years Ending, February 28, 2018	Years Ending, February 28, 2017	Changes From February 28, 2017 to 2018 Amount	Changes From February 28, 2017 to 2018 Percent
Revenues:				
Operating grants	$ 694,294	$ 672,270	$ 22,024	3%
Charges and other property revenues	15,000	1,437,095	(1,422,095)	-99%
Interest	140	81	59	73%
Total revenues	709,434	2,109,446	(1,400,012)	-66%
Expenses:			-	
Community development	3,830,529	1,053,678	2,776,851	264%
Increase (decrease) in net position	(3,121,095)	1,055,768	(4,176,863)	-396%
GASB 75,other post-employment liability adjustment	-	(298,939)	298,939	-100%
Net position, beginning	2,255,235	1,498,405	756,829	51%
Net position, ending	$ (865,860)	$ 2,255,234	$ (3,121,095)	-138%

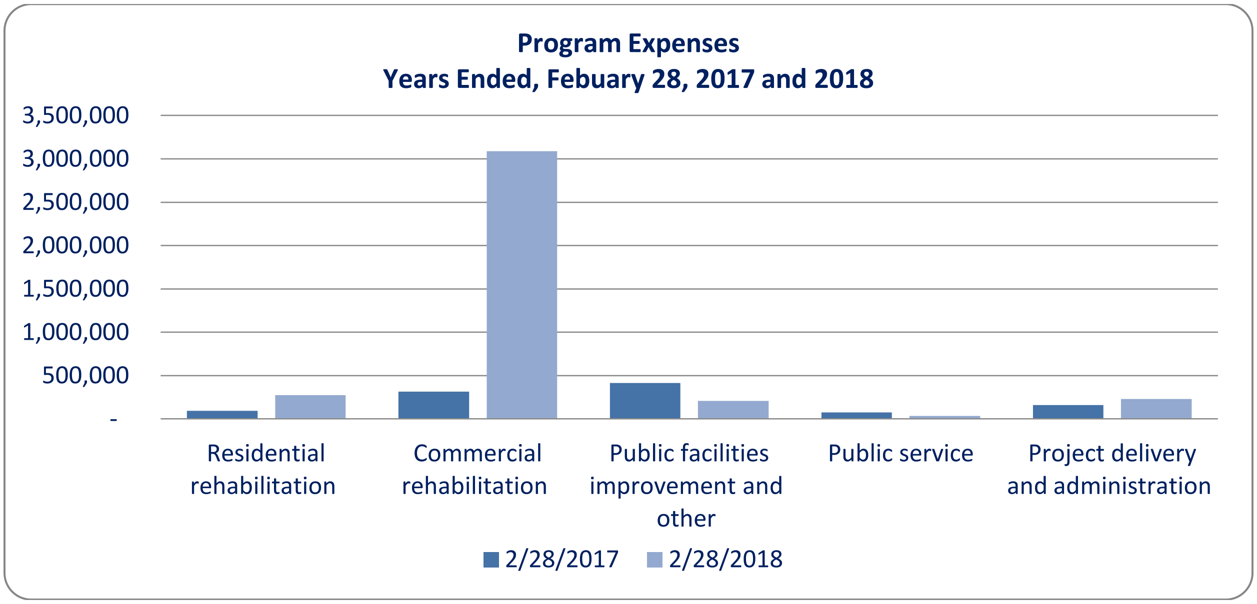
The CDA's grant revenues, from various program year Community Development Block Grants, are expenditure driven. From 2016 to 2017, the changes in component of grant revenues included the decreases of $206,033 (50%) in public facilities improvement, $45,572 (62%) in public service and $5,202 (49%) in commercial rehabilitation revenues and the increase of $188,940 (196%) in residential rehabilitation revenues (Table 2 and Chart 2).

CHART 2



The total expenses increased by $2,776,851 (264%), from $1,053,678 in 2016 to $3,830,529, during the year ended February 28, 2017 (Chart 2). The primary reason for increase was the $3,081,286 cost of the properties conveyed to the Village of Freeport for commercial development. The CDA spent $207,246 and $413,279 for street and drainage improvements and tree removal and planting (public facilities and other improvements), during fiscal years ended February 28, 2018 and 2017, respectively.

CHART 3



During the fiscal year ended February 28, 2018, the residential rehabilitation expenses were $274,884 for improving twenty single family homes. The average cost of rehabilitation was $13,740 and the rehabilitation costs ranged from $4,375 to $24,800.

During the fiscal year ended February 28, 2018, the major public service expenditure was a grant of $16,996 to Village of Freeport Youth Program. Additional grants during the year included grants of $4,000 to Village of Freeport Toys for Tots, $3,539 to Village of Freeport PAL and $3,300 to LI Arts Council.

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

General Fund Balance Sheet

Total General Fund assets were $77,184 on February 28, 2018 as compared to $3,233,932 on February 28, 2017. The $3,156,748 (98%) decrease in assets was primarily the result of reductions of $54,862 (49%) in cash and cash equivalents and $3,081,286 (100%) in land and building held for development and sale.

TABLE 4

CONDENSED BALANCE SHEET

	February 28, 2018	February 28, 2017	Changes from February 28, 2017 to 2018 Amount	Percent
Assets				
Cash and cash equivalents	$ 57,874	$ 112,736	$ (54,862)	-49%
Prepaid items	-	2,500	(2,500)	-100%
Land and property held for sale	-	3,081,286	(3,081,286)	-100%
Due from other governments	19,310	37,410	(18,100)	-48%
Total Assets	$ 77,184	$ 3,233,932	$ (3,156,748)	-98%
Liabilities				
Accounts payable and accrued expenses	$ 9,825	$ 113,288	$ (103,463)	-91%
Unearned revenues	83,811	202,834	(119,023)	-59%
Due to Village of freeport	244,298	32,785	211,513	645%
Total liabilities	337,934	348,907	(10,973)	-3%
Fund balance				
Non-spendable		3,081,286	(3,081,286)	-100%
Unassigned (deficit)	(260,750)	(196,261)	(64,489)	33%
Total fund balance	$ (260,750)	$ 2,885,025	$ (3,156,748)	-109%
Total liabilities and fund balance	77,184	3,233,932	(3,156,748)	98%

The current assets of the CDA were $77,184 as compared to the current liabilities $337,934 resulting in net working capital deficit of $260,750. The amounts due to the Village of Freeport were $244,298 or approximately 94% of the working capital deficit.

The total liabilities of the General Fund decreased by $10,973 (3%), from $348,907, on February 28, 2017 to $337,934, on February 28, 2018. The decrease in liabilities was primarily due to $119,023 (59%) decrease in unearned revenues, unexpended CDBG advances.

The total fund balance decreased by $3,156,748 (98%), from $3,233,932, on February 28, 2017 to $77,184 on February 28, 2018. Unassigned fund balance decreased by $3,081,286 (100%) because of the conveyance of its properties held for development and sale to the Village of Freeport for commercial development.

General Fund Revenues and Expenses

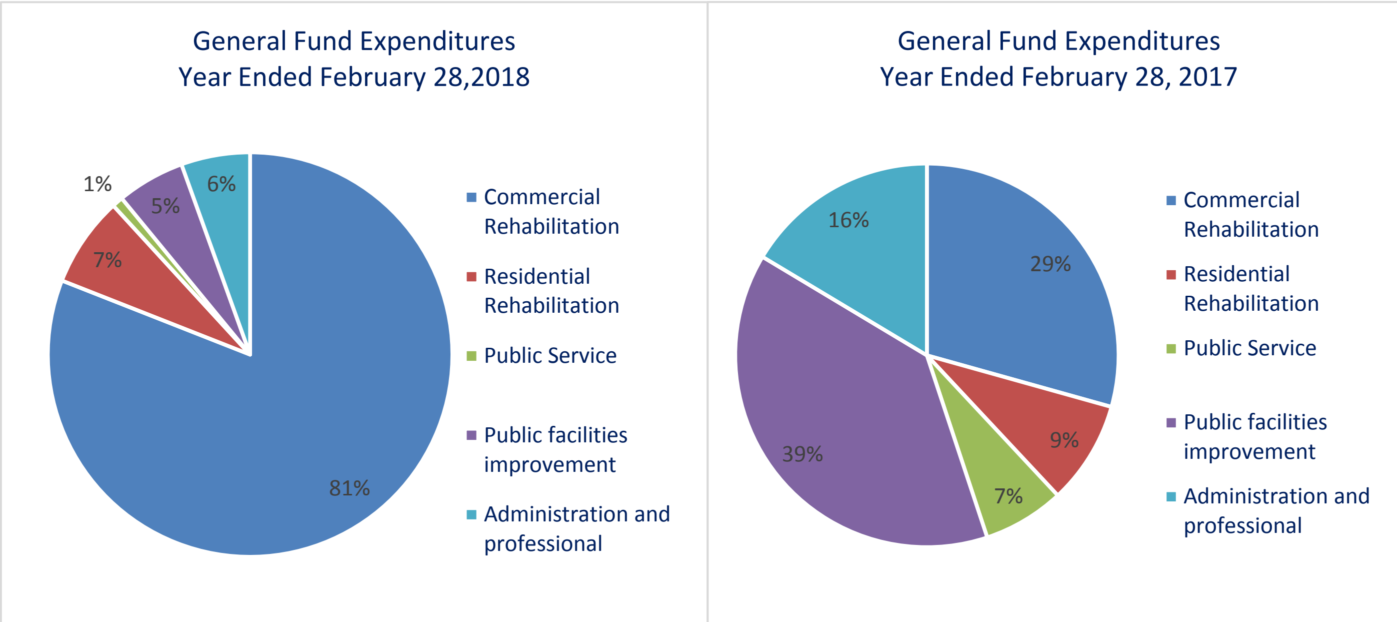
Total revenues decreased by $1,442,645 (68%) from $2,109,447, during fiscal year ended February 28, 2017 to $666,802 during fiscal year ended February 28, 2018. The federal grant revenues, which are expenditure driven remained substantially unchanged. In addition to the CDBG revenues, the CDA had received a $1,437,095 from the Village of Freeport in exchange for certain properties during fiscal year ended February 28, 2017. During fiscal year ended February 28, 2018, the CDA received $15,000 from a utility company for leasing rights held on a property transferred to the Village of Freeport for commercial development.

TABLE 5

Condensed Statement of Changes in Revenues, Expenditures and Changes in Fund balance

	Years Ending, February 28, 2018	February 28, 2017	Changes From February 28, 2017 to 2018 Amount	Percent
Revenues:				
Federal Aid	$ 615,849	$ 672,271	$ (56,422)	-8%
Sale of Property	15,000	1,437,095	(1,422,095)	-99%
Other	35,953	81	35,872	44,286%
Total revenues	666,802	2,109,447	(1,442,645)	-68%
Expenditures				
Commercial Rehabilitation	3,086,654	313,328	2,773,326	885%
Residential Rehabilitation	274,809	92,944	181,865	196%
Public Service	33,567	73,407	(39,840)	-54%
Public facilities improvement	207,246	413,279	(206,033)	-50%
Administration and professional	210,301	175,284	35,017	20%
	3,812,577	1,068,242	2,744,335	257%
Increase (decrease) in net position	(3,145,775)	1,041,205	(4,186,980)	-402%
Fund balance, beginning	2,885,025	1,843,820	1,041,205	56%
Fund balance, ending	$ (260,750)	$ 2,885,025	$ (3,145,775)	-109%

CHART 4



During fiscal year ended February 28, 2018, total expenditures increased by $2,744,334 (275%), primarily as a result of the conveyance of $3,081,286 of properties held for development and sale to the Village of Freeport for commercial development. During fiscal year ended February 28, 2018, the expenditures for public facilities improvements were $207,246. These expenditures were primarily for road improvement and drainage and decreased by $206,033 (50%) from previous year. During fiscal year ended February 28, 2018, the expenditures for residential rehabilitation of twenty single family homes was $274,809, up from the previous year amount by 181,865 (196%). The expenditures during fiscal year ended February 28, 2018 were $33,567 for four public service grants and were $210,300 for project delivery, administration and professional services.

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.

Debt Administration

The only long-term liability of the CDA is the net OPEB obligation of $580,276, which the Agency will pay on a pay as you go basis. On February 28, 2018, the CDA General Fund had a deficit balance of $260,749, primarily due to $244,298 due to the Village of Freeport. The CDA and the Village of freeport are considering arrangements for the payment of this liability and the CDA plans to seek additional revenue sources to supplement its CDBG grants.

ECONOMIC FACTORS AND NEXT YEAR'S PLAN

Population

The US Census Bureau estimated the Village of Freeport population at 43,044 in July 2018. From April 1, 2010 to July 1, 2018, the percentage change in the Village population was 0.5% (184 persons) as compared to 1.4% for the Nassau County and 0.8% 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 2018 the population was predominantly Hispanic or Latino and African America.

TABLE 6

RACIAL COMPOSITION OF POPULATION

	Village of Freeport	Nassau County	New York State
African American	31.2%	17.6%	13.0%
Hispanic or Latino,	42.9%	19.2%	17.6%
White (Not Hispanic or Latino)	24.0%	55.4%	59.3%

The US Census data for the period 2013-2017 provides information regarding the number of households, national origin, language education, income and housing of the population. The number of households was 13,672. The average number of persons per household was 3.14 in the village as compared to 3.02 for Nassau County and 2.63 for New York State.

The Foreign-born population constituted 27.8% of the population in the Village as compared to 22.0% in Nassau County and 22.7% in the State of New York. The percentages of persons 25 years or older with high school a higher degree were 80.8%, 91.0% and 86.1%, 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 27.8%, 44.4% and 35.3%, for the Village, Nassau County and the State of New York, respectively.

Per Capita Income

The annual per capita income was $29,899 as compared to $46,639 for the Nassau County and $35,752for the State of New York. The persons below poverty level were 12.8% of the total population in the Village and 6.2% in Nassau County and 13.6% in the State of New York.

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:

TABLE 7

HOUSNG CHARACTERISTICS			
	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

Women, Minority and veteran Business

The 2012 Survey of the US Census Bureau shows the significance of African American, Hispanic and Women owned businesses in the Village:

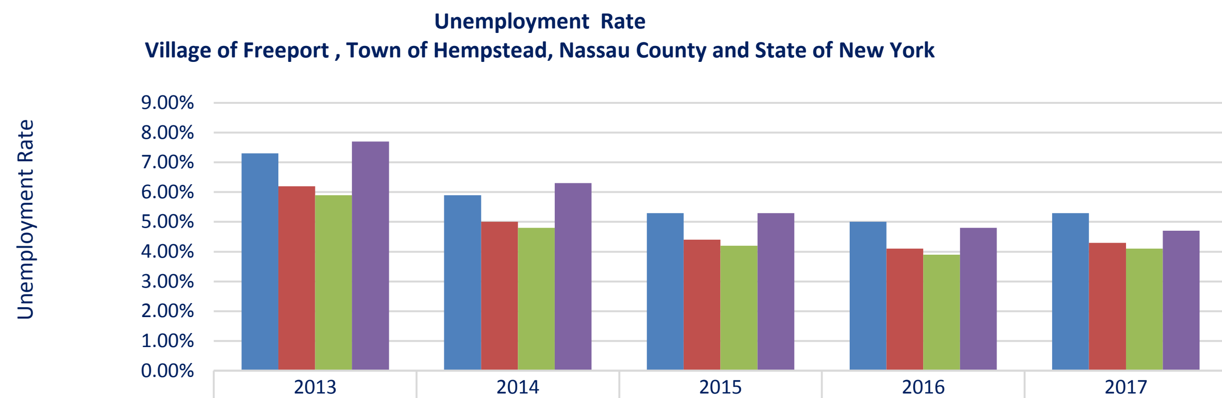
TABLE 8

Business Ownership			
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

Unemployment

The Village of Freeport had average unemployment rate of 5.3% in April 2017 as compared to 4.3% for town of Hempstead, 4.1% for Nassau County and 4.7% for the State of New York. The rates of unemployment for the Village of Freeport and other communities are presented in the Chart 5.

CHART 5



	2013	2014	2015	2016	2017
Village of Freeport	7.30%	5.90%	5.30%	5.00%	5.30%
Town of Hempstead	6.20%	5.00%	4.40%	4.10%	4.30%
Nassau County	5.90%	4.80%	4.20%	3.90%	4.10%
New York State	7.70%	6.30%	5.30%	4.80%	4.70%

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.

GOVERNMENTWIDE FINANCIAL STATEMENTS

VILLAGE OF FREEPORT COMMUNITY DEVELOPMENT AGENCY
STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
FEBRUARY 28, 2018

Assets		
Cash and cash equivalents	$	57,874
Due from other governments		19,310
Total assets		77,184
Deferred outflows		
Deferred pension outflows		-
Liabilities		
Accounts payable accrued expenses		9,825
Unearned revenues		83,811
Net pension liability		-
Other post-employment benefits (OPEB)		580,276
Due to Village of Freeport		244,298
Total liabilities		918,210
Deferred inflows		
Deferred pension inflows		24,834
Net position		
Unrestricted (deficit)		(865,860)
Total net position	$	77,184

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 FEBRURY 28, 2018

	Expenses	Program Revenues: Charges and Other	Program Revenues: Operating Grants	Net (Expense) Revenue and Changes in Net position: Total
Functions/Programs:				
Commercial rehabilitation	$ (3,086,654)	$ 15,000	5,368	(3,066,286)
Residential rehabilitation	(274,809)		274,884	75
Public facilities improvement and other	(207,246)		207,246	-
Public service	(33,567)		27,835	(5,732)
Project delivery and administration	(228,253)		178,961	(49,292)
Total	$ (3,830,529)	$ 15,000	694,294	(3,121,235)
General revenues:				
Interest				140
Change in net position				(3,121,095)
Net position – beginning				2,255,235
Net position – end				$ (865,860)

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, 2018

Assets		
Cash and cash equivalents	$	57,874
Due from other governments		19,310
Total assets	$	77,184
Liabilities:		
Accounts payable & accrued expenses	$	9,825
Unearned revenues		244,298
Due to Village of Freeport		83,811
Total liabilities		337,934
Fund balances:		
Unrestricted		
Non-spendable		-
Unassigned (Deficit)		(260,750)
Total fund balance		(260,750)
Total liabilities, deferred inflows and fund balance	$	77,184

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, 2018

Fund balances - total governmental fund	$	(260,750)
Amounts reported for governmental activities in the statement of net position are different because:		
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.		(24,834)
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.		
The net post-employment benefit liability is recorded in the Government-Wide financial statements but not in the fund financial statements		(580,276)
Net position of governmental activities.	$	(865,860)

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, 2018

Revenues:		
Federal aid	$	615,849
Revenues from property		15,000
Other revenues		35,813
Interest		140
Total revenues		666,802
Expenditures:		
Current:		
Commercial rehabilitation		3,086,654
Residential Rehabilitation		274,809
Public Service		33,567
Public facilities improvement and other		207,246
Administrative salaries and taxes		49,107
Benefits		37,677
Professional Expenses		72,489
Other administrative expenses		51,028
Total expenditures		3,812,577
Excess of revenues over expenditures		(3,145,775)
Changes in fund balance		
Change in fund balance		(3,145,775)
Fund balance, beginning:		2,885,025
Fund balance, ending	$	(260,750)

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, 2018

Net change in fund balances - governmental fund	$	(3,145,774)
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		
Compensated absences		42,633
Change in other post-employment benefits		2,178
Net pension expense and net deferred outflow and inflows		(20,132)
Change in net position of governmental activities	$	3,121,095

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.

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 CDA does not have fiduciary activities and business-type activities.

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, net 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 (commercial rehabilitation, residential rehabilitation, public service, public facilities development and project delivery and administration) 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, 2018.

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:

Non-spendable 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.

Public Facilities and Improvements

The CDA uses CDBG to support Public Facilities and Improvements projects that are integral to the quality of life for the Village of Freeport residents. The CDBG funded Public Facilities and Improvements are an important part of a community development strategy. The CDA has identified publicly-owned facilities and infrastructure such as, streets, drainage systems, and tree planting and code enforcement as the areas for providing financial assistance. Safe and accessible infrastructure is essential to quality of life and to building communities that support community diversity and stability.

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, 2018) or within 60 days after year end 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, 2018, 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.

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).

Accrued Vacation and Sick Leave

In the event of termination or upon retirement, employees are entitled to receive accumulated but unused vacation and sick leave at various rates subject to certain maximum limitations pursuant to policies adopted by the Board of Directors.

The liability for vested or accumulated vacation or sick leave (compensated absences) is recorded as current and noncurrent obligations on the Statement of Net Position. The current portion of this liability is estimated based on historical trends. In the Statements of Revenues, Expenses and Changes in Net Position only the compensated absence liability payable from available financial resources is incurred.

Due to staff turnover, the compensated absences liability of $42,653 was written off during the fiscal year ended February 28, 2018.

Net Pension Obligation and Deferred Outflows

The CDA provides retirement benefits for substantially all of 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 CDA recognizes a net pension liability, which represents the CDA's proportional share of excess total pension liability over the pension plan assets, actuarially calculated, of New York Employees Retirement

System, a cost-sharing multiple-employer plan, measured as of the pension plan's fiscal year-end. Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred.

Other Post Retirement Benefits (OPEB) -Restatement

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.

In addition to providing pension benefits, the CDA provides health insurance coverage for eligible retired employees. Substantially all the CDA's employees may become eligible for these benefits provided the employee has a minimum of ten years of full time employment with the CDA, has obtained 55 years of age and has terminated employment with the CDA within five years from the date on which entitled to a retirement allowance from the New York State and Local Employees Retirement System.

In previous fiscal years, the CDA recognized the cost of providing benefits by recording its share of insurance premiums as expenditures in the year paid. The liability for these other postemployment benefits was recorded as a long-term liability in the Statement of Net Position and was estimated based on the most recent actuarial valuation in accordance with the parameters of GASB Statement No. 45.

In June 2015, Government Accounting Standards Board (GASB) issued the Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement requires the liability of employers to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The Statement requires governments to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. The new RSI includes a schedule showing the causes of increases and decreases in the OPEB liability and a schedule comparing a government's actual OPEB contributions to its contribution requirements. This Statement is effective for fiscal years beginning after June 15, 2017. The CDA adopted and implemented this statement in the fiscal year ended February 28, 2018.

The implementation of GASB Statement 75 increased the net other post-employment (OPEB) liability by $298,939, from $345,820 (under GASB Statement 45) to $644,759 (under GASB Statement 75), as of March 1, 2017. The Statement of Net Position and Statement of Changes in Net Position have been restated to reflect implementation as follows:

Net position—February 28, 2017 as previously stated	$	2,554,173
GASB Statement No. 75 implementation		(258,939)
Net position—February 28, 2017 as restated	$	2,255,234

Pension, Pension Obligation and Deferred Outflows

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.

Due to the Agency staff turnover, the Agency did not report any active employees to the NYSLRS and had no net pension obigation or expense, for the year ended February 28, 2018. 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.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurement and Application. Fair Value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. It gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques use should maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for investments measured at fair value:

Cash and Cash Equivalents - The fair value of cash and cash equivalents, consisting primarily of deposits and government money market funds, is classified as Level 1.

Treasury notes and bonds- Valued at the closing price reported on the active market on which the individual securities are listed, valued at Level 1.

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

Recent Accounting Pronouncements

The following are discussions of the standards requiring implementation in the current year and standards that may impact the CDA in future years.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (“GASB 75”). GASB 75 establishes accounting and financial reporting standards for other post-employment benefits (OPEB) that are provided to employees of state and local governmental employers. This Statement replaces the requirements of Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. This Statement is effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged. The CDA adopted implemented this statement, beginning fiscal year ended May 31, 2019.

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations,* (“GASB 83”). GASB 83 addresses accounting and financial reporting for certain asset retirement obligations. This statement establishes criteria for determining the timing and pattern of recognition of a liability and corresponding deferred outflow of resources for asset retirement obligations. The requirements of GASB 83 are effective for fiscal years beginning after June 15, 2018. The CDA has not completed the process of evaluating GASB 83. The CDA does not expect that GASB 83 will have an impact on its financial statements.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*, (“GASB 84”). The objective of GASB 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of GASB 84 are effective for fiscal years beginning after December 15, 2018. The CDA does not expect this statement to have an impact on its financial statements.

In March 2017, GASB issued Statement No. 85, *Omnibus 2017*, ("GASB 85"). The objective of GASB 85 is to address practice issues that have been identified during implementation and application of certain GASB statements. The requirements of GASB 85 are effective for fiscal years beginning after June 15, 2017. The adoption of GASB 85 did not have an impact on the CDA's financial statements.

In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*, ("GASB 86"). The primary objective of GASB 86 is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets are acquired with only existing resources—resources other than the proceeds of refunding debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished. The requirements of GASB 86 are effective for fiscal years beginning after June 15, 2017. The CDA is evaluating GASB 86, but does not expect it to have an impact on its financial statements.

In June 2017, GASB issued Statement No. 87*, Leases*, ("GASB 87"). This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of GASB 87 are effective for fiscal years beginning after December 15, 2019. The CDA is evaluating GASB 87. The CDA expects that GASB 87 will have an impact on its financial statements.

In March 2018, GASB issued Statement No 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.* This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. Effective Date and Transition the requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The adoption of this statement is not expected to have material effect on the CDA's financial statements.

In June 2018, GASB issued Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. This statement establishes guidance designed to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. It also simplifies accounting for interest cost incurred before the end of a construction period. For financial statements prepared using the economic resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expense in the period in which the cost is incurred. Such interest cost should not be capitalized as part of the historical cost of a capital asset.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. Changes adopted to conform to the provisions of this Statement should be applied prospectively. For construction-in-progress, interest cost incurred after the beginning of the first reporting period to which this Statement is applied should not be capitalized. . The adoption of this statement is not expected to have material effect on the CDA's financial statements.

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, 2018, carrying values of cash and cash equivalents was $57,874 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 28, 2018, the balance of the amount due to the Village of Freeport was as follows:

Amount Due to The Village of Freeport		
For reimbursable expenses	$	9,479
For public facilities and improvement		197,923
For Youth Program		36,996
Balance, February 28, 2018	$	244,298

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, 2018.

NOTE 4. PENSION PLANS AND POST RETIREMENT BENEFITS

The CDA participates in the New York State New York State and Local Retirement System (the System). This is 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
February 28, 2018	$ 2,569
February 28, 2017	15,210
February 28, 2016	-

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

At February 28, 2018, the Agency's reported a liability of $0 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2017, 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.

For the year ended February 28, 2018, the CDA recognized p credit of $9,404 towards its pension expense. At February 28, 2018, the CDA's reported deferred outflows of resources related to pensions from the following sources:

		Deferred Outflow of Resources
Change in proportion and differences between employer contributions and proportionate share of contributions		24,834
Total deferred inflows of resources	$	24,834

The amount reported as deferred inflows of resources related to pensions will be recognized as credit to pension expense as follows:

Year Ending	Amount
2/28/2018	$ 9,404
2/28/2019	6,026

Actuarial Assumptions.

The total pension liability at March 31, 2017 was determined by using an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total pension liability to March 31, 2017, measurement date, respectively.

Actuarial cost method	Aggregate cost
Investment rate of return, including inflation	7.0% compounded annually, net of investment
Salary Scale	3.8% indexed by service
Decrement tables	Developed from the Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015
Inflation	2.50%
Cost of living adjustment	1.3% annually
Mortality improvement	Society of Actuaries Scale MP-2014

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of April 1, 2016, for the year ended February 28, 2018, are summarized as follows:

	February 28, 2018	
Asset Class	Target Allocation	Long-term Expected Real Rate
Domestic equity	36.00%	4.55%
International equity	14.00%	6.35%
Private equity	10.00%	7.75%
Real estate	10.00%	5.80%
Absolute return strategies	2.00%	4.00%
Opportunistic portfolio	3.00%	5.89%
Real assets	3.00%	5.54%
Bonds and mortgages	17.00%	1.31%
Cash	1.00%	0.25%
Inflation-indexed bonds	4.00%	1.50%
	100.00%	

Discount-Rate. The discount rate used to calculate the total pension liability as of was 7% as of April 1, 2016. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at 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 Agency's proportionate share of the net pension liability calculated using the discount rate of 7%, as well as what the CDA's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower (6%) or one-percentage point higher (8%) than the current rate:

		Discount Rate	
	1% Decrease 6%	Current Discount 7 %	1% increase 8%
Employer's proportionate share of the net pension liability	$ -	$ -	$ -

Collective Net Position Liability of Participating Employers and Actuarial Information

The components of the net pension liability of the employers as of March 31, 2017 and 2016 were:

(In Thousands)	2017
Employers' total pension liability	$177,400,586
Plan net position	(168,004,363)
Employers' net pension liability	$9,396,223
Fiduciary net position, as a percentage of total pension liability	94.7%

NOTE 5. OTHER POST EMPLOYMENT BENEFITS (OPEB)

The New York State Department of Civil Service (DCS) administers the New York State Health Insurance Program (NYSHIP) which provides health insurance to current and retired employees of New York State, participating public authorities, and local governments. As administrator of NYSHIP, DCS performs all relevant administrative tasks. Annual benefit premiums charged to and paid by participants are generally the same, regardless of each individual employer's risk profile. The annual benefit premiums collected by DCS are remitted to the health insurance carrier for participants in the Empire Plan.

NYSHIP, as the name implies, is a program and does not exist as a separate entity or fund; therefore, it does not satisfy the requirements to be classified as a trust or trust equivalent as defined in paragraph 4 of GASBS 43 and paragraph 3 of GASBS 74.

Postemployment health insurance coverage is afforded under single employer defined benefit plan to the retired employees and their dependents in accordance with the provisions of a resolution adopted by the Agency's Board of Directors. These benefits continue for the lifetime of the retiree.

The summary of the retiree medical benefits and life insurance used in the valuation were as follows:

Eligibility

All full-time employees are eligible enrollees and they are provided with postretirement medical insurance coverage, limited to the health insurance programs.

Contribution

The CDA's retirees' medical/drug and dental insurance plans are fully insured. Employees are eligible for these benefits once they have reached the age of 55 and have 5 years of consecutive and qualified employment. The Agency has agreed to pay the full cost of coverage for such retirees as well as the retiree's spouse and unmarried children. Survivors are covered at full cost.

Plans: NYSHIP pre-65. Medicare Supplement post-65.

Medicare Part B - Reimbursement of the Part B premium for employee and or spouse.

Participant Count and Average age

The number of participants and their average ages as of March 1, 2017 and March 1, 2014, and the effective dates of the annual OPEB valuation, were as follows:

	March 1, 2017		March 1, 2014	
	Number	Average Age	Number	Average Age
Active	1	52	1	41
Retirees	4	78	4	75
Total	5		5	

Actuarial Methodology

Implementation Year for GASB 74/75 is March 1, 2017 to February 28, 2018. Effective for fiscal years beginning after June 15, 2017, the Agency was required to reflect the impact of GASB Statements 74/75. The Agency has opted for early implementation of GASB Statement 74/75, for the fiscal year beginning March 1, 2017. The impact to financial statements as a result of these new GASB Statements include, but are not limited to, the amount of the OPEB liability to be reported on the financial statements, the selected actuarial cost method, discount rate used, and disclosures in the audited financial statements.

Assets and Expected Return on Assets. The Plan is unfunded. Assets and expected returns are zero.

Discount Rate. The selected discount rate of 3.0% is based on the prescribed discount interest rate methodology under GASB No. 74/75 using an average of three 20-year bond indices (e.g., Bond Buyer-20 Bond GO - 2.68%, S&P Municipal Bond 20 Year High Grade Rate Index - 3.58%, and Fidelity GA AA 20 Years - 2.75%) as of September 30, 2019.

Information for Valuation. All information was provided by the Agency.

Retirement Benefits. Coverage for pre-65 and post-65 retirement benefits. This valuation is provided to a single employer plan.

Covered Benefits. Medical coverage, including prescription drugs as part of the medical plan, is offered to pre-65 and post-65 retirees on a fully insured basis through the New York State Health Insurance Plan (NYSHIP) aka the Empire Plan. Dental, vision and life insurance coverage are not subsidized in retirement.
Insurance Coverage and Funding Basis. Medical, including prescription drugs, is fully insured through NYSHIP. However, NYSHIP itself is self-funded and therefore not subject to certain PPACA (Healthcare Reform). Dental is provided on a fully insured basis.

Actuarial Method. Entry Age Normal as a Level Percentage of Payroll

Healthcare Cost Trend Assumptions. The following assumptions are used for annual healthcare cost inflation (trend):

	Year	Pre 65	Post 65
Year one trend	January 1,2020	8.00%	8.00%
Ultimate trend	January 1, 2026 & Later	5.00%	5.00%
Grading per year		0.05%	0.05%

Starting Claim Cost. Base plan costs are based on premium rates as provided by the Agency for the January 1, 2018. And January 1, 2019. Fully insured monthly premium rates for pre-65 and post-65 retirees for NYSHIP are presented in the following Table.

Retiree Group	Tier	Plan Year January to December 2018	January to December 2019	2018 to 2019 Percentage Change
Pre-65 Medical/Rx Plans:				
Empire Plan (NYSHIP)	Single	$1,014.98	$1,042.85	2.70%
	Family	2,348.15	2,412.77	2.80%
Post-65 Medical/Rx Plans:				
Empire Plan (NYSHIP)	Single	$444.39	$403.27	-9.30%
	Family - 1 Medicare	1,777.54	1,773.19	-0.20%
	Family - 2 Medicare	1,206.95	1,133.57	-6.10%
Empire Plan Administrative Fee	Per Employee	$2.493	$2.652	6.40%
Medicare Part B Premium	Per Individual	$134.00	$135.50	1.10%

1. Pre-65 and post-65 retiree premium rates are based on the Empire Plan (NYSHIP) premium rates for the effective dates indicated above and are based on 100% before retiree contributions. These premium rates are assumed to include all administrative costs and PPACA fees required at this time.
2. The Agency reimburses Medicare eligible retirees and dependents the standard premium for Medicare Part B, but is assumed not to reimburse the income adjusted excess premium (e.g., IRMAA).

Plan costs for January 1, 2020 and beyond are trended forward using the trend rates illustrated under the "Health Care Cost Trend Assumptions" section above.

Projected Benefit Costs. While NYSHIP itself is self-funded, participating agencies within the plan, such as the Agency, are assumed to be community rated. Actuarial Standards of Practice No. 6 requires age adjusted costs be measured by estimating the expected costs by age whether or not a pooling or community rating applies. The current valuation contemplates an assumption for aging, which is an update from the prior valuation.

Medicare Part B Reimbursement. Valuation reflects the reimbursement of Medicare Part B premium to retirees, spouses, and surviving spouses over age 65 that are eligible for the benefit. For valuation purposes, it is assumed the Agency reimburses at the standard Medicare Part B premium level and that there is no additional reimbursement due to income level surcharge.

Medicare Part D Reimbursement. The Agency does not reimburse Medicare Part D premiums to retirees.

Implicit Subsidy. This reflects the difference between the premium rate or cost charged to a retiree for a particular benefit as compared to the estimated rate of cost to the retiree, if those benefits were

calculated reflecting retirees as a separate group (rather than their costs bundled with the active population). The results in this valuation reflect an implicit subsidy in the cost projections.
Plan Design Changes. Valuation assumes no changes in future plan designs (e.g., deductibles, coinsurance, etc.) 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 tax imposed by the Patient Protection and Affordable Care Act (PPACA).

Percentage of Future Retirees Opted Out. It is assumed that 100% participation for those covered as actives. All eligible active and retiree employee records provided by the Agency were valued.
Census Data. Participant data was provided by the Agency in October 2019. This valuation is based on a closed group and does not reflect the impact of future new entrants (e.g., new hires after date of data collection, i.e., October 2019) into the plan.

Payroll Information. Payroll information was reflected in the valuation for the actuarial cost method. Benefit and retiree contribution rates are not based on payroll, so this information was not necessary for benefit or contribution rate calculations. Average salary increase used for the Entry Age Normal (EAN) actuarial cost method is assumed to be 3.0%.

Retirement System. Valuation is based on the most recent New York State Employees' Retirement System (ERS), the New York State Police and Fire Retirement System (PFRS), and the New York State Teachers' Retirement System (TRS). ERS, PFRS, and TRS tables are based on version released in 2015. All participants are assumed to be in the ERS system.

Retirement Eligibility Assumptions. Eligibility for early retirement is based on meeting a criterion of minimum age and/or years of service (YOS) requirements for ERS. Organization is not aware of retirement formula, so we assumed the minimum retirement age is fifty-five (55) 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).

Mortality. RP 2014 Healthy Male and Female Tables are based on the Employee and Healthy Annuitant Tables for both pre & post retirement projected with mortality improvements using the most current Society of Actuaries Mortality Improvement Scale MP-2018.

Turnover Assumption. This reflects rate of separation from the active plan and excludes retirement and disability. Turnover tables vary by age, gender and years of service with rates of turnover based on the ERS, PFRS and TRS. All participants are assumed to be in 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 ERS, PFRS and TRS. All participants are assumed to be in ERS.

Retirement Assumptions. This reflects rate of retirement from the active plan and is based on age, gender and years of service. This is the assumption used for the ERS, PFRS and TRS. All participants are assumed to be in ERS.

Surviving Spouses. Surviving spouses received subsidized benefits similar to the employee. The current valuation reflects one surviving spouse that is receiving subsidized benefits.

Valuation of Spouses and 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. Based on the contribution rates for future retirees, it is assumed that active employees with dependent coverage will elect dependent coverage in retirement 100% of the time.

It is assumed that female spouses are three years younger than male employees and male spouses are three years older than female employees unless actual spouse date of birth information was provided. Spousal dates of birth were provided and reflected when available.

Waiver and Excluded Population. All employees are enrolled in medical, so no individuals are opting out or waiving health insurance coverage. All reported employees were reflected in the valuation.

Vested or Leave of Absence. No employees are listed as vested termination or leave of absence.

COBRA Participants. No employees are listed as COBRA participants or non-vested terminated.

Medicare Tax Subsidy. The Medicare tax subsidy is not reflected in valuation. There is no offset in premium rates charged to employer and post-65 costs are illustrated gross of subsidy.

Changes in the Total OPEB Liability—The following table presents the changes to the total OPEB liability during the fiscal year, by source:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Beginning balance of March 1, 2017	$ 582,454	$ -	$ 582,454
Changes Recognized for Fiscal Year:			
Service Cost	7,270	-	7,270
Interest on Total OPEB Liability	17,076	-	17,076
Change in Benefit Terms	-	-	-
Change in Expected to Actual	-	-	-
Changes in Assumptions	-	-	-
Benefit Payments	(26,524)	-	(26,524)
Contributions from Employer	-	-	-
Contributions from Employees	-	-	-
Net Investment Income	-	-	-
Administrative Expenses	-	-	-
Net Changes	(2,178)	-	(2,178)
Ending balance, February 28, 2018	$ 580,276	$ -	$ 580,276

Sensitivity of the Total OPEB Liability to the Change in the Discount Rate and Healthcare Cost Trend Rate.

The discount rate assumption can have an impact on the net OPEB liability. The following table presents the effect of a 1% change in the discount rate assumption would have on the net OPEB liability:

	Discount Rate Less 1% 2%	Current valuation Discount Rate 3%	Discount Rate Plus 1% 4%
Total OPEB liability, February 28, 2018	$674,005	$580,276	$508,298

Additionally, healthcare costs can be subject to considerable volatility over time. The following table presents the effect on the net OPEB liability of a 1% change in the initial (7.0%)/ ultimate (3.78%) healthcare cost trend rates

	Discount Rate Less 1% 7%	Current valuation Discount Rate 8%	Discount Rate Plus 1% 9%
Total OPEB liability, February 28, 2018	$508,298	$580,276	$674,005

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended February 28, 2018, the Agency recognized an annual OPEB expense of $ 24,346.

Service Cost with Interest	$	7,270
Interest Cost:		17,076
Total Expense	$	24,346

On February 28, 2018, there were no deferred inflows/outflows amortizations or balances for the Agency for the first year of implementation of GASB Statement 75.

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 8. LANDS AND BUILDINGS HELD FOR DEVELOPMENT AND SALE

On February 28, 2017, the lands held for development and sale were 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 transferred these properties to the Village of Freeport and the deeds for properties were recorded under the name of the Village of Freeport on February 15, 2018. The Village of Freeport will undertake the commercial development of these properties.

NOTE 9. DEFICIT FUND BALANCE

The Agency had an unassigned fund balance deficit of $260,749 and net position deficit of $865,860, on February 28, 2017. The CDA plans to finance the deficit by obtaining additional grant and other revenues and making payment and other arrangements with the Village of Freeport.

NOTE 10. SUBSEQUENT EVENTS

The Agency has evaluated subsequent events as of November 20, 2018, 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).

SUPPLEMENTARY INFORMATION

VILLAGE OF FREEPORT COMMUNITY DEVELOPMENT AGENCY
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST FISCAL YEAR*

Total OPEB liability	
Service cost	$ 7,370
Interest	17,076
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments	(26,524)
Net change in total OPEB liability	(2,178)
Total OPEB liability - beginning	582,454
Total OPEB liability - ending	$ 580,376
Plan Fiduciary Net Position	
Contributions employer	$ 26,524
Actuarial benefit payments	(26,524)
Net change in fiduciary net position	-
Plan fiduciary net position- beginning	-
Plan fiduciary net position- ending	-
Net OPB Liability -ending	$ -
Plan's fiduciary net position as a percentage of total OPEB liability	0.00%
Covered payroll	$ 65,000
Total OPEB liability as a % of covered payroll	892.73%

This schedule is intended to show information for 10 years, additional years' information will be displayed as it becomes available.

VILLAGE OF FREEPORT COMMUNITY DEVELOPMENT AGENCY
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST THREE FISCAL YEARS

	Year Ended		
	February 28, 2018	**February 28, 2017**	**February 29, 2016**
Measurement date	March 31, 2017	March 31, 2016	March 31, 2015
The Agency’s 'Proportion share of net pension liability (asset)	0%	0%	0.0001226%
The Agency's Proportionate share of net pension liability (asset)	$0	$19,672	$20,199
The Agency’s covered-employee payroll	$ 72,406	$66,459	$37,685
The Agency’s proportionate share of the net pension liability as a percentage of its covered-employee payroll	0%	29.6%	53.6%
Plan fiduciary net position as a percentage of the total pension liability	98.20%	94.70%	90.70%

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

VILLAGE OF FREEPORT COMMUNITY DEVELOPMENT AGENCY
SCHEDULE OF CONTRIBUTIONS TO NEW YORK STATE EMPLOYEES RETIREMENT SYSTEM
LAST NINE FISCAL YEARS

Year Ended May 31,	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	$4,322	$2,523	$ -	$5,245	$30,546	$29,893	$28,251	$13,097	$16,178
Contributions in relation to required contribution	-	2,523	-	5,245	30,546	29,893	28,251	13,097	16,178
Contribution excess (deficiency)	$4,322	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll									
Contributions as percentage of covered payroll	$ 72,406	$66,459	$37,685	$46,036	$118,550	$207,920	$217,099	$203,427	$220,690

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

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COMPLIANCE SECTION

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, 2018, 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 November 25, 2019.

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.

November 25, 2019
Astoria, New York