

**TOWN OF BROOKHAVEN  
LOCAL DEVELOPMENT CORPORATION  
(A Component Unit of the Town of Brookhaven, NY)**

**FINANCIAL STATEMENTS  
(WITH INDEPENDENT AUDITORS' REPORT)**

Years Ended December 31, 2023 and 2022

**TOWN OF BROOKHAVEN  
LOCAL DEVELOPMENT CORPORATION**

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## **Independent Auditors' Report**

**To the Board of Directors  
Town of Brookhaven Local Development Corporation**

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of the Town of Brookhaven Local Development Corporation (the "Corporation"), a component unit of the Town of Brookhaven, New York, as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of December 31, 2023 and 2022, and the changes in financial position, and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 March 26, 2024, on our consideration of the Corporation'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 solely 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 the effectiveness of the Corporation's 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 Corporation's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*

**PKF O'Connor Davies, LLP**

Hauppauge, New York

March 26, 2024

**REQUIRED SUPPLEMENTARY INFORMATION**  
**Management's Discussion and Analysis**

# **TOWN OF BROOKHAVEN LOCAL DEVELOPMENT CORPORATION**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Years Ended December 31, 2023 and 2022

The following is a narrative overview and discussion of the financial activity of the Town of Brookhaven Local Development Corporation (the "Corporation"), for the years ended December 31, 2023 and 2022. This discussion is intended to provide an overview of the Corporation's basic financial statements.

### **FINANCIAL HIGHLIGHTS**

The Corporation's assets exceeded liabilities at close of 2023 and 2022 by \$427,645 and \$465,175, respectively. These funds are unrestricted and may be utilized for the general operations of the Corporation.

Charges for services totaled \$10,000 in 2023 and \$14,656 in 2022.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial statements consist of the following: management's discussion and analysis ("MD&A") which is this section and the basic financial statements. The Town of Brookhaven Local Development Corporation, a not-for-profit organization, was established in 2010 as a local development corporation. It was established to promote economic development within the Town by facilitating financing for not-for-profit organizations. The Corporation's operations are accounted for in an enterprise fund, accordingly the financial statements are prepared using the economic resources measurement focus and the full accrual basis of accounting, as is used by similar business activities in the private sector. The statements offer short and long-term financial information.

The MD&A serves as an introduction to the basic financial statements and represents a discussion of the Corporation's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the Corporation's operating plan and other management tools were used for this analysis.

The financial statements include the statements of net position, statements of revenues, expenses, and changes in net position, statements of cash flows, and notes to the financial statements. The statements of net position include all of the Corporation's assets and liabilities and provides information about the nature of such amounts.

The statements of revenues, expenses, and changes in net position present the results of the Corporation's activities over the course of the year and information as to how the net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

The statements of cash flows present changes in cash resulting from operating and investing activities.

The notes to the financial statements provide required disclosures and other information that is essential to a full understanding of material data provided in the statements. The notes present information about the Corporation's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies, and subsequent events, if any.

## TOWN OF BROOKHAVEN LOCAL DEVELOPMENT CORPORATION

### MANAGEMENT'S DISCUSSION AND ANALYSIS

Years Ended December 31, 2023 and 2022

#### FINANCIAL ANALYSIS OF THE CORPORATION

One of the most important objectives of the financial analysis is to determine if the Corporation, as a whole, is better or worse off as a result of the year's activities.

The statements of net position and the statements of revenues, expenses, and changes in net position provide useful information in this regard. The statements report the net position of the Corporation and the changes in net position. The amount of net position (the difference between total assets and liabilities) is a significant measure of the financial health or financial position of the Corporation.

Over time, increases or decreases in the Corporation's net position is one indicator of whether its financial health is improving or deteriorating. However, other non-financial factors, such as changes in economic conditions, population growth, zoning, and new government legislation or changes to existing government legislation should be considered in evaluating the financial condition of the Corporation.

The following comparative condensed financial statements and other selected information serve as the financial data and indicators for management's monitoring and planning.

#### Net Position

A summary of the Corporation's condensed statements of net position at December 31st is presented as follows:

	2023	2022	2021
<b>Assets</b>			
Current assets	\$ 438,720	\$ 477,791	\$ 547,975
Total Current Assets	<u>438,720</u>	<u>477,791</u>	<u>547,975</u>
<b>Liabilities</b>			
Current liabilities	<u>11,075</u>	<u>12,616</u>	<u>11,784</u>
Total Liabilities	<u>11,075</u>	<u>12,616</u>	<u>11,784</u>
<b>Net Position</b>			
Unrestricted	<u>427,645</u>	<u>465,175</u>	<u>536,191</u>
Total Net Position	<u>\$ 427,645</u>	<u>\$ 465,175</u>	<u>\$ 536,191</u>

Total assets as of December 31, 2023 were \$438,720, which were comprised of cash and prepaid expenses. The Corporation's net position of \$427,645, all of which is unrestricted, is available to support future Corporation operations. The net position decreased by \$37,530 for the current year from the prior year, as operating expenses exceeded revenues which was primarily due to no project closings in 2023.

Total assets as of December 31, 2022 were \$477,791, which were comprised of cash and prepaid expenses. The Corporation's net position, all of which was unrestricted, totaled \$465,175. Net position decreased by \$71,016 in 2022 from 2021, as operating expenses exceeded revenues, as there were no project closings during 2022.



# TOWN OF BROOKHAVEN LOCAL DEVELOPMENT CORPORATION

## MANAGEMENT'S DISCUSSION AND ANALYSIS Years Ended December 31, 2023 and 2022

### FINANCIAL ANALYSIS OF THE CORPORATION (continued)

#### Operating Results

The Corporation's condensed statements of revenues, expenses, and changes in net position for the years ending December 31<sup>st</sup>, are presented as follows:

	2023	2022	2021
<b>Operating Revenues</b>			
Charges for services	\$ 10,000	\$ 14,656	\$ 5,000
Total Operating Revenues	<u>10,000</u>	<u>14,656</u>	<u>5,000</u>
<b>Operating Expenses</b>			
Contractual goods and services	66,753	90,336	84,848
Total Operating Expenses	<u>66,753</u>	<u>90,336</u>	<u>84,848</u>
Loss from Operations	(56,753)	(75,680)	(79,848)
<b>Non-Operating Revenues</b>	19,223	4,664	1,444
Change in Net Position	(37,530)	(71,016)	(78,404)
<b>Net Position at Beginning of Year</b>	465,175	536,191	614,595
Net Position at End of Year	<u>\$ 427,645</u>	<u>\$ 465,175</u>	<u>\$ 536,191</u>

Charges for services revenues in 2023, totaled \$10,000, a decrease of \$4,656 from 2022. The decrease is primarily due to a decrease of \$7,000 in annual administration fees, offset by a net increase of \$2,344 in other fee revenue earned in 2023 compared to 2022. Charges for services revenues in 2022, totaled \$14,656, an increase of \$9,656 from 2021, primarily due to an increase of \$8,000 in annual administrative fee. There were no project closing fees earned during 2023 and 2022.

The 2023 total expenses decreased by \$23,583 from \$90,336 in 2022. The decrease is due to the following: decrease in advertising, public relations and special projects of \$7,160, decrease in occupancy and office expenses of \$14,213, decrease in administration salaries and payroll taxes of \$2,210, and decrease in professional fees of \$1,155; the decrease was offset by slight increases in travel and conferences, and insurance expenses. The 2022 total expenses increased by \$5,488 from \$84,848 in 2021 due to the following: occupancy and office expenses totaling \$7,346 and professional fees totaling \$2,405. These increases were offset by a decrease in travel and conference expenses totaling \$4,382.

#### **ECONOMIC FACTORS AND NEXT YEAR'S PLAN**

The Town of Brookhaven Local Development Corporation was established for the purpose of facilitating financing for not-for-profit organizations such as colleges, hospitals, libraries, and those organizations serving people who are physically, developmentally or mentally disabled. The Corporation earns revenue from applications fees, annual administrative fees and closing fees. The Corporation plans to continue and expand its assistance to finance facilities for the local not-for-profit corporations through offering:

- Federally tax-exempt bond financing.

**TOWN OF BROOKHAVEN LOCAL DEVELOPMENT CORPORATION**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Years Ended December 31, 2023 and 2022

**CONTACTING THE CORPORATION'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our readers with a general overview of the Corporation's finances and to show the Corporation's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town of Brookhaven Local Development Corporation at 1 Independence Hill, Farmingville, New York 11738.

**BASIC FINANCIAL STATEMENTS**

**TOWN OF BROOKHAVEN LOCAL DEVELOPMENT CORPORATION**  
**(A Component Unit of the Town of Brookhaven, NY)**

COMPARATIVE STATEMENT OF NET POSITION

	December 31,	
	2023	2022
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash	\$ 429,912	\$ 469,429
Prepaid expenses	8,808	8,362
Total Current Assets	438,720	477,791
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued expenses	11,075	9,753
Due to other governments	-	2,863
Total Current Liabilities	11,075	12,616
<b>NET POSITION</b>		
Unrestricted	427,645	465,175
Total Net Position	\$ 427,645	\$ 465,175

See notes to financial statements.

**TOWN OF BROOKHAVEN LOCAL DEVELOPMENT CORPORATION**  
**(A Component Unit of the Town of Brookhaven, NY)**

COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	Years Ended December 31,	
	2023	2022
<b>OPERATING REVENUES</b>		
Charges for services	\$ 10,000	\$ 14,656
Total Operating Revenues	10,000	14,656
<b>OPERATING EXPENSES</b>		
Administration salaries and payroll taxes	23,518	25,628
Advertising, public relations and special projects	14,675	21,835
Occupancy and office expenses	3,416	17,629
Travel and conferences	3,735	3,309
Insurance	12,909	12,280
Professional fees	8,500	9,655
Total Operating Expenses	66,753	90,336
Loss from Operations	(56,753)	(75,680)
<b>NON-OPERATING REVENUES</b>		
Interest income	19,223	4,664
Total Non-Operating Revenues	19,223	4,664
Change in Net Position	(37,530)	(71,016)
<b>Net Position at Beginning of Year</b>	465,175	536,191
Net Position at End of Year	\$ 427,645	\$ 465,175

See notes to financial statements.

**TOWN OF BROOKHAVEN LOCAL DEVELOPMENT CORPORATION**  
**(A Component Unit of the Town of Brookhaven, NY)**

COMPARATIVE STATEMENT OF CASH FLOWS

	Years Ended December 31,	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from projects	\$ 10,000	\$ 14,656
Cash paid for payroll and related expenses	(23,518)	(22,207)
Cash payments for contractual expenses	(45,222)	(66,459)
Net Cash From Operating Activities	(58,740)	(74,010)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	19,223	4,664
Net Cash From Investing Activities	19,223	4,664
Net Change in Cash	(39,517)	(69,346)
<b>Cash at Beginning of Year</b>	469,429	538,775
Cash at End of Year	\$ 429,912	\$ 469,429
<b>RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Loss from operations	\$ (56,753)	\$ (75,680)
Adjustments to reconcile loss from operations to net cash used by operating activities:		
Increase (decrease) in assets:		
Prepaid expenses	(446)	838
Increase (decrease) in liabilities:		
Due to other governments	(2,863)	(1,537)
Accounts payable and accrued expenses	1,322	2,369
Net Cash From Operating Activities	\$ (58,740)	\$ (74,010)

See notes to financial statements.

# TOWN OF BROOKHAVEN LOCAL DEVELOPMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS Years Ended December 31, 2023 and 2022

### A. Summary of Significant Accounting Policies

The Town of Brookhaven Local Development Corporation (the "Corporation") was created as a local development corporation. The Corporation was established in June 2010, pursuant to Section 1411 of the New York Not-for-Profit Corporation Law ("NPL"), following the expiration of New York State's civic facilities legislation. The goal is to facilitate financing for not-for-profit organizations such as colleges, hospitals, libraries, and those organizations serving people who are physically, developmentally or mentally disabled. The Corporation provides the following assistance:

- Federally tax-exempt bond financing

The financial statements of the Corporation have been prepared in conformity with generally accepted accounting principles in the United States, as prescribed by the Governmental Accounting Standards Board ("GASB"). GASB is the primary standard-setting body for establishing governmental accounting and financial reporting principles.

The Corporation is governed by a Board ("Corporation Board") consisting of seven members, and which is the legislative body responsible for overall operations. The members of the Corporation's Board are appointed by the Town of Brookhaven (the "Town") and shall hold office until his/her successor is appointed and qualified. The Corporation is a blended component unit of the Town and for the Town's financial reporting purposes.

The Corporation's more significant accounting policies are described below.

#### 1. Financial Reporting

The financial reporting entity includes all functions and activities of the Town of Brookhaven Local Development Corporation. No other governmental organization has been included or excluded from the reporting entity.

The Corporation has been identified as a component unit of the Town. In accordance with the criteria enumerated in GASB Statement No. 61, *"The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and 34"*, the Corporation's financial statements have been presented as a blended component unit in the proprietary fund statements of the Town.

#### 2. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The Corporation uses the economic resources measurement focus and the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when a liability is incurred or economic asset used, regardless of the timing of the related cash flows. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

# TOWN OF BROOKHAVEN LOCAL DEVELOPMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS Years Ended December 31, 2023 and 2022

### A. Summary of Significant Accounting Policies (continued)

#### 2. Measurement Focus/Basis of Accounting (continued)

The Corporation distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with ongoing operations. Operating revenues consist of charges for services and operating expenses are expenses incurred in providing those services. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

The financial statements include statements of net position, statements of revenues, expenses, and changes in net position, and statements of cash flows.

#### 3. Cash

For purposes of reporting the statements of cash flows, cash is defined as short-term highly liquid investments including certificates of deposit. The statements of cash flows presented uses the direct method.

#### 4. Prepaid Expenses

Prepaid expenses consist of payments to vendors for costs which are applicable to future accounting periods.

#### 5. Capital Assets

Capital assets purchased or acquired (if applicable) with an original cost of \$5,000 or more and an estimated useful life in excess of one year, are accounted for as capital assets. The Corporation has no capital assets.

#### 6. Net Position Classification

In the financial statements, equity is classified as net position and, where applicable, displayed in three components:

- a. Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.
- b. Restricted component of net position - consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported. Net position should be reported as restricted when constraints placed on net position use are either (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.



# TOWN OF BROOKHAVEN LOCAL DEVELOPMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS Years Ended December 31, 2023 and 2022

### A. Summary of Significant Accounting Policies (continued)

#### 6. Net Position Classification (continued)

- c. Unrestricted component of net position - is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the net investment in capital assets and the restricted components of net position.

When both restricted and unrestricted resources are available for use, it is the Corporation's policy to use restricted resources first, then unrestricted resources as needed.

#### 7. Revenue Recognition

The Corporation's primary source of operating revenue is from application fees, annual administrative fees and project closing fees from bond issuances, which are computed as a percentage of the total project. Fees are recorded as income when earned at the time of closing on the sale of bond indentures.

#### 8. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and such differences may be material.

#### 9. Income Taxes

The Corporation is a not-for-profit corporation organized pursuant to Section 402 and Section 1411 of the NPL, and is therefore, exempt from income taxes. The Corporation is also exempt from Federal reporting requirements under Internal Revenue Service Revenue Procedure 95-48, 1995-2 C.B. 418 as a governmental unit of an affiliate of a government unit described in the procedure.

#### 10. Recent Accounting Pronouncements

The Corporation has adopted the following Statement of Governmental Accounting Standards Board ("GASB") during the year ended December 31, 2023 as follows:

- Statement No. 94, "*Public -Private and Public -Public Partnerships and Availability Payment Arrangements*",
- Statement No. 96, "*Subscription- Based Information Technology Arrangements*", and
- Statement No. 99, "*Omnibus 2022*", those requirements pertaining to leases, public-private and public-public partnerships and availability payment arrangements, and subscription-based information technology arrangements.

The implementation of the aforementioned Statements had no impact on the Corporation's financial statements.

# TOWN OF BROOKHAVEN LOCAL DEVELOPMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS Years Ended December 31, 2023 and 2022

### A. Summary of Significant Accounting Policies (continued)

#### 11. Reclassifications

Reclassifications are made to the prior year's financial statements whenever necessary to conform to the current year's presentation. Such reclassifications have had no impact on net income as previously reported.

#### 12. Subsequent Events

Subsequent events have been evaluated through March 26, 2024, which is the date the financial statements were available to be issued. Management has determined that there were no events that occurred that require additional disclosure.

### B. Deposits

Cash consist of funds deposited in demand accounts.

The Corporation's deposits and investments are governed by a formal investment policy. The Corporation's monies must be deposited in commercial banks or trust companies, which are members of the Federal Deposit Insurance Corporation and located within New York State.

Collateral is required for demand deposits and time deposits accounts of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral include obligations of the United States and its agencies and obligations of the State and its municipalities. The Corporation's collateral agreements are based on the Corporation's available balance.

Custodial Credit Risk - Deposits/Investments - Custodial credit risk for deposits exists when, in the event of the failure of a depository financial institution, a government may be unable to recover deposits or recover collateral securities that are in possession of an outside Corporation. Custodial credit risk for investments exists when, in the event of the failure of the counterparty, a government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

Deposits are required to be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either:

- Uncollateralized,
- Collateralized with securities held by the pledging financial institution, or
- Collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Corporation's name.

At December 31, 2023, the carrying amount of the Corporation's cash totaled \$429,912. The bank balance was \$437,269, of which \$250,000 was covered by the Federal Deposit Insurance Corporation and \$187,269 was collateralized by an irrevocable standby letter of credit issued by the Federal Home Loan Bank of New York, a third-party financial institution. At December 31, 2022, the carrying amount of the Corporation's cash totaled \$469,429.

## TOWN OF BROOKHAVEN LOCAL DEVELOPMENT CORPORATION

### NOTES TO FINANCIAL STATEMENTS Years Ended December 31, 2023 and 2022

#### **C. Conduit Debt Obligations**

The Corporation may issue revenue bonds to provide financial assistance to not-for-profit corporations for the acquisition of construction and equipment facilities for not-for-profits deemed to be in the public interest or refunding high-interest rate debt. The bonds are required to be secured by the property financed and are payable solely from payments received on the underlying mortgage loans.

Neither the Corporation, the Town of Brookhaven, nor any political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2023 and 2022, there was \$162,880,000 and \$197,740,000 respectively, of conduit debt outstanding.

#### **D. Litigation**

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

#### **E. Related Party Transactions**

Effective January 1, 2021, the Corporation entered into an inter-municipal agreement with the Town of Brookhaven Industrial Development Agency ("IDA"), a related party due to a common Board of Directors, to reimburse the IDA for allocable costs. At December 31, 2023 and 2022 the Corporation owed the IDA \$-0- and \$2,863, respectively. During the years ended December 31, 2023 and 2022, the Corporation recognized \$18,378 and \$35,638 of allocable expenses, respectively.

#### **F. New Pronouncements Net Yet Effective**

GASB has issued several statements which are to be implemented in future years. The Corporation is currently evaluating the impact of the various pronouncements on its financial statements.

**OTHER REPORTS**

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

**Independent Auditors' Report**

To the Board of Directors  
Town of Brookhaven Local Development Corporation  
Farmingville, 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 Town of Brookhaven Local Development Corporation (the "Corporation"), a component unit of the Town of Brookhaven, New York, as of and for the year ended December 31, 2023 and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated March 26, 2024.

**Report on Internal Control over Financial Reporting**

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

## **Report on Compliance and Other Matters**

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

### **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 Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*PKF O'Connor Davies, LLP*

**PKF O'Connor Davies, LLP**  
Hauppauge, New York  
March 26, 2024