

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

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

Years Ended December 31, 2022 and 2021

**TOWN OF BROOKHAVEN
INDUSTRIAL DEVELOPMENT AGENCY**

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Independent Auditors' Report

To the Agency Board
Town of Brookhaven Industrial Development Agency
Farmingville, New York

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Town of Brookhaven Industrial Development Agency (the "Agency"), a component unit of the Town of Brookhaven, as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Agency'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 Agency as of December 31, 2022 and 2021, and the changes in financial position, and cash flows thereof for the years then ended in accordance 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 Agency, 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.

Change in Accounting Policy

We draw attention to Note A in the notes to the financial statements which discloses the effect of the Agency's adoption of the provisions of the Governmental Accounting Standards Board ("GASB") Statement No. 87, "Leases". Our opinion is not modified with respect to that matter.

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 Agency'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.

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 Agency'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 Agency'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, Schedule of Changes in the Total Other Postemployment Benefits Liability and Related Ratio, Schedule of Proportionate Share of the Net Pension (Asset) Liability and Schedule of Pension Contributions as listed in the table of contents, be presented to supplement the basic financial statements. Such information, is the responsibility of management and 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 Supplementary Information

Management is responsible for the other supplementary information included in the financial statements. The other supplementary information consists of the accompanying Schedule of Indebtedness - Conduit Debt, Schedule of Exemptions - Bonds and Schedule of Exemptions - Leases but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other supplementary information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other supplementary information and consider whether a material inconsistency exists between the other supplementary information and the financial statements, or the other supplementary information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2023, on our consideration of the 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 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 Agency'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 Agency's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP
Hauppauge, New York
March 29, 2023

REQUIRED SUPPLEMENTARY INFORMATION
Management's Discussion and Analysis

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS Years Ended December 31, 2022 and 2021

This section presents management's analysis of the Town of Brookhaven Industrial Development Agency's (the "Agency"), a component unit of the Town of Brookhaven, New York (the "Town"), financial condition and activities for the years ended December 31, 2022 and 2021. Please read this information in conjunction with the financial statements. Management's Discussion and Analysis ("MD&A") is Required Supplementary Information specified in the Government Accounting Standards Board Statements No. 34.

FINANCIAL HIGHLIGHTS

The Agency's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at close of 2022 and 2021 by \$6,706,439 and \$6,140,879, respectively. These funds, except for the net investment in capital assets, are unrestricted and may be utilized for the general operations of the Agency.

Charges for services totaled \$1,665,093 in 2022 and \$5,182,094 in 2021. Effective January 1, 2021, the Agency established an other postemployment plan for healthcare, which resulted in a special item expense of \$797,267 in 2021, which represents the cost of providing future benefits associated with past service as of the effective date of the plan.

The increase in net position for the years ended December 31, 2022 and 2021 was \$565,560 and \$3,166,475, respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Agency, a quasi-governmental entity was established in 1971 as an industrial development agency. It was created to promote, develop, encourage, and assist in acquiring, developing and equipping various business facilities, thereby advancing the job opportunities, general prosperity and economic welfare for the people of the Town of Brookhaven, New York. The Agency'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 management's discussion and analysis of the Agency's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the Agency's operating plan, and other management tools were used for this analysis.

The basic 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 Agency's assets, liabilities, and deferred outflows/inflows of resources, and provide information about the nature of such amounts.

The statements of revenues, expenses, and changes in net position present the results of the Agency'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 report changes in cash and cash equivalents resulting from operating, noncapital financing, capital and related financing and investing activities, as applicable.

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS Years Ended December 31, 2022 and 2021

OVERVIEW OF THE FINANCIAL STATEMENTS

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 Agency's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies, and subsequent events, if any.

FINANCIAL ANALYSIS OF THE AGENCY

One of the most important objectives of the financial analysis is to determine if the Agency, 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. These statements report the net position of the Agency and changes in these net positions.

The amount of net position, the difference between total assets and deferred outflows of resources and liabilities and deferred inflows of resources, is a significant measure of the financial health or financial position of the Agency.

Over time, increases or decreases in the Agency'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 Agency.

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 Agency's condensed statements of net position at December 31st is presented as follows:

	2022	2021	2020
Assets			
Current and other assets	\$ 7,934,545	\$ 7,409,658	\$ 3,473,983
Non current assets	281,915	32,874	-0-
Total Assets	<u>8,216,460</u>	<u>7,442,532</u>	<u>3,473,983</u>
Deferred Outflows of Resources	<u>354,965</u>	<u>404,553</u>	<u>296,295</u>
Liabilities			
Current liabilities	177,786	257,371	373,979
Long-term liabilities	798,905	915,488	403,804
Total Liabilities	<u>976,691</u>	<u>1,172,859</u>	<u>777,783</u>
Deferred Inflows of Resources	<u>888,295</u>	<u>533,347</u>	<u>18,091</u>
Net Position			
Net investment in capital assets	33,152	32,874	-0-
Unrestricted	6,673,287	6,108,005	2,974,404
Total Net Position	<u>\$ 6,706,439</u>	<u>\$ 6,140,879</u>	<u>\$ 2,974,404</u>

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS Years Ended December 31, 2022 and 2021

FINANCIAL ANALYSIS OF THE AGENCY (continued)

Net Position (continued)

Total assets and deferred outflows of resources as of December 31, 2022 were \$8,571,425 which exceeded total liabilities and deferred inflows of resources by \$6,706,439 (i.e., net position).

All of the Agency's net position, except for the net investment in capital assets of \$33,152, was unrestricted, which is available to support future Agency operations. Total net position of \$6,706,439 at December 31, 2022 increased by \$565,560 from the prior year.

Total assets and deferred outflows of resources increased \$724,340, between December 31, 2022 and 2021. This change is primarily due to the increase in cash (including restricted cash) of \$526,026 and an increase in non-current assets of \$249,041 of which \$149,619 is due to the change in net pension liability at 2021 to an asset at 2022 as well as an increase in depreciable capital assets, net of depreciation of \$99,422 due to the implementation of GASB Statement No. 87, "Leases". These increases were offset by a decrease in deferred outflows related to pension amounts of \$49,588.

Total liabilities and deferred inflows of resources at December 31, 2022, net increased by \$158,780 from the prior year, which consists of a \$196,168 decrease in total liabilities and a \$354,948 increase in deferred inflows of resources pertaining to pension and other postemployment ("OPEB") benefit plans. The net decrease in liabilities of \$196,168 is primarily attributable to the following: \$224,746 decrease in total OPEB liability as the discount rate increased from 2.25% to 4.31%, a \$83,320 net decrease in current liabilities excluding current portion of long-term liabilities attributable to lower outstanding accounts payable and timing differences of receipt of PILOT payment and remittance of such to affected taxing jurisdictions, an increase in accrued compensated absences of \$14,352 and an increase in lease liability (current and long-term) of \$99,144 as a result of implementing GASB Statement No. 87, "Leases".

The changes in deferred inflows and outflows of resources relate to changes in the Agency's pension and other postemployment benefits defined benefit plans. Factors affecting the Agency's deferred inflows and outflows of resources include changes in actuarial assumptions, proportionate share, differences between projected and actual investment earnings, etc. as disclosed in the notes to the financial statements. However, we do note that the significant increase in deferred inflows of resources of \$354,948 is primarily due to the change in discount rate used in the actuarial valuation of the total OPEB liability as noted above.

Total assets and deferred outflows of resources increased \$4,076,807, between December 31, 2021 and 2020, primarily due to the increase in cash (including restricted cash) of \$3,924,994 generated from the number and amounts project closing and an increase in deferred outflows related to pension amounts of \$108,258.

The total liabilities and deferred inflows of resources at December 31, 2021 increased by \$910,332 from 2020 and consists of a \$395,076 increase in total liabilities and an increase of \$515,256 of deferred inflows of resources. The net increase in total liabilities of \$395,076 is primarily due to a \$860,020 increase in the total OPEB liability as this Plan was established January 1, 2021, a \$64,313 increase in accounts payable, and a \$47,037 increase in accrued compensated absences. Those increases were offset by a \$207,894 decrease in due to other governments for timing differences between receipt and remittance of PILOT payments, and a \$379,854 decrease in net pension liability stemming from higher than expected investment earnings which was offset by change in the discount rate from 6.8% to 5.9% and changes in other actuarial assumptions.

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS Years Ended December 31, 2022 and 2021

FINANCIAL ANALYSIS OF THE AGENCY (continued)

Operating Results

The Agency's condensed statements of revenues, expenses, and changes in net position for the years ended December 31st are presented as follows:

	2022	2021	2020
Operating Revenues			
Charges for services	\$ 1,665,093	\$ 5,182,094	\$ 777,824
Total Operating Revenues	<u>1,665,093</u>	<u>5,182,094</u>	<u>777,824</u>
Operating Expenses			
Salaries and fringe benefits	915,702	1,043,941	707,516
Contractual goods and services	234,378	198,483	213,670
Depreciation and amortization	15,068	5,309	1,560
Total Operating Expenses	<u>1,165,148</u>	<u>1,247,733</u>	<u>922,746</u>
Income (Loss) from Operations	<u>499,945</u>	<u>3,934,361</u>	<u>(144,922)</u>
Non-Operating Revenues	<u>65,615</u>	<u>29,381</u>	<u>26,194</u>
Income (Loss) before Special Item	565,560	3,963,742	(118,728)
Special Item	-0-	(797,267)	-0-
Net Change in Net Position	565,560	3,166,475	(118,728)
Net Position at Beginning of Year	<u>6,140,879</u>	<u>2,974,404</u>	<u>3,093,132</u>
Net Position at End of Year	<u>\$ 6,706,439</u>	<u>\$ 6,140,879</u>	<u>\$ 2,974,404</u>

In 2022, the Agency's operating revenues decreased by \$3,517,001 or 67.87% from \$5,182,094 in 2021 to \$1,665,093 in 2022 primarily due to the decrease in the number and size of the projects closed during the year, which drives closing fee revenues. The Agency's operating expenses decreased \$82,585 or 6.62% from \$1,247,733 in 2021 to \$1,165,148 in 2022. The decrease in expense is mainly due to decreases in salaries/compensation levels during the year 2022. The special item expense of \$797,267, for the year 2021, stems from the initial measurement of the OPEB liability associated with past service at the date the plan was established January 1, 2021.

In 2021, the Agency's operating revenues increased by \$4,404,270 or 566.23% from \$777,824 in 2020 to \$5,182,094 in 2021 primarily due to the increase in the number and size of the projects closed during the year, which drives closing fee revenues. The Agency's expenses increased \$324,987 or 35.22% from \$922,746 in 2020 to \$1,247,733 in 2021. The increase in expense is mainly due to increases in salaries/compensation levels during the year 2021. The special item expense of \$797,267 stems from the other postemployment benefit for healthcare plan which was established January 1, 2021. This expense represents the cost associated with past service of providing future healthcare benefits to retirees as of the effective date of this plan.

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS Years Ended December 31, 2022 and 2021

CAPITAL ASSET ADMINISTRATION

The Agency's capital assets, net totaled \$132,296 and \$32,874, at December 31, 2022 and 2021, respectively. The implementation of GASB Statement No. 87, *Leases* resulted in the Agency recognizing \$105,341 of right-to-use asset for leased office space and \$9,149 of furniture; and recognized \$15,068 of depreciation and amortization expense. During 2021, the Agency purchased vehicles and computer equipment totaling \$38,183, and recognized \$5,309 of depreciation. A summary of capital assets at December 31, 2022 and 2021 is as follows:

	2022	2021
Right-to-use asset - leased office space	\$ 105,341	\$ -0-
Furniture	9,149	-0-
Vehicles	34,595	34,595
Computer equipment	19,187	19,187
Total depreciable capital assets	168,272	53,782
Total accumulated depreciation/amortization	35,976	20,908
Total net depreciable assets	<u>\$ 132,296</u>	<u>\$ 32,874</u>

Additional information on the Agency's capital assets can be found in Note C to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S PLAN

The overall mission of the Agency is to improve the quality of life for Brookhaven Town residents by promoting and assisting the growth of businesses that will increase employment opportunities, increase the commercial tax base, while being sensitive to the quality of the environment. To accomplish this mission, we will market to companies currently located within the Town, as well as those organizations external to the Town, utilizing the various incentives available to the Agency such as sales and use tax and partial mortgage recording tax exemptions, real estate tax abatements and the ability to issue tax-exempt and taxable bonds.

The Agency plans to continue and expand its assistance to the businesses located in or relocating to the Town of Brookhaven through:

- Local property tax abatements
- Sales and use tax exemptions
- Partial mortgage recording tax exemptions
- Federally tax-exempt and taxable revenue bonds

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

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

FINANCIAL STATEMENTS

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY

COMPARATIVE STATEMENT OF NET POSITION

	December 31,	
	2022	2021
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 7,851,329	\$ 7,285,004
Cash - restricted	39,209	79,508
Due from other governments	2,863	4,400
Prepaid expenses	41,144	40,746
	7,934,545	7,409,658
Non-current Assets:		
Net pension asset - proportionate share	149,619	-0-
Depreciable capital assets, net	132,296	32,874
	281,915	32,874
Total Assets	8,216,460	7,442,532
DEFERRED OUTFLOWS OF RESOURCES		
Pension related	354,965	404,553
Total Deferred Outflows of Resources	354,965	404,553
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued expenses	117,323	162,279
Other liabilities	39,209	25,840
Unearned revenue	2,000	-0-
Due to other governments - PILOTs	-0-	53,733
Current portion of lease payable	19,254	-0-
Current portion of accrued compensated absences	-0-	15,519
	177,786	257,371
Non-current Liabilities:		
Lease payable	79,890	-0-
Accrued compensated absences	83,741	53,870
Net pension liability - proportionate share	-0-	1,598
Total other postemployment benefits liability	635,274	860,020
	798,905	915,488
Total Liabilities	976,691	1,172,859
DEFERRED INFLOWS OF RESOURCES		
Pension related	512,186	471,880
Other postemployment benefits related	376,109	61,467
Total Deferred Inflows of Resources	888,295	533,347
NET POSITION		
Net investment in capital assets	33,152	32,874
Unrestricted	6,673,287	6,108,005
Total Net Position	\$ 6,706,439	\$ 6,140,879

See notes to financial statements.

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY

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

	Years Ended December 31,	
	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Charges for services	\$ 1,665,093	\$ 5,182,094
OPERATING EXPENSES		
Administration salaries, benefits and payroll taxes	915,702	1,043,941
Advertising, public relations and special projects	27,525	31,869
Insurance	44,871	46,814
Depreciation and amortization	15,068	5,309
Meeting, conferences and publications	21,001	9,011
Professional fees	108,009	73,708
Rent	7,000	13,500
Office expense	21,859	20,133
Travel and conferences	4,113	3,448
Total Operating Expenses	<u>1,165,148</u>	<u>1,247,733</u>
Income from Operations	<u>499,945</u>	<u>3,934,361</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest income	67,418	14,481
Interest expense - lease liability	(1,803)	-0-
Gain on sale of asset	-0-	14,900
Total Non-Operating Revenues (Expenses)	<u>65,615</u>	<u>29,381</u>
Income before Special item	<u>565,560</u>	<u>3,963,742</u>
SPECIAL ITEM		
Other postemployment benefit expense - past service cost	-0-	(797,267)
Change in Net Position	565,560	3,166,475
Net Position at Beginning of Year	<u>6,140,879</u>	<u>2,974,404</u>
Net Position at End of Year	<u>\$ 6,706,439</u>	<u>\$ 6,140,879</u>

See notes to financial statements.

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY

COMPARATIVE STATEMENT OF CASH FLOWS

	Years Ended December 31,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from charges for services and projects	\$ 1,667,093	\$ 5,173,094
Cash paid for payroll and related expenses	(872,777)	(907,007)
Cash payments for contractual expenses	(278,195)	(144,851)
Net Cash From Operating Activities	516,121	4,121,236
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received (payments) of funds held for Ronkonkoma Hub		
Transit Orientated Development	13,369	20,454
Cash received from payments in lieu of taxes and other	21,084,613	19,329,326
Cash paid for payments in lieu of taxes and other	(21,138,346)	(19,537,220)
Net Cash From Noncapital Financing Activities	(40,364)	(187,440)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sales of asset	-0-	14,900
Interest expense - lease liability	(1,803)	-0-
Repayment of lease liability	(6,197)	-0-
Acquisition of capital assets	(9,149)	(38,183)
Net Cash From Capital and Related Financing Activities	(17,149)	(23,283)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	67,418	14,481
Net Cash From Investing Activities	67,418	14,481
Net Change in Cash and Cash Equivalents	526,026	3,924,994
Cash and Cash Equivalents at Beginning of Year	7,364,512	3,439,518
Cash and Cash Equivalents at End of Year	\$ 7,890,538	\$ 7,364,512
Unrestricted Cash	\$ 7,851,329	\$ 7,285,004
Restricted Cash	39,209	79,508
	\$ 7,890,538	\$ 7,364,512
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES:		
Income from operations	\$ 499,945	\$ 3,934,361
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:		
Depreciation and amortization expense	15,068	5,309
(Increase) decrease in assets:		
Due from other governments	1,537	(4,400)
Prepaid expenses	(398)	(6,281)
Net pension asset	(149,619)	
(Increase) decrease in deferred outflows of resources	49,588	(108,258)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(44,956)	64,313
Unearned revenue	2,000	(9,000)
Accrued compensated absences	14,352	47,037
Total other postemployment benefits liability	(224,746)	62,753
Net pension liability	(1,598)	(379,854)
Increase in deferred inflows of resources	354,948	515,256
Net Cash From Operating Activities	\$ 516,121	\$ 4,121,236
NONCASH INVESTING AND FINANCING ACTIVITIES		
Capital asset additions financed with lease liability	\$ 105,341	\$ -0-

See notes to financial statements.

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS Years Ended December 31, 2022 and 2021

A. Summary of Significant Accounting Policies

The Town of Brookhaven Industrial Development Agency (the “Agency”) was created as a New York State public benefit corporation. The Agency was established in 1971 pursuant to Title A of Article 18-A, Chapter 358 of the New York General Municipal Law (“NYGML”), at the request of the Town of Brookhaven. The Agency is a quasi-governmental, tax-exempt agency that was created to promote, develop, encourage and assist in acquiring, developing and equipping various business facilities, thereby advancing the job opportunities, general prosperity and economic welfare for the people of the Town of Brookhaven, New York. The Agency provides companies with the following incentives:

- Local property tax abatements
- Sales and use tax exemptions
- Partial mortgage recording tax exemptions
- Federally tax-exempt and taxable revenue bonds

The Agency is governed by a Board (“Agency Board”) consisting of seven members, and which is the legislative body responsible for overall operations. The members of the Agency’s Board are appointed by the Town of Brookhaven (the “Town”). The Agency Board appoints the Executive Director of the Agency who is the Chief Executive Officer. The Agency is a discretely presented component unit of the Town of Brookhaven.

The financial statements of the Agency 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 Agency’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 Industrial Development Agency. No other governmental organization has been included or excluded from the reporting entity.

2. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenses 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 Agency uses the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used.

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS Years Ended December 31, 2022 and 2021

A. Summary of Significant Accounting Policies (continued)

2. Measurement Focus/Basis of Accounting (continued)

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

3. Cash and Cash Equivalents

Generally, for purposes of reporting cash flows, cash equivalents are defined as short-term highly liquid investments and includes unrestricted and restricted cash. Cash equivalents are carried at amortized costs which approximates fair value.

Restricted cash consists of monies held for a specific project's expenses, receipt of payments in lieu of taxes ("PILOT") and which have not been remitted to the appropriate taxing jurisdictions (Note D) and recaptured benefits payable to the State of New York (Note J), as applicable.

Interest income is reported in the statement of revenues, expenses and changes in net position.

4. Due from other governments

In 2021, the Agency entered into an agreement with the Town of Brookhaven Local Development Corporation ("LDC") whereas the LDC agreed to reimburse the Agency pro-rate costs of the Agency's all shared services including such as office expenses, marketing events, memberships costs, office rent, office supplies publication costs. At December 31, 2022 and 2021, due from other governments totaled \$2,863 and \$4,400, respectively.

5. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future periods and are reported as prepaid expenses.

6. Capital Assets

Capital assets, including right-to-use leased assets, purchased or acquired with an original cost or value of \$5,000 or more and an estimated useful life in excess of one year, are accounted for as capital assets. All capital assets, excluding the right-to-use leased assets, are valued at historical cost or estimated historical cost if actual is unavailable, except donated capital assets, which are recorded at acquisition value at the date received. Right-to-use leased assets are valued at the present value of the expected lease payments pursuant to the lease agreement and adjusted for certain items (if applicable) defined by GASB. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2022 and 2021

A. Summary of Significant Accounting Policies (continued)

6. Capital Assets (continued)

Depreciation/amortization on all assets is provided using the straight line of method over the assets' estimated useful lives and in the case of right-to-use leased assets over the shorter of the estimated useful life or lease term, including options to extend which are reasonable expected to be exercised.

The range of estimated useful lives by type of asset is as follows:

Right-to-use asset - leased office space	5 years
Furniture and fixtures	5-7 years
Vehicles	3-10 years
Computer equipment	5 years

7. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The Agency has one item that qualifies for reporting in this category. The item relates to the net pension asset/(liability) reported in the statement of net position. This represents the effect of the net change in the Agency's proportion of the collective net pension asset/(liability), the differences during the measurement periods between the Agency's contributions and its proportionate share of total contributions to the pension system not included in pension expense, change in assumptions and the Agency's contributions to the pension system made subsequent to the measurement date (see Note G).

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue/contra expense) until that time. The Agency has two items that qualify for reporting in this category. The first item represents the effect of the net change in the Agency's proportion of the collective net pension asset/(liability) and the differences during the measurement periods between the Agency's contributions and its proportionate share of total contributions to the pension system not included in, pension expense (see Note G). The second item represents the effects of the change in assumptions and payment for the total other postemployment benefits (OPEB) liability. (See Note H).

8. Due to Other Governments

The Agency bills and collects payments in lieu of taxes from the project properties. These payments are deposited and subsequently are disbursed to the appropriate taxing jurisdictions, within 30 days of receipt by the Agency as required by law (see Note D). Payments collected are not considered revenues to the Agency and are disbursed to the appropriate taxing jurisdictions. Due to other governments consists of payments in lieu of taxes received that have been collected but not yet disbursed to the taxing jurisdictions. Also included in due to other governments are recaptured benefits payable to the State of New York, if any. Payments will be from the restricted cash.

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS Years Ended December 31, 2022 and 2021

A. Summary of Significant Accounting Policies (continued)

9. Lease Payable

A lease is defined as a contractual agreement which conveys control of the right to use another entity's nonfinancial asset as specified in a contract/agreement, for a minimum contractual period in an exchange or exchange-like transaction. Where the contractual period is greater than twelve months, including options to renew which are reasonably expected to be exercised, a lease liability and associated asset (right-to-use asset) is recognized in statement of net position. At the inception of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (including options to renew which are reasonably expected to be exercised), less lease incentives. The lease liability may be remeasured subsequently in certain circumstances, such as a change in the lease term.

10. Net Position Classification

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

- 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.
- b. Restricted 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. The Agency has no restricted net position.
- c. Unrestricted 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 investment in capital assets or restricted components of net position.

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

The Agency offers pension and other postemployment benefits for healthcare to its employees, pursuant to defined benefit plans.

Pension

The measurements of the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, and information about the fiduciary net position of the New York State and Local Retirement System (the "System") have been determined on the same basis as they were reported by the System. For this purpose, the System recognizes benefit payments when due and payable in accordance with the benefit terms, and reports investments at fair value.

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS Years Ended December 31, 2022 and 2021

A. Summary of Significant Accounting Policies (continued)

10. Postemployment Benefits (continued)

Other Postemployment Benefits

In addition to providing pension benefits, the Agency provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the Agency's employees may become eligible for these benefits if they reach normal retirement age and meet a length of service requirement.

Other postemployment benefits other than pensions ("OPEB") cost for retiree healthcare benefits is measured and disclosed using the accrual basis of accounting.

As a result of establishing this plan in 2021, the Agency reports the past service costs as a special item in the statement of revenues, expenses, and changes in net position. See Notes H for additional information.

11. Compensated Absences

Certain qualifying Agency employees earn accrued leave time/paid time off in varying amounts. In the event of separation from service, employees are paid for a portion of accumulated unused accrued paid time off. The liability for the accrued leave time/paid time off is recorded in the statement of net position.

12. Revenue

The Agency's primary source of operating revenue is from application fees and financing fees (bond issuance and lease fees) which are computed as a percentage of the total project. Fees are recorded as income when earned at the time of closing on the projects. Nonoperating revenues consists of investment interest and earnings and gains/losses on sale of assets.

13. Advertising

The Agency follows the policy of charging the costs of advertising and marketing to expense as incurred. Advertising and marketing expense for the years ended December 31, 2022 and 2021 was approximately \$28,000 and \$32,000, respectively.

14. 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, liabilities, deferred inflows/outflows of resources 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.

15. Recent Accounting Pronouncements

The Agency has adopted the following Statements of the Governmental Accounting Standards Board ("GASB") during the year ended December 31, 2022 as follows:

- Statement No. 87, "*Leases*", and
- Statement No. 91, "*Conduit Debt Obligations*".

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS Years Ended December 31, 2022 and 2021

A. Summary of Significant Accounting Policies (continued)

15. Recent Accounting Pronouncements (continued)

The implementation of Statement No. 87, "Leases" resulted in the Agency reporting an intangible right-to-use leased asset (capital asset) and a lease liability, as well as additional footnote disclosure. There was no impact to the Agency's opening net position.

16. Subsequent Events

Subsequent events have been evaluated through March 29, 2023, 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 and cash equivalents consist of funds deposited in demand accounts.

The Agency's deposits and investments are governed by a formal investment policy. The Agency'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.

The Agency is authorized to use certificates of deposit and money market deposit accounts. Permissible investments include certificates of deposit and United States Treasuries with a maturity no longer than one year.

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 letters of credit, as well as obligations of the United States and its agencies and obligations of the State and its municipalities. The Agency's collateral agreements are based on the Agency'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 agency. 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 Agency's name.

At December 31, 2022, the carrying amount of the Agency's cash and cash equivalents totaled \$7,890,238, excluding petty cash of \$300. The bank balances totaled \$7,901,952, of which \$500,000 was covered by Federal Deposit Insurance Corporation, \$7,401,952 was collateralized by letters of credit and securities held by the Agency's agent, a third-party financial institution. At December 31, 2021, the carrying amount of the Agency's cash and cash equivalents, excluding petty cash of \$300, totaled \$7,364,212.

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS
 Years Ended December 31, 2022 and 2021

C. Capital Assets

Capital asset activity for the years ended December 31, 2022 and 2021 is as follows:

	Balance 01/01/21	Additions	Deletions	Balance 01/01/22	Additions	Deletions	Balance 12/31/22
Depreciable assets:							
Right-to-use asset - leased office space	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 105,341	\$ -0-	\$ 105,341
Furniture and fixtures	-0-	-0-	-0-	-0-	9,149	-0-	9,149
Vehicles	28,079	34,595	28,079	34,595	-0-	-0-	34,595
Computer equipment	15,599	3,588	-0-	19,187	-0-	-0-	19,187
Total depreciable capital assets	<u>43,678</u>	<u>38,183</u>	<u>28,079</u>	<u>53,782</u>	<u>114,490</u>	<u>-0-</u>	<u>168,272</u>
Accumulated depreciation/amortization :							
Right-to-use asset - leased office space	-0-	-0-	-0-	-0-	7,024	-0-	7,024
Furniture	-0-	-0-	-0-	-0-	408	-0-	408
Vehicles	28,079	5,189	28,079	5,189	6,919	-0-	12,108
Computer equipment	15,599	120	-0-	15,719	717	-0-	16,436
Total accumulated depreciation	<u>43,678</u>	<u>\$ 5,309</u>	<u>\$ 28,079</u>	<u>20,908</u>	<u>\$ 15,068</u>	<u>\$ -0-</u>	<u>35,976</u>
Total net depreciable assets	<u>\$ -0-</u>			<u>\$ 32,874</u>			<u>\$ 132,296</u>

Depreciation and amortization expense totaled \$15,068 and \$5,309 for the years ended December 31, 2022 and 2021, respectively.

The Agency evaluates capital assets for prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The Agency's policy is to record an impairment loss in the period when the Agency determines that the carrying amount of the asset will not be recoverable. At December 31, 2022 and 2021, the Agency has not recorded any such impairment losses.

D. Payments in Lieu of Taxes

The Agency, as a condition of providing assistance, may require that the benefiting company remit a PILOT payment. PILOT payments are billed annually, however, may be paid by the company on an optional annual or semi-annual basis. Receipts of PILOT payments are deposited and subsequently are disbursed to the appropriate taxing jurisdictions within 30 days of receipt by the Agency as required by law. PILOT payments are not considered revenues of the Agency. At December 31, 2022 and 2021, the Agency owed \$-0- and \$53,733, respectively, to other governments for PILOT payments received and subsequently remitted to the local municipalities in January 2022.

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TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2022 and 2021

E. Changes in Long-Term Liabilities

Changes in long-term liabilities for the years ended December 31, 2022 and 2021 are as follows:

	Balance 1/1/22	Increases	Reductions	Balance 12/31/22	Non-current Liabilities due within one year	Non-current Liabilities
Compensated absences	\$ 53,870	\$ 84,589	\$ 70,237	\$ 68,222	\$ -0-	\$ 68,222
Lease liability	-	105,341	6,197	99,144	19,254	79,890
Other postemployment benefits	860,020	128,215	352,961	635,274	-	635,274
Net pension liability - proportionate share	1,598	-	1,598	-	-	-
Total non-current liabilities	\$ 915,488	\$ 318,145	\$ 430,993	\$ 802,640	\$ 19,254	\$ 783,386

	Balance 1/1/21	Increases	Reductions	Balance 12/31/21	Non-current Liabilities due within one year	Non-current Liabilities
Compensated absences	\$ 22,352	\$ 84,850	\$ 37,813	\$ 69,389	\$ 15,519	\$ 53,870
Other postemployment benefits**	797,267	130,099	67,346	860,020	-	860,020
Net pension liability - proportionate share	381,452	139,323	519,177	1,598	-	1,598
Total non-current liabilities	\$ 1,201,071	\$ 354,272	\$ 624,336	\$ 931,007	\$ 15,519	\$ 915,488

* The OPEB plan commenced January 1, 2021

F. Lease Payable

The Agency leases office space pursuant to a lease agreement commencing on September 1, 2022, for a term of five years with an option to extend for two additional five year and is payable monthly installments of \$2,000. If the option to renew is exercised, monthly rent will be increased by the CPI.

The lease payable consists of the obligation pursuant to a noncancellable lease agreement for office space as mentioned above. The amount of the lease liability report is equal to the present value of lease payments during the remainder of the lease term. The subsequent lease payments have been discounted using a discount rate of 5.25%, based on the Agency's incremental borrowing rates for leases. Key assumptions in determining the liability include the evaluation of the lease term and the discount rate.

Aggregate minimum principal and interest payment requirement for leasing activity, are as follows:

Years Ending December 31,	Principal	Interest	Total
2023	\$ 19,254	\$ 4,746	\$ 24,000
2024	20,290	3,710	24,000
2025	21,381	2,619	24,000
2026	22,531	1,469	24,000
2027	15,688	312	16,000
	\$ 99,144	\$ 12,856	\$ 112,000

G. Retirement System

Plan Description

The Agency participates in the New York State and Local Employees' Retirement System (the "System"), which is a cost-sharing multiple-employer defined benefit pension plan and the Public Employees' Group Life Insurance Plan, collectively (the "Plan"). The System provides retirement benefits, as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). As set forth in the NYSRSSL, the Comptroller of the State of New York ("Comptroller") serves as a sole trustee and administrative head of the System.

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2022 and 2021

G. Retirement System (continued)

Funding Policy (continued)

The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of their funds. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be found on the website of the Office of the New York State Comptroller or obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, New York 12244.

Plan members who joined the system before July 27, 1976 are not required to make contributions. Those joining after July 27, 1976 and before January 1, 2010 with less than ten years of membership are required to contribute 3% of their annual salary. Those joining on or after January 1, 2010 and before April 1, 2012 are required to contribute 3% of their salary for NYSERS members throughout active membership.

Those joining on or after April 1, 2012 are required to contribute between 3% and 6%, depending upon their salary, throughout active membership. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

The Agency is required to contribute at an actuarially determined rate. The Agency's contributions to the plan were \$82,033 and \$65,388, respectively, to the System for its regular pension contribution based on the Plan year end of March 31st, 2022 and 2021.

The Agency's contribution to the System was equal to 100% of the contributions required for each year.

Pension Asset/(Liability), Pension Expense and Deferred Outflows/Inflow of Resources Related to Pensions

At December 31, 2022 and 2021, the Agency reported the following asset/(liability) of \$149,619 and (\$1,598), respectively, for its proportionate share of the net pension asset/(liability) of the System. The net pension liability was measured as of March 31, 2022 and 2021, respectively, for the System. The total pension liability used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The Agency's proportion of the net pension asset/(liability) was based on a projection of the Agency's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined by the System. Below is the Agency's proportionate share of the net pension asset/(liability) of the System and its related employer allocation percentage.

	2022	2021
System's actuarial valuation date	April 1, 2021	April 1, 2020
Net pension asset/(liability)	\$149,619	\$(1,598)
Agency's portion of the System's total net pension liability	0.0018303%	0.0016062%
Change in the allocation of the System's total net pension asset/(liability) since the prior measurement date	0.0002241%	0.001657%

For the years ended December 31, 2022 and 2021, the Agency recognized a pension expense of \$17,132 and \$43,559, respectively, in the statements of revenues, expenses and changes in net position.

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2022 and 2021

G. Retirement System (continued)

Pension Asset/(Liability), Pension Expense and Deferred Outflows/Inflow of Resources Related to Pensions (continued)

At December 31, 2022 and 2021, the Agency's reported deferred outflows/inflows of resources related to the pension from the following sources:

	2022	2021
Deferred outflows of resources:		
Differences between expected and actual experience	\$ 11,332	\$ 19,532
Change in assumptions	249,698	294,070
Changes in proportion and differences between the Agency's contributions and proportionate share of contributions	35,989	29,426
Contributions made subsequent to the measurement date	57,946	61,525
Total Deferred Outflows of Resources - Pension Related	\$ 354,965	\$ 404,553
Deferred inflows of resources:		
Differences between expected and actual experience	\$ 14,697	\$ -0-
Change in assumptions	4,213	5,546
Net difference between projected and actual investment earning on pension plan investments	489,941	459,430
Changes in proportion and differences between the Agency's contributions and proportionate share of contributions	3,335	6,904
Total Deferred Inflows of Resources - Pension Related	\$ 512,186	\$ 471,880

The Agency's contribution made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year.

Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending December 31,	2023	\$ (28,301)
	2024	(44,489)
	2025	(119,825)
	2026	(22,552)
		\$ (215,167)

The System's Actuarial Assumptions

The total pension asset/(liability) as of the measurement dates was determined by using an actuarial valuation as of April 1st, with update procedures used to roll forward the System's total pension liability to the measurement date of March 31st.

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2022 and 2021

G. Retirement System (continued)

The System's Actuarial Assumptions (continued)

The System's actuarial valuation used the following actuarial assumptions:

	Measurement Date	
	March 31, 2022	March 31, 2021
Actuarial valuation date	April 1, 2021	April 1, 2020
Investment rate of return, net	5.90%	5.90%
Inflation	2.70%	2.70%
Salary increases	4.40%	4.40%
Cost of living adjustments	1.40%	1.40%
Decrement tables	April 1, 2015 - March 2020 System's Experience	April 1, 2015 - March 2020 System's Experience

Annuitant mortality rates for the April 1, 2021 and 2020 actuarial valuations are based on April 1, 2015 to March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020.

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 expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2022 and 2021 are summarized below:

Asset Type	March 31, 2022		March 31, 2021	
	Target Allocation	Long-Term Expected Rate of Return	Target Allocation	Long-Term Expected Rate of Return
Equity:				
Domestic equity	32.00%	3.30%	32.00%	4.05%
International equity	15.00%	5.85%	15.00%	6.30%
Alternatives:				
Private equity	10.00%	6.50%	10.00%	6.75%
Real estate	9.00%	5.00%	9.00%	4.95%
Absolute return strategies	3.00%	4.10%	3.00%	4.50%
Credit	4.00%	3.78%	4.00%	3.63%
Real assets	3.00%	5.80%	3.00%	5.95%
Fixed income	23.00%	0.00%	23.00%	0.00%
Cash	1.00%	-1.00%	1.00%	0.50%
	<u>100.00%</u>		<u>100.00%</u>	

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2022 and 2021

G. Retirement System (continued)

Discount Rate

The discount rate used to calculate the total pension asset/(liability) as of March 31, 2022 and 2021 was 5.9%, respectively. 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 statutorily required rates, actuarially determined. Based upon the assumptions, the Systems' 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 Asset/(Liability) to the Discount Rate Assumption

The following presents the Agency's proportionate share of the net pension asset/(liability) calculated by the System using the discount rate of 5.9% as of March 31, 2022 and 2021, as well as what the Agency's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1.00% Decrease</u>	<u>Current Assumption</u>	<u>1.00% Increase</u>
Discount rate:			
March 31, 2022	4.90%	5.90%	6.90%
March 31, 2021	4.90%	5.90%	6.90%
Agency's proportionate share of the collective net pension asset/(liability) for the Plan year ended:			
March 31, 2022	<u>\$ (385,119)</u>	<u>\$ 149,619</u>	<u>\$ 596,902</u>
March 31, 2021	<u>\$ (443,920)</u>	<u>\$ (1,598)</u>	<u>\$ 406,324</u>

Pension Plan Fiduciary Net Position

The components of the System's net pension asset/(liability) of the employers as of the respective measurement date as of March 31, 2022 and 2021 are as follows:

	<u>(Dollars in Thousands)</u>	
Measurement date	<u>March 31, 2022</u>	<u>March 31, 2021</u>
Employers' total pension liability	\$ (223,874,888)	\$ (220,680,157)
Plan net position	<u>232,049,473</u>	<u>220,580,583</u>
Employers' net pensionasset/(liability)	<u>\$ 8,174,585</u>	<u>\$ (99,574)</u>
Ratio of Plan's net position to the Employers' total pension asset/(liability)	103.65%	99.95%

H. Other Postemployment Benefits Obligation – Healthcare Benefits

In the basic financial statements, the cost of postemployment healthcare benefits, like the cost of pension benefits, generally should be associated with the period in which the cost occurs, rather than in the future year when it will be paid.

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2022 and 2021

H. Other Postemployment Benefits Obligation - Healthcare Benefits (continued)

The Agency recognizes the cost of postemployment healthcare in the year when the employee services are received and provides information useful in assessing potential demands on the Agency’s future cash flows.

Plan Description

Effective January 1, 2021, the Agency elected to provide other postemployment benefits for healthcare to its employees.

Postemployment benefits other than pensions are provided to eligible retirees and beneficiaries/surviving spouse under a single employer defined benefit plan. Postemployment benefits other than pensions consist of providing healthcare coverage (or a portion thereof) and life insurance benefits to eligible retirees and survivors in accordance with the provisions of the OPEB plan.

The OPEB plan is subject to change in the future and the benefits provided may be modified. No assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Agency, as administrator of the plan, does not issue a separate report.

To provide these benefits, the Agency currently participates in the New York State Health Insurance Plan (“NYSHIP”), which offers health insurance coverage to New York State public employees through the Empire Plan (an indemnity health insurance plan) or approved health maintenance organization (“HMO”). Currently, healthcare insurance coverage is through the Empire Core Plan plus Enhancement. The New York State Department of Civil Service administers NYSHIP.

The Agency pays healthcare insurance premiums to NYSHIP on a monthly basis. Health insurance premiums paid by the Agency are based on benefits paid throughout New York State during the year or from a choice of HMOs. Under the provisions of the Empire Plan, premiums are adjusted on a prospective basis for any losses experienced by the Empire Plan. The Agency has the option to terminate its participation in the Empire Plan at any time without liability for its respective share of any previously incurred losses.

To be eligible for benefits upon retirement, full and part-time employees must have attained the age of 55 and have 10 more years of service with the Agency. Employees who terminate active employment can vest in the retiree healthcare benefits. The Agency will contribute 100% of the premium for eligible retired employees.

The number of participants as of January 1, 2021, the effective date of the OPEB valuation as of December 31, 2022 and 2021 is as follows:

Active employees	5
Inactive employees currently receiving benefits	0
Inactive employees entitled to but not yet receiving benefits	<u>0</u>
Total	<u>5</u>

There have been no significant changes in the number of employees or the type of coverage since that date.

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2022 and 2021

H. Other Postemployment Benefits Obligation - Healthcare Benefits (continued)

Total OPEB Liability

The Agency's total OPEB liability of \$635,274 and \$860,020 as of December 31, 2022 and 2021, respectively, were measured and determined by an actuarial valuation as of January 1, 2021, with updated procedures used to roll forward the total OPEB liability to the measurement date. The actuarial valuation was performed using the alternative measurement method as allowed for small plans.

Funding Policy

The Agency currently pays for other postemployment benefits on a pay-as-you-go basis.

Actuarial Methods and Assumptions

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of future events far into the future. Amounts determined regarding the funded status of a plan and the employer's annual required contributions are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

The total OPEB liability measured as of December 31, 2022 is based on the January 1, 2021 valuation and rolled forward to the December 31, 2022 measurement date. The total OPEB liability measured as of December 31, 2021 is based on the January 1, 2021 valuation and rolled forward to the December 31, 2021 measurement date.

The total OPEB liability as of December 31, 2022 and 2021 was measured and determined using the following actuarial assumptions and other inputs:

Payroll growth rate	3.50%
Discount rate	4.31% (2022) and 2.25% (2021)
Healthcare cost trend rates	6.5% decreasing to 4.5% in year 2036
Cost method	Entry Age Normal- Alternative Measurement Method
Participation rate	100%
Mortality	PubG.H-2010 Mortality Table with Scale MP-2020 for Mortality Improvement

The discount rate was based on the S&P Municipal Bond 20 Year High-Grade Rate Index as of the measurement date.

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2022 and 2021

H. Other Postemployment Benefits Obligation - Healthcare Benefits (continued)

Changes in the Total OPEB Liability

The following table shows the components of the other postemployment benefits liability for the year ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021*</u>
Beginning of Year	\$ 860,020	\$ 797,267
Changes for the year:		
Service cost	108,865	114,712
Interest	19,350	15,387
Changes of assumptions	<u>(352,961)</u>	<u>(67,346)</u>
Balance at end of year	<u>\$ 635,274</u>	<u>\$ 860,020</u>

* The OPEB plan commenced January 1, 2021.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and Health Care Trend Rate

The following presents the total OPEB liability of the Agency at December 31, 2022, as well as what the Agency's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<u>Discount Rate</u>		
	<u>1% Increase</u>	<u>Current Rate</u>	<u>1% Decrease</u>
	5.31%	4.31%	3.31%
Total OPEB Liability	<u>\$ 519,790</u>	<u>\$ 635,274</u>	<u>\$ 783,464</u>

The following presents the total OPEB liability of the Agency at December 31, 2021, as well as what the Agency's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<u>Discount Rate</u>		
	<u>1% Increase</u>	<u>Current Rate</u>	<u>1% Decrease</u>
	3.25%	2.25%	1.25%
Total OPEB Liability	<u>\$ 683,646</u>	<u>\$ 860,020</u>	<u>\$ 1,091,889</u>

The following presents the total OPEB liability of the Agency at December 31, 2022, as well as what the Agency's total OPEB liability would be if it were calculated using healthcare cost trend rates that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend:

	<u>Health Care Trend</u>		
	<u>1% Increase</u>	<u>Current Rate</u>	<u>1% Decrease</u>
	7.50%	6.50%	5.50%
Total OPEB Liability	<u>\$ 820,058</u>	<u>\$ 635,274</u>	<u>\$ 497,416</u>

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2022 and 2021

H. Other Postemployment Benefits Obligation - Healthcare Benefits (continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and Health Care Trend Rate (continued)

The following presents the total OPEB liability of the Agency at December 31, 2021, as well as what the Agency's total OPEB liability would be if it were calculated using healthcare cost trend rates that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend:

	Health Care Trend		
	1% Increase	Current Rate	1% Decrease
	7.50%	6.50%	5.50%
Total OPEB Liability	<u>\$ 1,153,233</u>	<u>\$ 860,020</u>	<u>\$ 648,736</u>

OPEB Expense and Deferred Outflow of Resources and Deferred Inflow of Resources Related to OPEB

For the years ended December 31, 2022 and 2021, the Agency recognized OPEB expense of \$89,897 and \$124,220, respectively. At December 31, 2022, the Agency reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of assumptions	<u>\$ -0-</u>	<u>\$ 376,109</u>

At December 31, 2021, the Agency reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of assumptions	<u>\$ -0-</u>	<u>\$ 61,467</u>

The amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For Years Ending December 31,	2023	\$ (38,318)
	2024	(38,318)
	2025	(38,318)
	2026	(38,318)
	2027	(38,318)
	2028-2032	<u>(184,519)</u>
		<u>\$ (376,109)</u>

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS Years Ended December 31, 2022 and 2021

I. Conduit Debt Obligations

The Agency has at times, issued revenue bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, control or ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the Agency, the Town, 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, 2022, and 2021, there were \$-0- and \$4,786,553 of conduit debt outstanding, respectively.

J. Recapture of Abatements Payment “Benefits”

Recapture of benefits includes property tax abatements, partial mortgage recording tax exemptions, and full sales and use tax exemptions payment.

The Agency is empowered by its enabling legislation to grant various benefits in connection with qualifying projects it agrees to help finance, including granting exemptions from the imposition of sales and use taxes on purchases for use in connection with a project. However, it is the policy of the Agency to grant benefits with respect to a qualifying project only in return for a commitment from the business receiving the Agency benefits to operate and maintain the project consistent with the term of the lease agreement or the life of the bonds.

Failure to do so may result in financial penalties being imposed on the business in the form of a required recapture of benefits payment, the severity of which is dependent upon the length of time the project is, in fact, operated and maintained pursuant to the applicable project financing documentation. As required, the Agency would remit any applicable sales and use taxes recaptured to New York State including the local portion and any interest, real property tax recaptured would be allocated on a pro-rata basis for distribution to the local taxing jurisdictions. During 2022 and 2021, the Agency received \$-0- and \$30,984, respectively, for the recapture of sales and use tax-exemptions and subsequently were remitted to New York State.

K. Commitments

The Agency assists private-sector companies (the “companies”) with the acquisition of industrial and commercial facilities deemed to be in the public interest. Upon closing on the properties, the Agency takes title or leasehold interest as a nominal owner (which allows the Agency to pass through tax and other incentives) and the companies take title as beneficial owners. The Agency then leases the properties to the companies for a negligible amount, if any. The lease terms usually expire in conjunction with the payments in lieu of taxes of the companies. These leasing transactions are not subject to GASB Statement No. 87, “Leases” and therefore are not recorded in the accompanying financial statements of the Agency.

L. Litigation

The Agency 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 Agency.

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS Years Ended December 31, 2022 and 2021

M. Related Party Transactions

At December 31, 2022 and 2021, the Agency reports a receivable from the Town of Brookhaven Local Development Corporation (“LDC”), a related party with a common Board of Directors, of \$2,863 and \$4,400. Pursuant to an inter-municipal agreement, the Corporation will reimburse the IDA for an allocation of certain shared costs.

The Agency leases office space from the Town, see Note F for additional information. During 2021 and through August 31, 2022, the Agency paid the Town pursuant to a month-to-month arrangement. In September 2022, the Agency executed a written long-term lease agreement with the Town.

N. Special Item

Effective January 1, 2021, the Agency established an other postemployment benefit plan to provide healthcare coverage for eligible retirees and applied the provisions of GASB Statement No. 75, *“Accounting and Financing Reporting for Postemployment Benefits Other Than Pensions”*. The implementation of this Statement requires that the 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 period of the total OPEB liability, less the amount of OPEB plan’s fiduciary net position. As a result, the Agency reported a special item expense of \$797,267 in 2021, which was the cost associated with past service as of January 1, 2021. This cost is the same amount as the January 1, 2021 balance of the total OPEB liability.

O. New Pronouncements Not Yet Effective

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

**REQUIRED SUPPLEMENTARY INFORMATION
OTHER THAN MANAGEMENT'S DISCUSSION
AND ANALYSIS**

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY

SCHEDULE OF CHANGES IN THE AGENCY'S TOTAL OTHER POSTEMPLOYMENT BENEFITS
LIABILITY AND RELATED RATIO
REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2022
(Unaudited)

Total OPEB Liability:	2022	2021
Balance, January 1,	\$ 860,020	\$ 797,267
Service costs	108,865	114,712
Interest	19,350	15,387
Change of assumptions and other inputs	(352,961)	(67,346)
Benefit payments	-0-	-0-
Balance, end of year	\$ 635,274	\$ 860,020
Covered employee payroll	\$ 502,500	\$ 447,290
Total OPEB liability as a percentage of covered employee payroll	126.42%	192.27%

Notes to the Schedule:

Discount Rate	4.31%	2.25%
Measurement Date December 31,	2022	2021

The effective date of this Plan is January 1, 2021.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION (ASSET) LIABILITY
REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2022
(Unaudited)**

	March 31,						
	2022	2021	2020	2019	2018	2017	2016
Agency's proportion of the net pension liability (asset)	0.0018303%	0.0016062%	0.0014405%	0.0011333%	0.0011953%	0.0009284%	0.000871506%
Agency's proportionate share of the net pension liability (asset)	\$ (149,619)	\$ 1,598	\$ 381,452	\$ 80,297	\$ 38,579	\$ 87,235	\$ 139,878
Agency's covered-employee payroll	\$ 679,245	\$ 512,208	\$ 451,596	\$ 398,525	\$ 253,875	\$ 235,848	\$ 221,695
Agency's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-22.03%	0.31%	84.47%	20.15%	15.20%	36.99%	63.09%
System's fiduciary net position as a percentage of total pension liability	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%

Note - Amounts presented were determined as of the System's measurement date of March 31st.

This schedule is intended to be presented for ten years. Additional years information will be included as it becomes available.

There were no changes in assumptions with the discount rate of 5.90% for March 31, 2022 and March 31, 2021 Plan years.

The change in the Agency's proportionate share of the net pension (asset)/liability is mainly attributable to the increase in plan fiduciary net assets due to investment gains.

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY

**SCHEDULE OF PENSION CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2022
(Unaudited)**

Years Ended December 31,	Contractually Required Contributions	Contributions Recognized by the Plan in Relation to the Contractually Required Contributions	Contribution Deficiency (excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2022	\$ 78,454	\$ 78,454	\$ -	\$ 672,267	11.67%
2021	77,869	77,869	-	605,366	12.86%
2020	62,228	62,228	-	460,709	13.51%
2019	49,967	49,967	-	387,336	12.90%
2018	40,029	40,029	-	380,450	10.52%
2017	35,941	35,941	-	249,368	14.41%
2016	35,617	35,617	-	271,758	13.11%
2015	38,609	38,609	-	241,982	15.96%
2014	46,915	46,915	-	243,008	19.31%
2013	50,258	50,258	-	246,810	20.36%

Note - Amounts presented for each year were determined as of December 31st and contractually required. Contributions are based on the amounts invoiced by the New York State Local Retirement System. The Plan used the April 1, 2021 actuarial valuation to determine the employer rates for contributions

**OTHER SUPPLEMENTARY
INFORMATION**

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY

SCHEDULE OF INDEBTEDNESS - CONDUIT DEBT

December 31, 2022

(Unaudited)

<u>Company Name</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>IDA Project Code</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance 01/01/2022</u>	<u>Payments</u>	<u>Balance 12/31/2022</u>	<u>Tax Status</u>
Pallets R Us, Inc.	11/08	2028	4702-07-3A	5.95%	\$ 9,500,000	\$ 4,786,553	\$ (4,786,553)	\$ -	Taxable
					<u>\$ 9,500,000</u>	<u>\$ 4,786,553</u>	<u>\$ (4,786,553)</u>	<u>\$ -</u>	

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY

SCHEDULE OF EXEMPTIONS - BONDS
 For Year Ended December 31, 2022
 (Unaudited)

Project Name and Address	Project Purpose	Federal Tax Status	Is the applicant a Not for Profit corporation?	Original estimate of jobs to be created	Original estimate of jobs to be retained	State Sales Tax Exemption	Local Sales Tax Exemption (Sum of City/Town/Village)	County Real Property Tax Exemption	Local Property Tax Exemption	School Property Tax Exemption	Mortgage Recording Tax Exemption	Total Exemptions Net of RPTL Section 485-b Exemptions	Total PILOTs Due/Paid per Agreement	
Pallets R Us/Nicolla Ent, Miller Ave, Bellport, NY 11713	Manufacturing	Taxable	N	-	-	\$ -	\$ -	\$ -	29,142 \$	45,250 \$	140,937 \$	66,000 \$	281,329 \$	215,569

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY

SCHEDULE OF EXEMPTIONS - LEASES
For Year Ended December 31, 2022
(Unaudited)

Project Code	Project Name and Address	Project Purpose	Is the applicant a Not for Profit corporation?	Original estimate of jobs to be created	Original estimate of jobs to be retained	State Sales Tax Exemption	Local Sales Tax Exemption (Sum of City/Town/Village)	County Real Property Tax Exemption	Local Property Tax Exemption	School Property Tax Exemption	Mortgage Recording Tax Exemption	Total Exemptions	Total PILOTs Due/Paid per Agreements	
4702-18-14B	10 National (Intercounty), 10 National Boulevard, MEDFORD, NY 11763	Wholesale Trade	N	4	67	\$ -	\$ -	\$ -	73,864	\$ 97,170	\$ 433,771	\$ -	604,805	\$ 459,030
4702-16-7A	14 Glover, LLC (Brookhaven Hospital / Foley) 14 Glover Drive YAPHANK, NY 11980	Services	N	137	-	-	-	-	-	-	-	-	-	-
4702-14-13A	AARCO, 83 HORSEBLOCK RD, YAPHANK, NY 11980	Wholesale Trade	N	15	-	-	-	12,557	17,757	60,727	-	91,041	38,441	
4702-19-2A	ACE-Calabro Solar 2 LLC 2019 Facility, 135 Dawn Drive, SHIRLEY, NY 11967	Transportation, Communication, Electric, Gas and Sanitary Services	N	-	-	-	-	-	-	-	-	-	-	-
4702-19-1A	ACE-Calabro Solar LLC 2019 Facility, 135 Dawn Drive, SHIRLEY, NY 11967	Transportation, Communication, Electric, Gas and Sanitary Services	N	-	-	-	-	-	-	-	-	-	-	-
4702-18-3A	ACE-Town Hall Solar, 1 Independence Hill, FARMINGVILLE, NY 11738	Construction	N	-	-	-	-	-	-	-	-	-	-	-
4702-19-12A	AE Town Hall Solar 2, 1 Independence Hill, FARMINGVILLE, NY 11738	Other Categories	N	-	-	-	-	-	-	-	-	-	-	-
4702-21-5A	AE-ESS Cassel LLC, 550 North Ocean Avenue, PATCHOGUE, NY 11772	Clean Energy	N	-	-	-	-	-	-	-	-	-	-	-
4702-17-6A	AVR Yaphank Hotel, Yaphank Blvd, YAPHANK, NY 11980	Other Categories	N	37	-	-	-	91,685	144,453	542,279	-	778,417	541,806	
4702-22-1A	AVR-SP Brookhaven JV LLC, Precision Drive SHIRLEY NY 11967	Other Categories	N	70	-	78,287	90,519	-	-	-	210,000	378,806	-	
4702-16-10B	Aarco (Old Dock Rd Yaphank), 21 Old Dock Road, YAPHANK, NY 11980	Other Categories	N	4	43	-	-	15,447	21,844	74,704	-	111,995	20,338	
4702-21-9A	Acropolis Framing (15 Commercial), 15 Commercial Boulevard, MEDFORD, NY 11763	Manufacturing	N	3	15	2,954	3,415	-	-	-	-	6,369	-	
4702-22-4A	American Organic Energy, LLC 445 Horseblock Road YAPHANK, NY 11980	Other Categories	N	11	-	-	-	-	-	-	-	-	-	
4702-21-14A	American Regent Inc, 5 Ramsey Road, SHIRLEY, NY 11967	Manufacturing	N	-	375	240,802	278,425	-	-	-	-	519,227	-	
4702-21-22A	Amneal (50 Horseblock-NM AMNL), 50 Horseblock Road, YAPHANK, NY 11980	Manufacturing	N	400	190	-	-	87,201	135,398	421,715	-	644,314	417,706	
4702-18-8A	Amneal Pharmaceuticals LLC 2019 Facility, 19 Nicholas Drive, YAPHANK, NY 11980	Manufacturing	N	7	-	-	-	28,502	41,266	168,578	-	238,346	69,013	
4702-21-12A	Bactolac Pharmaceutical Inc, Ramsey Road, YAPHANK, NY 11980	Manufacturing	N	30	-	98,304	113,663	-	-	-	-	211,967	-	
4702-20-2A	Bellport Residences LLC, Atlantic Avenue, BELLPORT, NY 11713	Other Categories	N	3	-	107,054	123,780	1,096	1,649	5,302	-	238,881	8,048	
4702-21-1A	Biocogent LLC / Research Property Holdings, LLC, 19 Pinehurst Drive, BELLPORT, NY 11713	Manufacturing	N	15	-	-	-	3,488	5,416	16,869	-	25,773	1,865	
4702-16-6A	Blue Point Brewery, 225 West Main Street, PATCHOGUE, NY 11772	Manufacturing	N	28	33	-	-	59,297	80,507	326,114	-	465,918	281,685	

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY

SCHEDULE OF EXEMPTIONS - LEASES
For Year Ended December 31, 2022
(Unaudited)

Project Code	Project Name and Address	Project Purpose	Is the applicant a Not for Profit corporation?	Original estimate of jobs to be created	Original estimate of jobs to be retained	State Sales Tax Exemption	Local Sales Tax Exemption (Sum of City/Town/Village)	County Real Property Tax Exemption	Local Property Tax Exemption	School Property Tax Exemption	Mortgage Recording Tax Exemption	Total Exemptions	Total PILOTs Due/Paid per Agreements
4702-20-SA	Brightview Port Jefferson, 1175 NY-112, PORT JEFFERSON STATION, NY 11776	Continuing Care Retirement Communities	N	60	-	270,321	312,557	3,488	5,050	18,832	-	610,248	22,910
4702-19-8A	Brooks Partners LLC, 440 Main Street, PORT JEFFERSON, NY 11777	Other Categories	N	6	-	-	-	39,863	55,954	136,149	-	231,966	99,184
4702-15-13C	Burmax, 28 Barretts Avenue, HOLTSVILLE, NY 11742	Other Categories	N	9	161	-	-	36,873	46,236	165,326	-	248,435	152,710
4702-19-7A	C2 NY Brookhaven, 55 Bicycle Path, FARMINGVILLE, NY 11738	Transportation, Communication, Electric, Gas and Sanitary Services	N	-	-	-	-	-	-	-	-	-	-
4702-18-7A	CD Ramsay Realty, LLC/Creative Biolabs Inc 2018 Facility, Ramsay Road and Precision Drive, SHIRLEY, NY 11967	Manufacturing	N	5	17	-	-	989	1,558	5,850	-	8,397	7,939
4702-13-17A	CROSS SOUND CABLE, 1 LILCO RD, Shoreham, NY 11786	Transportation, Communication, Electric, Gas and Sanitary Services	N	-	-	-	-	273,381	313,577	1,378,344	-	1,965,302	1,790,457
4702-13-6A	CV VILLAGE AT CORAM/WINCORAM COMMONS, Route 112, CORAM, NY 11727	Other Categories	N	4	-	-	-	110,887	186,927	655,848	-	953,662	77,196
4702-07-2A	Calthness Long Island, LLC, Horseblock Road, Yaphank, NY 11980	Manufacturing	N	27	-	-	-	1,652,262	2,336,513	7,990,571	-	11,979,346	9,670,196
4702-21-11A	Coast 2 Coast Real Estate LLC, 20 Pinehurst Drive, BELLPORT, NY 11713	Services	N	20	15	369	426	-	-	-	-	795	-
4702-15-2A	Crestwood, 32 SAWGRASS DRIVE, BELLPORT, NY 11713	Other Categories	N	6	40	-	-	2,855	4,421	13,808	-	21,084	10,636
4702-14-2A	D&F Patchogue, 131 EAST MAIN STREET, PATCHOGUE, NY 11772	Other Categories	N	50	-	-	-	84,709	115,010	465,877	-	665,596	24,623
4702-14-1A	E&B Holtsville, NORTH OCEAN AVE, HOLTSVILLE, NY 11742	Other Categories	N	70	-	-	-	94,675	136,127	424,485	-	655,287	8,720
4702-18-10A	Engel Burman at Mt. Sinai, LLC 2019 Facility, 879 Route 25A, MOUNT SINAI, NY 11766	Continuing Care Retirement Communities	N	4	-	-	-	156,961	174,362	858,022	-	1,189,345	36,027
4702-15-15A	Excel Holdings 6 (Extended Stay), 65 Union Avenue, RONKONKOMA, NY 11779	Other Categories	N	24	-	-	-	64,778	70,639	290,437	-	425,854	9,170
4702-19-10B	Four Key's Realty, LLC (Wallace Oakland Trust), 19 Zorn Boulevard, YAPHANK, NY 11980	Other Categories	N	8	22	-	-	10,280	14,537	49,714	-	74,531	21,628
4702-18-4A	Four-L Realty, 665-667 Union Avenue, HOLTSVILLE, NY 11742	Manufacturing	N	24	18	-	-	11,461	14,371	51,385	-	77,217	4,478
4702-22-2A	FourGen-H, 586 Union Avenue HOLTSVILLE, NY 11742	Other Categories	N	-	-	53,828	62,239	-	-	-	-	116,067	-
4702-22-3A	FourGen-S 19 N. Belle Mead Road EAST SETAUKE, NY 11733	Other Categories	N	-	-	79,715	92,170	-	-	-	-	171,885	-
4702-00-8A	Frameric Corporation, 2 Todd Court, Yaphank, NY 11980	Manufacturing	N	168	-	-	-	29,648	41,926	143,383	-	214,957	43,620
4702-21-3A	Frameric Corporation (19 Nicholas), 19 Nicholas Drive, Suite 100, YAPHANK, NY 11980	Manufacturing	N	8	-	-	-	28,502	41,266	168,578	-	238,346	68,047

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY

SCHEDULE OF EXEMPTIONS - LEASES
For Year Ended December 31, 2022
(Unaudited)

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4702-21-23A	Warco/Frank Lowe Rubber & Gasket Co., Inc., 44 Ramsey Road, YAPHANK, NY 11980	Manufacturing	N	8	-	-	-	16,693	26,300	98,730	-	141,723	96,556
4702-15-7A	GREENWOOD ENERGY / ACE HOLTSVILLE, 249 Buckley Road, HOLTSVILLE, NY 11742	Construction	N	-	-	-	-	-	-	-	-	-	-
4702-21-16A	GS AA Vistas Owner LLC, 588 N. Bicycle Path, PORT JEFFERSON STATION, NY 11776	Finance, Insurance and Real Estate	N	-	3	-	-	159,453	230,867	860,874	-	1,251,194	52,967
4702-08-6A	Global Tissue, 870 Expressway Dr., Yaphank, NY 11980	Manufacturing	N	91	-	-	-	40,087	58,039	237,100	-	335,226	67,748
4702-15-1-A	Greenwood Energy / ACE Manorville, 2 Paper Mill Road, MANORVILLE, NY 11949	Construction	N	-	-	-	-	-	-	-	-	-	-
4702-18-12B	HSRE Lake Grove (BK @ Lake Grove), 2995 Middle Country Road, LAKE GROVE, NY 11755	Continuing Care Retirement Communities	N	60	-	-	-	84,709	103,328	478,615	-	666,652	76,242
4702-18-9A	HSRE-EB Mount Sinai, LLC 2019 Facility, 400 Sutton Court, MOUNT SINAI, NY 11766	Continuing Care Retirement Communities	N	60	-	-	-	84,709	94,100	463,060	-	641,869	13,149
4702-18-1A	Holtsville Industrial, 1 Corporate Drive, HOLTSVILLE, NY 11742	Manufacturing	N	50	-	-	-	28,383	35,589	127,256	-	191,228	53,733
4702-13-15A	ISLANDAIRE, 17 Bellemeade Rd, SETAUKET, NY 11733	Manufacturing	N	29	133	-	-	13,952	16,381	80,791	-	111,124	9,483
4702-21-8A	Integrated Structures Corp., 4 Pinehurst Drive, Bellport, NY 11713	Manufacturing	N	7	55	-	-	-	-	-	-	-	-
4702-15-5A2	J-Cad, 664 BLUEPOINT AVENUE, HOLTSVILLE, NY 11742	Wholesale Trade	N	12	33	-	-	6,976	8,747	31,278	-	47,001	23,435
4702-19-13A	KJR Holding, 2052 Route 112, MEDFORD, NY 11763	Other Categories	N	3	-	-	-	8,401	11,969	46,204	-	66,574	32,665
4702-10-1A	LI Precast, 20 Stiriz Rd, Bellport, NY 11713	Manufacturing	N	5	-	-	-	17,330	26,199	83,813	-	127,342	26,641
4702-19-9A	Long Island Avenue Holding, LLC, Long Island Avenue, YAPHANK, NY 11980	Other Categories	N	13	-	29,596	34,220	100	144	589	-	64,649	833
4702-21-21A	MDS Building Ventures, LLC, LIE Service Road and Natcon Drive, SHIRLEY, NY 11967	Wholesale Trade	N	13	-	209,845	242,632	-	-	-	-	452,477	-
4702-13-8A	MS PACKAGING, 53 ZORN BLVD, YAPHANK, NY 11980	Manufacturing	N	4	4	-	-	20,928	32,495	101,212	-	154,635	9,483
4702-18-2A	Macedo (Meso), 689 Station Road, BELLPORT, NY 11713	Manufacturing	N	8	42	-	-	6,229	9,372	30,123	-	45,724	23,716
4702-12-5A	Maehr Realty Associates, 14 Sawgrass Rd, Bellport, NY 11713	Manufacturing	N	4	9	-	-	5,621	8,727	27,183	-	41,531	1,970
4702-17-2C	McKeon Door East, 10 Sawgrass Drive, BELLPORT, NY 11713	Manufacturing	N	10	-	-	-	8,969	13,927	43,376	-	66,272	3,352
4702-06-7A	McKeon Rolling Steel Door, Inc., 44 Sawgrass Drive, Bellport, NY 11713	Manufacturing	N	20	-	-	-	17,502	27,176	84,644	-	129,322	104,675

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY

SCHEDULE OF EXEMPTIONS - LEASES
For Year Ended December 31, 2022
(Unaudited)

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4702-14-7A	Meadows at Yaphank-Phase I A, WILLIAM FLOYD PKWY, SHIRLEY, NY 11967	Other Categories	N	9	-	-	-	164,436	259,073	972,566	-	1,396,075	880,520
4702-19-5A	Medford Branch/H.O. Penn Machinery Company, 20 Platinum Court, MEDFORD, NY 11763	Manufacturing	N	-	26	-	-	44,836	59,042	265,185	-	369,063	24,607
4702-21-18A	Middle Country Meadows LLC, 1277 Middle Country Road, SELDEN, NY 11784	Finance, Insurance and Real Estate	N	5	-	31,203	36,078	-	-	-	-	67,281	-
4702-21-20A	NP/Winters Long Island Industrial LLC, East of Sills Road, YAPHANK, NY 11980	Other Categories	N	1,094	-	-	-	-	-	-	-	-	-
4702-20-3A	On the Common at Rocky Point, King Road and Prince Street, ROCKY POINT, NY 11778	Other Categories	N	2	-	20,273	23,441	4,310	5,607	26,310	-	79,941	36,228
4702-20-1A	Orbit Bloom Energy, 3601 Horseblock Road, MEDFORD, NY 11763	Other Categories	N	1	-	-	-	39,863	57,714	235,774	-	333,351	189,474
4702-15-10A	Overbay LLC., 217 West Broadway, Port Jefferson, NY 11777	Other Categories	N	3	-	-	-	41,736	58,154	141,935	-	241,825	215,569
4702-15-9A	Penn & Sons, Plantinum Court, MEDFORD, NY 11763	Manufacturing	N	7	-	-	-	9,218	12,139	54,523	-	75,880	7,157
4702-21-17A	Port Development LLC, 1 North Country Road, PORT JEFFERSON, NY 11777	Finance, Insurance and Real Estate	N	5	-	-	-	-	-	-	82,500	82,500	-
4702-21-4A	Port Jefferson Crossing LLC, 1609-1615 Main Street, PORT JEFFERSON, NY 11777	Finance, Insurance and Real Estate	N	1.5	-	53,457	61,809	3,358	4,668	18,132	-	141,424	24,005
4702-05-1A	Quality King Disblbitors, Inc./SARG LLC, Sawgrass Drive, Bellport, NY 11743	Manufacturing	N	5	-	-	-	119,091	184,914	575,942	-	879,947	186,255
4702-14-5A	RAIL REALTY LLC., 14 Main St, Port Jefferson, NY 11777	Other Categories	N	5	-	-	-	54,961	76,157	296,732	-	427,850	18,250
4702-99-01A	Renaissance Technologies, 600 Route 25A, EAST SETAUKET, NY 11733	Finance, Insurance and Real Estate	N	84	-	-	-	57,261	67,228	331,576	-	456,065	456,065
4702-14-8A	Ronk HUB Phase I Facility, Union Avenue / Mill Road, RONKONKOMA, NY 11779	Wholesale Trade	N	10	-	-	-	365,496	398,569	1,638,734	-	2,402,799	100,000
4702-21-10A	Hawkins Ave Development RHPS, LLC, Railroad Avenue and Hawkins Avenue, RONKONKOMA, NY 11779	Finance, Insurance and Real Estate	N	45	-	80,947	93,595	-	-	-	-	174,542	-
4702-15-12A	S POWER / FTS PROJECT OWNER, 112 ROUTE 25A, SHOREHAM, NY 11786	Transportation, Communication, Electric, Gas and Sanitary Services	N	-	-	-	-	64,778	84,269	328,002	-	477,049	306,000
4702-13-11A	Selden Commercial Center, 635 Middle Country Rd, Coram, NY 11727	Other Categories	N	7	19	-	-	34,763	60,050	196,415	-	291,228	174,599
4702-19-4A	SHI-III Coram, LLC 2019 Facility, 463 Middle Country Road, CORAM, NY 11727	Continuing Care Retirement Communities	N	50	-	-	-	54,812	92,399	324,189	-	471,400	171,254
4702-18-11B	SHOREHAM SOLAR (Duke), 24 Cooper Street, SHOREHAM, NY 11786	Transportation, Communication, Electric, Gas and Sanitary Services	N	-	-	-	-	164,436	213,913	832,620	-	1,210,969	659,589
4702-12-9A	Suffolk Transportation, 1162 Old Town Rd, Coram, NY 11727	Other Categories	N	158	9	-	-	9,159	15,439	54,169	-	78,767	29,104

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY

SCHEDULE OF EXEMPTIONS - LEASES
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 (Unaudited)

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4702-16-9A	Shoreham Energy (J-Power), 227 North Country Road, SHOREHAM, NY 11786	Transportation, Communication, Electric, Gas and Sanitary Services	N	-	6	-	-	199,316	218,372	1,009,236	-	1,426,924	1,298,919
4702-09-4A	Six Roses/Clare Rose, South Service Rd LIE, Yaphank, NY 11980	Wholesale Trade	N	-	-	-	-	74,744	117,440	442,076	-	634,260	614,100
4702-21-2A	South Setauket IIU, LLC, 1 Jefferson Ferry Drive, SOUTH SETAUKET, NY 11720	Continuing Care Retirement Communities	N	34	242	-	-	149,487	175,506	865,620	-	1,190,613	773,854
4702-21-13A	Sun River Town Homes LLC, N/o Sunrise Highway between Jerusalem Hollow Roady, and Moriches-Middle Island Road, MANORVILLE NY 11949	Finance, Insurance and Real Estate	N	3	-	92,629	107,101	-	-	-	-	199,730	-
4702-22-5A	Sunrise Wind LLC O&M 22 Research Way, EAST SETAUKET New York, NY 11733	Other Categories	N	65	-	-	-	-	-	-	-	-	-
4702*-15-3A	T. Mina Supply (924 Old Medford Road LLC), 924 Old Medford Road, MEDFORD NY 11763	Other Categories	N	8	9	-	-	3,986	5,679	21,924	-	31,589	2,848
4702-18-13B	Tate's (Mondelez Global), 62 Pine Street, EAST MORICHES, NY 11940	Manufacturing	N	10	67	-	-	13,544	16,966	75,524	-	106,034	74,588
4702-21-19A	The Arboretum at Farmingville, 0 Farm to Market Road, FARMINGVILLE, NY 11738	Finance, Insurance and Real Estate	N	5	-	47,770	55,234	-	-	-	626,325	729,329	-
4702-21-15A	Topgolf USA Holtsville LLC, 5231 Expressway Drive North, HOLTSVILLE, NY 11742	Other Categories	N	85	-	-	-	-	-	-	-	-	-
4702-16-4A	UI SUPPLIES (Jones Venture, 22 OLD DOCK ROAD, YAPHANK, NY 11980	Wholesale Trade	N	13	1	-	-	5,481	7,936	32,419	-	45,836	18,478
4702-00-9A	Uncle Wally's/United Baking, 41 Natcon Drive, SHIRLEY, NY 11967	Manufacturing	N	71	-	-	-	16,045	25,279	94,899	-	136,223	32,227
4702-19-3A	United Meat Products, Inc. 2019 Facility, 50 Sawgrass Drive, BELLPORT, NY 11713	Manufacturing	N	16	-	-	-	8,471	13,153	40,967	-	62,591	32,469
4702-18-6A	United Rentals Realty, 250 Orchard Road, EAST PATCHOQUE, NY 11772	Other Categories	N	20	-	-	-	7,225	10,967	34,942	-	53,134	3,581
4702-21-6A	925 Waverly Avenue Associates., LLC/Visiontron Corp., 925 Waverly Avenue, HOLTSVILLE, NY 11742	Manufacturing	N	6	74	926	1,071	18,686	23,430	83,780	-	127,893	125,896
4702-22-6A	WF Industrial XIII 645 National Boulevard, MEDFORD, New York NY 11763	Other Categories	N	45	-	-	-	-	-	-	-	-	-
4702-16-1A	WHTB Glass, 101 Precision Drive, SHIRLEY, NY 11967	Manufacturing	N	50	-	-	-	13,703	21,589	81,047	-	116,339	6,874
4702-20-5A	Williams Realty Holdings Group (Interstate), 355 Sills Road, YAPHANK, NY 11980	Manufacturing	N	3	3	2,711	3,134	14,510	21,008	85,822	-	127,185	62,146
4702-16-5A	Yaphank AVR Blvd Chelsea, The Boulevard West, YAPHANK, NY 11980	Continuing Care Retirement Communities	N	50	-	-	-	7,973	12,561	47,155	-	67,689	37,722
4702-21-7A	Yaphank Fuel Cell Park LLC, 350 Horseblock Road, YAPHANK, NY 11980	Transportation, Communication, Electric, Gas and Sanitary Services	N	1	-	-	-	-	-	-	-	-	-

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 Agency Board
Town of Brookhaven Industrial Development Agency
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 Industrial Development Agency (the "Agency"), a component unit of the Town of Brookhaven, as of and for the year ended December 31, 2022 and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated March 29, 2023.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Agency'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 Agency'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 Agency'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 Agency'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 29, 2023