

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

**SCHEDULE OF CASH AND INVESTMENTS
(WITH INDEPENDENT AUDITORS' REPORT)**

Years Ended December 31, 2025 and 2024

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Independent Auditors' Report

Honorable Board of Directors
Town of Brookhaven Industrial Development Agency
Farmingville, New York

Report on the Audit of the Schedule of Cash and Investments

Opinion

We have audited the Schedule of Cash and Investments (the "Schedule") of the Town of Brookhaven Industrial Development Agency (the "Agency"), a component unit of the Town of Brookhaven, New York, as of December 31, 2025 and 2024, and the related notes.

In our opinion, the accompanying Schedule of Cash and Investments and related notes referred to above presents fairly, in all material respects, the cash and investments of the Agency as of December 31, 2025 and 2024, 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 Schedule. 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.

Responsibilities of Management for the Schedule

Management is responsible for the preparation and fair presentation of the Schedule 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 the Schedule that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the Schedule as a whole is 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 Schedule.

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 Schedule, 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 Schedule.

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2026 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 with respect to the Schedule. 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 with respect to the Schedule.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Hauppauge, New York

March 25, 2026

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY

SCHEDULE OF CASH AND INVESTMENTS

	December 31,	
	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 6,151,545	\$ 11,986,091
Cash - restricted	2,983,856	136,719
Investments	8,062,250	-
	<u>\$ 17,197,651</u>	<u>\$ 12,122,810</u>

See accompanying notes.

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO SCHEDULE OF CASH AND INVESTMENTS Years Ended December 31, 2025 and 2024

A. ORGANIZATION

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, New York (the "Town"). 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. 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, New York.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CASH, CASH EQUIVALENTS AND INVESTMENTS

Generally, for purposes of reporting cash flows, cash equivalents include short-term, highly liquid investments with original maturities of three months or less at the date of acquisition. Cash and cash equivalents include both unrestricted and restricted cash. Cash equivalents are stated at amortized cost, 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 and recaptured benefits payable to the State of New York, as applicable.

Investments consist of nonnegotiable certificates of deposit with original maturities in excess of three months. These certificates are recorded at cost, which approximates amortized cost. Because they are not measured at fair value, they are not subject to the fair value measurement provisions of GASB Statement No. 72, "*Fair Value Measurement and Application*", and therefore are not categorized within the fair value hierarchy.

C. DEPOSITS AND INVESTMENTS

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.

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO SCHEDULE OF CASH AND INVESTMENTS
Years Ended December 31, 2025 and 2024

C. DEPOSITS AND INVESTMENTS (continued)

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 deposit 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 and/or Federal Home Loan Bank irrevocable letters of credit issued on behalf of 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, 2025, the carrying amount of the Agency's cash and cash equivalents totaled \$9,135,101, excluding petty cash of \$300. The bank balances totaled \$9,250,242, of which \$500,000 was covered by Federal Deposit Insurance Corporation, \$8,750,242 was collateralized by irrevocable standby letters of credit issued by the Federal Home Loan Bank of New York, a third-party financial institution. At December 31, 2024, the carrying amount of the Agency's cash and cash equivalents, excluding petty cash of \$300, totaled \$12,122,510.

At December 31, 2025, the Agency reported investments which consisted of certificates of deposit with original maturities in excess of three months. There were no investments reported at December 31, 2024. Investments held by the Agency at December 31, 2025 consisted of the following:

<u>Investment Type</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Certificate of Deposit	April 24, 2025	April 24, 2026	4.15%	\$ 2,000,000
Certificate of Deposit	July 23, 2025	April 20, 2026	4.10%	2,020,750
Certificate of Deposit	October 21, 2025	October 21, 2026	3.50%	2,041,500
Certificate of Deposit	December 26, 2025	December 23, 2026	3.50%	2,000,000
				<u>\$ 8,062,250</u>

As of December 31, 2025, the Agency did not have any investments subject to credit risk, interest-rate risk, or concentration of credit risk.

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

Independent Auditors' Report

Honorable Board of Directors
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 Schedule of Cash and Investments of the Town of Brookhaven Industrial Development Agency (the "Agency"), a component unit of the Town of Brookhaven, New York, as of December 31, 2025 and the related notes to the Schedule of Cash and Investments, and have issued our report thereon dated March 25, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the Schedule of Cash and Investments, 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 Schedule of Cash and Investments, 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 Schedule of Cash and Investments 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 Schedule of Cash and Investments is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, investment policies established by the Agency and the New York State Comptroller investment guideline requirements as presented in Section 201.3(c) of the *Accounting, Reporting and Supervision Requirements for Public Authorities*, noncompliance with which could have a direct and material effect on the Schedule of Cash and Investments. 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 25, 2026