

**TOWN OF BROOKHAVEN**

**AGREED-UPON PROCEDURES RELATING TO  
COMPLIANCE WITH CERTAIN CRITERIA FOR  
MUNICIPAL SOLID WASTE LANDFILLS**

January 1, 2010 through December 31, 2010



INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES

Honorable Supervisor and Town Board  
Town of Brookhaven  
Farmingville, NY

We have performed the agreed-upon procedures enumerated below, which were agreed to by the management of Town of Brookhaven (the "Town") solely to assist the Town with respect to compliance with certain criteria for municipal solid waste landfills as defined by Regulation 40 CFR 258.74 (f) of the Federal Register and to review their compliance with applicable guidelines for the period January 1, 2010 through December 31, 2010. The Town's management is responsible for the accounting records of the Town's municipal solid waste landfills. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Town. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Overview

Under Regulation 40 CFR 258.74 (f) (3) (C) the Town is required to maintain certain financial covenants and accounting standards regarding the operation of its solid waste landfill. These procedures were performed to determine if the Town is in compliance with these regulations.

Procedure

Under Regulation 40 CFR 258.74 (f) (1) (i) the Town must satisfy and maintain either a minimum rating on outstanding general obligation bonds or meet certain financial ratios. The required minimum current rating is at least Baa from Moody's Investors Service or BBB from Standard and Poor's on outstanding general obligation bonds. We confirmed with Moody's Investors Service and Standard and Poor's that the Town has outstanding rated general obligation bonds with a current rating of Aa2 and AA+, respectively.

Findings

The Town maintains the minimum current bond rates as assigned by Moody's Investor Service and Standard and Poor's.

PERSONAL SERVICE. TRUSTED ADVICE.

ALBRECHT, VIGGIANO, ZURECK & COMPANY, P.C.

245 PARK AVENUE, 24TH FLOOR  
NEW YORK, NY 10167  
T: 212.792.4075

25 SUFFOLK COURT  
HAUPPAUGE, NY 11788-3715  
T: 631.434.9500 F: 631.434.9518

WWW.AVZ.COM  
INDEPENDENT MEMBER OF BKR INTERNATIONAL

Procedure

We reviewed the financial components specified in Regulation 40 CFR 258.74 (f) (1) (ii) to determine if the Town prepared its financial statements in conformity with accounting principles generally accepted in the United States of America for governments and that its financial statements were audited by an independent certified public accountant. We reviewed the Town's audited financial statements for the year ended December 31, 2010.

Findings

The Town prepared its financial statements in conformity with accounting principles generally accepted in the United States of America for governments and the financial statements of the Town were audited by an independent certified public accountant for the year ended December 31, 2010.

Procedure

Under Regulation 40 CFR 258.74 (f) (1) (iii) (A), the local government can not be in default on any outstanding general obligation bonds. We have audited the financial statements for the Town for the year ended December 31, 2010, and expressed an unqualified opinion dated June 30, 2010.

Findings

The Town is not in default on any general obligation bonds.

Procedure

Under Regulation 40 CFR 258.74 (f) (1) (iii) (B), the local government can not have any outstanding general obligations bonds rated lower than Baa as issued by Moody's or BBB as issued by Standard and Poor's. We confirmed with Moody's Investors Service and Standard and Poor's that the Town has outstanding rated general obligation bonds with a current rating of Aa2 and AA+, respectively.

Findings

The Town's current bond rating as issued by Moody's Investor Service and Standard and Poor's is rated above the threshold.

Procedure

Under Regulation 40 CFR 258.74 (f) (1) (iii) (C), the local government can not operate at a deficit equal to five percent or more of total annual revenue in each of the past two years. We obtained Schedule I (attached) of the Town's calculated surplus for the years ended December 31, 2010 and 2009. We compared the amounts included in the schedule to the Town's respective audited financial statements without exception. For the purposes of the calculation: (a) the Town includes the operations of those fund types within the Town's primary government; and (b) deficit/surplus is defined as: (i) total annual revenues, which includes revenues from all taxes and fees but not proceeds from borrowings, asset sales, or revenues from funds managed by the Town on behalf of a specific third party, and (ii) less expenditures, which includes all expenditures except those related to capital outlays and debt repayments.

Findings

Per Schedule I and the audited financial statements for the Town, the combined operations of the Town's funds did not exceed a deficit of 5 percent for the years ended December 31, 2010 and 2009.

Procedure

Under Regulation 40 CFR 258.74 (f) (iii) (D) the local government can not receive an adverse opinion, a disclaimer of opinion, or other qualified opinion from the independent certified public accountant auditing its financial statement.

Findings

The Town received an unqualified opinion for the year ended December 31, 2010.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion, on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Town Supervisor, Town Board, and New York State Department of Environmental Conservation, Division of Solid and Hazardous Material, and is not intended to be and should not be used by anyone other than those specified parties.

*Albert, Virginia, Zamboni & Company P.C.*

Hauppauge, New York  
June 30, 2011

**TOWN OF BROOKHAVEN**  
**FINANCIAL ASSURANCE CRITERIA - CALCULATION OF SURPLUS**  
 Years ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Deficiency of revenues and other financing sources over expenditures and other financing uses - primary government only	<u>\$ (16,054,162)</u>	<u>\$ (43,662,123)</u>
Less:		
Other financing sources:		
Proceeds from long-term debt	(63,050,512)	(50,950,000)
Premiums on obligations	<u>(473,607)</u>	<u>(3,871,014)</u>
Total subtractions	<u>(63,524,119)</u>	<u>(54,821,014)</u>
Add:		
Capital outlay	80,569,911	77,595,602
Debt service	<u>56,838,128</u>	<u>60,831,029</u>
Total additions	<u>137,408,039</u>	<u>138,426,631</u>
Surplus (as defined in 40 CFR Part 258, Subpart G, Section 258.74 (f)(1)(iv))	<u>\$ 57,829,758</u>	<u>\$ 39,943,494</u>