

**TOWN OF BROOKHAVEN**  
**OFFICE OF THE RECEIVER OF TAXES**  
**FINANCIAL STATEMENTS**

November 30, 2010

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INDEPENDENT AUDITORS' REPORT

Honorable Supervisor and Town Board  
Town of Brookhaven  
Brookhaven, New York 11763

We have audited the accompanying statement of assets and liabilities of the Town of Brookhaven, Office of the Receiver of Taxes - Agency Funds as of November 30, 2010, and the related statement of agency transactions for the year then ended. These financial statements are the responsibility of the Office of the Receiver of Taxes management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Office of the Receiver of Taxes, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in the notes to the financial statements, the accompanying financial statements were prepared to present only the assets and liabilities and the related agency transactions of the Town of Brookhaven, Office of the Receiver of Taxes - Agency Funds attributable to the billings, collections and distribution of property taxes.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and liabilities of the Town of Brookhaven, Office of the Receiver of Taxes - Agency Funds as of November 30, 2010, and the agency transactions for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Albrecht, Viggiano, Zureck & Company P.C.*

Hauppauge, New York  
August 17, 2011

PERSONAL SERVICE. TRUSTED ADVICE.

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**TOWN OF BROOKHAVEN OFFICE OF THE RECEIVER OF TAXES - AGENCY FUNDS**  
**STATEMENT OF ASSETS AND LIABILITIES**  
November 30, 2010

**ASSETS**

Cash in banks	<u>\$ 30,240</u>
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**LIABILITIES**

Due to Supervisor - Town of Brookhaven	<u>\$ 30,240</u>
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**TOWN OF BROOKHAVEN OFFICE OF THE RECEIVER OF TAXES - AGENCY FUNDS**  
**STATEMENT OF AGENCY TRANSACTIONS**  
Year ended November 30, 2010

**TAXES COLLECTED**

Taxes assessed per warrants	\$ 1,337,289,695
Adjustments authorized by Resolution Bd. Of Supervisors	6,600
Less: uncollected taxes	<u>63,235,207</u>
Total Taxes Collected	<u>1,274,061,088</u>

**OTHER COLLECTIONS**

Penalties collected	727,776
Interest collected on funds deposited	<u>422,624</u>
Total Other Collections	<u>1,150,400</u>
Total Collections	<u>1,275,211,488</u>

**REMITTANCES**

Taxes remitted to the Treasurer of Suffolk County	140,364,601
Amounts remitted to the Supervisor of the Town of Brookhaven:	
Taxes	1,133,696,487
Penalties	727,776
Interest income	<u>411,709</u>
Total Remittances	<u>1,275,200,573</u>

<b>Excess of Collections Over Remittances</b>	10,915
Cash Balance - December 1, 2009	<u>19,325</u>
<b>Cash Balance - November 30, 2010</b>	<u><u>\$ 30,240</u></u>

**TOWN OF BROOKHAVEN OFFICE OF THE RECEIVER OF TAXES-AGENCY FUNDS**  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2010

**Note A - Summary of Significant Accounting Policies**

Office of the Receiver of Taxes

The Receiver of Taxes is an elected position and serves for a four year term. The Office of the Receiver of Taxes is responsible for the billing, collection and distribution of property taxes within the Town on behalf of the County, Town, Special Districts and School Districts.

Financial Statement Presentation

The financial statements of the Town of Brookhaven, Office of the Receiver of Taxes - Agency Funds were prepared to present the assets and liabilities and the related agency transactions attributable to billings, collections and distribution of property taxes as follows:

The Office of the Receiver of Taxes collects the school and general tax levies during the period December 1 through May 31. On May 31, an accounting is made of the taxes collected, remittances to special districts, the Supervisor of the Town of Brookhaven, and the uncollected taxes. The Treasurer of Suffolk County is responsible for collecting these unpaid taxes after May 31.

The operating and administrative expenses of the Office of the Receiver of Taxes are accounted for in the General Fund of the Town of Brookhaven.

**Note B – Cash and Investments**

Cash and cash equivalents consist of funds deposited in demand accounts and time deposit accounts.

The Office of the Tax Receiver is subject to the Town of Brookhaven's investment policies, which are governed by State statutes. The Town has a written investment policy stating that the Town must invest in FDIC-insured commercial banks or trust companies located within the state. The Town is authorized to use demand accounts and certificates of deposit. Permissible investments include special time deposit accounts, obligations of the United States Treasury and the United States agencies, and obligations of New York State or its localities.

It is the Town's policy to require collateral held in the name of the Town for demand deposits and certificates of deposit for all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

**TOWN OF BROOKHAVEN OFFICE OF THE RECEIVER OF TAXES-AGENCY FUNDS**  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2010

**Note B – Cash and Investments (continued)**

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.

Governmental Accounting Standards Board Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either:

- Uncollateralized, or
- 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 Town's name

At November 30, 2010, the Office of the Tax Receiver's bank balances totaled \$30,240 which was covered by the Federal Deposit Insurance Corporation.

Credit Risk – State law and Town law limit investments to those authorized by the State statutes. The Town has a written investment policy.

Interest-Rate Risk – Interest-rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates substantially increase, thereby affording potential purchasers more favorable rates on essentially equivalent securities. Accordingly, such investments would have to be held to maturity to avoid potential loss.

Concentration of Credit Risk – Credit risk can arise as a result of failure to adequately diversify investments. Concentration risk disclosure is required for positions of 5 percent or more in securities of a single issuer.

As of November 30, 2010, the Office of the Tax Receiver did not have any investments subject to credit risk, interest-rate risk or concentration of credit risk.

**Note C - Due to Supervisor - Town of Brookhaven**

This liability represents interest earned on deposits and other items amounting to \$30,240. These monies have been remitted to the Supervisor of the Town of Brookhaven subsequent to November 30, 2010.