

TOWN OF BROOKHAVEN LONG ISLAND, NEW YORK



COMPREHENSIVE ANNUAL FINANCIAL REPORT



YEAR ENDED DECEMBER 31, 2011

TOWN OF BROOKHAVEN
 Comprehensive Annual Financial Report
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 Year ended December 31, 2011

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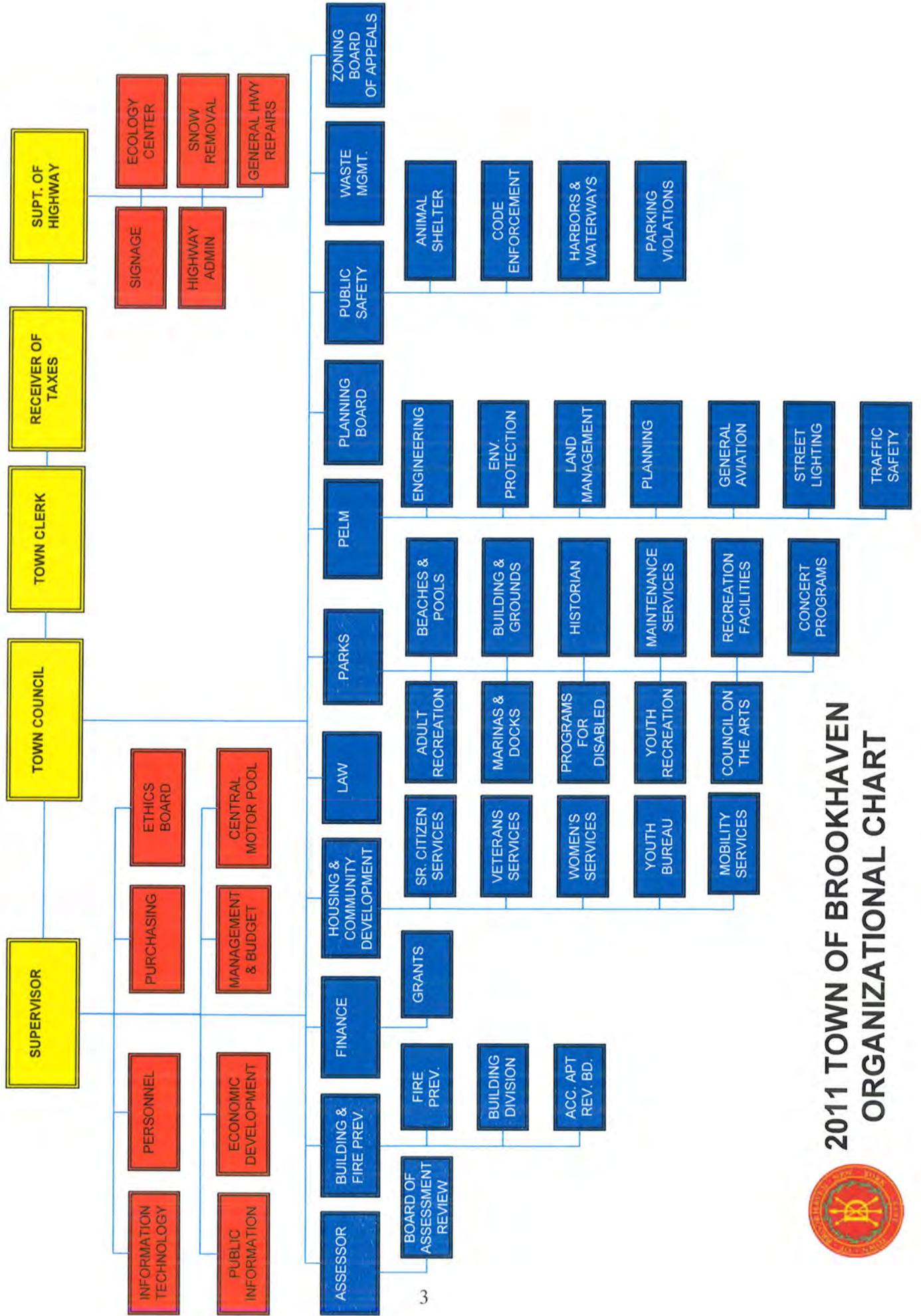
**INTRODUCTORY
SECTION**

TOWN OF BROOKHAVEN

Principal Officials

December 31, 2011

Supervisor:	Mark Lesko
Deputy Supervisor:	Kathleen Walsh
Town Council:	
Councilman, 1 st District	Steve Fiore-Rosenfeld
Councilwoman, 2 nd	Jane Bonner
Councilwoman, 3 rd District	Kathleen Walsh
Councilwoman 4 th District	Constance Kepert
Councilman, 5 th District	Timothy P. Mazzei
Councilman, 6 th District	Daniel Panico
Town Clerk:	Patricia Eddington
Superintendent of Highways:	John Rouse
Receiver of Taxes:	Louis Marcoccia
Commissioner of Finance:	John O'Neill - Resigned 2012 Tamara Wright - Effective March 1, 2012
Town Attorney:	Robert Quinlan



2011 TOWN OF BROOKHAVEN ORGANIZATIONAL CHART



Town of Brookhaven Long Island

Mark Lesko, Supervisor

July 30, 2012

Honorable Members of the Town Board and Citizens of the Town of Brookhaven:

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Town of Brookhaven, New York for the year ended December 31, 2011. The financial statements have been audited by the accounting firm selected by the Town Board, Toski & Co., CPAs, P.C., a division of EFP Rotenberg, LLP. The auditors' unqualified opinion is included in this report.

This report is published to provide the Town Board, Town employees, citizens, bond holders, and other interested parties with detailed information concerning the Town's operations and financial positions.

The preparation of this report could not have been accomplished without the dedicated effort of the entire staff of the Department of Finance. Their hard work towards enhancing the accounting and financial reporting of the Town has led to the improved quality of the information provided to the Town Board and the citizens of the Town of Brookhaven.

Sincerely,

Mark Lesko
Supervisor

Office of the Supervisor

One Independence Hill • Farmingville • NY 11738 • Phone (631) 451-910 • Fax (631) 451-6677
www.brookhaven.org



Town of Brookhaven Long Island

Mark Lesko, Supervisor

July 30, 2012

Honorable Members of the Town Board
and Citizens of the Town of Brookhaven

The Comprehensive Annual Financial Report of the Town of Brookhaven, New York (the "Town") for the fiscal year ended December 31, 2011, prepared by the Finance Department is submitted herewith. The Town of Brookhaven assumes full responsibility for the completeness and reliability of information contained in this report, based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatements.

I believe the data is presented in a manner designed to set forth fairly the financial position and results of operation of the Town as measured by the financial activity of its various funds, and that all disclosure necessary to enable the reader to gain a reasonable understanding of the Town's financial affairs have been included.

The accounting firm of Toski & Co., CPAs, P.C., a division of EFP Rotenberg, LLP performed the independent audit of the Town's financial statements as of, and for the year ended December 31, 2011. The auditor's report on the basic financial statements and combined and individual fund statements and schedules are located on pages 13 and 14 of this report.

This letter of transmittal is designed to complement the Management's Discussion and Analysis (MD&A) and should be read in conjunction with the MD&A. The MD&A immediately follows the independent auditor's report and provides a narrative, introduction, overview and analysis of the basic financial statements.

Town programs expending federal funds are required to undergo an annual "single audit" in conformity with the provisions of the Federal Single Audit Act and the United States Office of Management and Budget Circular A-133: *Audits of States, Local Governments, and Non-Profit Organizations*. Information related to this "single audit", including the schedule of expenditures of federal awards, findings and recommendations and the independent auditors' reports on the internal control structure and compliance with applicable laws and regulations are not presented in this report, but rather are routinely presented as a separate report.

This report has also been prepared and organized to meet the requirements of the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting program.

Department of Finance
Tamara Wright, Commissioner of Finance
One Independence Hill • Farmingville • NY 11738 • Phone (631) 451-6680 • Fax (631) 451-6692
www.brookhaven.org

Profile of the Government

The Town of Brookhaven was incorporated in 1655 and is located in central Suffolk County, approximately 60 miles east of Manhattan. The Town has a land area of over 259 square miles and a current estimated population of 486,040 (2010 Census). It is the second largest town in the State by population and the fifth largest Town in the State by land mass.

The Town includes nineteen independently governed school districts and eight incorporated villages. These school districts are located wholly or partially within the Town and rely on their own taxing powers granted by the State to raise revenues. The school districts use the Town's assessment roll as their basis for taxation of property located within the Town. Please note, in November 2010, a referendum was held that led to the creation of the Village of Mastic within part of Mastic on June 1, 2011.

Subject to the provisions of the State Constitution, the Town operates pursuant to the Town Law, the Local Finance Law, other laws generally applicable to the Town, and any special laws applicable to the Town. Under such laws there is no authority for the Town to have a charter, but pursuant to the Town Law and other laws generally applicable to home rule, the Town may from time to time adopt local laws.

The legislative power of the Town is vested in the Town Board. The Town Board consists of seven voting members, including the Supervisor, all of whom are elected for a two year term. Additional elected Town officers are the Town Clerk (elected at large for a four year term), the Receiver of Taxes, who is responsible for the collection of taxes (elected at large for a four year term), and the Superintendent of Highways (elected at large for a four year term). The Supervisor is the Chief Fiscal Officer of the Town. The Deputy Supervisor, Town Attorney, and Commissioner of Finance or Comptroller, are appointed by majority vote of the Town Board for a term of two years. The Assessor is appointed by majority vote of the Town Board for a term of six years.

The Tax Receiver is responsible for the collection of all property taxes. In addition to the Town taxes, the Tax Receiver collects County, fire district and school district taxes all on a single tax bill. Such taxes are due and payable in equal installments on December 1st and May 10th, but may be paid without penalty by January 10th and May 31st respectively. Penalties on unpaid taxes are 1% per month from the date such taxes are due and payable and 10% after May 31st. The Tax Receiver distributes the collected tax money to the Town, fire districts and school districts prior to distributing the balance to the County. Uncollected amounts are not segregated by the Tax Receiver and any deficiency in tax collection is the County's responsibility. The Town thereby is virtually assured of full tax collection.

The Town of Brookhaven provides a full range of services, including recreation and cultural activities at its town parks, beaches, marinas and town amphitheater; health and human services for seniors, youth and housing; waste management services are provided via the landfill operations and certain sanitation or curbside garbage collection services are provided through a separate fund; construction and maintenance of highways, streets and other infrastructure needs such as snow plowing which are provided in the Highway funds; additional services the town provides are street lighting and traffic safety. Calabro Airport, located in Shirley, is a town owned and operated airport and is reported as a special revenue fund in 2011. Additional information on all of these funds can be found in the notes to the financial statements. (See Note 1 of the Notes to the Financial Statements that provides detail on the financial reporting entity.).

The Town of Brookhaven continues to utilize the web as a less costly more efficient method of communicating with its residents and providing services where possible. Although the Town's website is a useful tool to promote the current news and activities of town government, the site also provides the

ability to pay property taxes online, alert vendors about up-coming purchasing bids, and informs the public of scheduled meetings and many other public interest activities. In addition, there is a community calendar of town wide events and public meetings, and information regarding the elected officials with direct e-mail links to both the officials and individual departments.

The Town is required to adopt a final budget by no later than November 20th of the fiscal year. The Supervisor prepares a tentative budget each year which must be filed with the Town Clerk by no later than September 30th of the fiscal year. This filing becomes the preliminary budget upon which a public hearing will be scheduled. Subsequent to the public hearing, revisions, if any, are made and the budget is then adopted by the Town Board as its final budget for the coming fiscal year. The budget for the 2011 fiscal year of the Town was adopted by the Town Board on November 18, 2010. This annual adopted budget serves as the foundation for the Town of Brookhaven's financial planning and control. The budget is prepared by fund, function and department. Any budget amendments or transfers are subject to the Town's Budgetary Transfer Policy adopted annually by the Town Board.

Local Economy

The Town is primarily residential in character with considerable commercial development. Residential development consists primarily of single-family homes, but also includes a variety of housing such as town-home condominium complexes and garden apartments. Commercial facilities include regional covered shopping malls, such as the Smith Haven Mall which includes various "big box" retail stores such as RH Macy's, JC Penney and Sears Roebuck & Co. as its anchor stores; large warehouse/retail stores such as Home Depot, Lowe's Home Improvement Center, Sam's Club, Costco, Wal-Mart, K-Mart, Target, Best Buy and Kohl's; similar smaller and medium sized neighborhood shopping centers; and downtown commercial centers in Patchogue and Port Jefferson, for example. Industrial activity includes Grucci Fireworks Company, Interpharm Inc. and Quality King. Larger institutional and government operations located in the Town include the State University at Stony Brook and the University's Medical Center, Sachem Central School District, Brookhaven National Laboratory, John T. Mather Hospital, Eastern Suffolk BOCES, and Brookhaven Memorial Hospital. The Town also is host to the main campus of Suffolk Community College.

The Town of Brookhaven, similar to other local and state municipalities, continues to be negatively impacted as a result of the slower than expected recovery from the collapse of the sub-prime mortgage market and stubbornly high unemployment. The annual unemployment rate for the Town was at a low of 3.4% in 2000; however, by year end 2011 the annual unemployment rate had grown to 7.3%, identical to Suffolk County unemployment rates and well below the 2011 State of New York annual average of 8.0%. The current employment forecast calls for a slightly lower annual unemployment rate as a result of small improvement in hiring in 2011 as the national, regional and local economy begins to grow, albeit slowly.

Inflation for 2011, as measured by the Consumer Price Index – Urban Wage Earners or CPI-U, was a low 2.47% for the New York Area Region (NY-NJ-CT-PA) on a non-seasonally adjusted basis (NSA). The annual 2000-2010 CPI-U average was 2.82%. Although the CPI-U was still relatively low versus the last ten year annual average there was a slight increase over prior year 2010 annual CPI-U 0.061%. The year-over-year increase was driven by higher food and energy costs, the more volatile measures of the index. The Town of Brookhaven's Median Household Income for 2010 was \$84,506 or 52% higher than the State of New York median of \$55,603 and higher than the Suffolk County median of \$81,051.

Items of Significant Financial Impact

The aforementioned sluggish recovery has taken its toll on the Town's 2011 General Fund results. The Town's 2011 Budget again included a planned use of fund balance, despite significant cost reductions. The use of fund balance occurs when expenses outpace revenue in a fiscal year and an appropriation of fund balance (reserve) is needed to fill the gap. In times of economic hardship it is not uncommon for municipalities to use reserves to fill a gap, versus increasing property taxes during stressful economic times for the tax payers. The 2011 General Fund expense budget was \$124.6 million and revenue was budgeted at \$110.7 million, and the use of fund balance was budgeted at \$14.0 million. However, the Town actually used only \$7.8 million of surplus in 2011, or only 55.7% of the budgeted estimate. The increase in use of fund balance compared to 2010 was due to lower revenues related to Franchise Fees and Mortgage Tax Receipts dropping from 2010 spike resulting from a one-time change in the timing of payments. These reduced revenues along with unexpected expenses associated with Tropical Storm Irene, not yet reimbursed adversely affected 2010.

On August 27, 2011 Tropical Storm Irene came ashore Long Island New York leaving behind significant damage for most municipalities in Suffolk and Nassau counties, and forcing the Town of Brookhaven to declare a state of emergency. Mandatory evacuations were imposed in many low lying areas and emergency shelters were established. The Town experienced power outages effecting over 65,000 residents, some which lasted several days. Many roads were blocked by fallen trees and impassable due to flooding. A number of Town facilities suffered severe damage, and some beaches and dunes were devastated. Over 300 Town employees, in addition to outside vendors, were deployed to clear the roads. The Town opened additional sites for residents to dispose of storm debris and made available an additional week of brush pickup. The Town has requested over \$6.5 million in FEMA and New York State reimbursement to cover 2011 cost outlays related to the storm.

For 2011, the Supervisor put forth a budget to reduce spending in the General Fund and lower the Town's reliance on the use of surplus.

- The 2011 expense budget was reduced by \$27.3 million from the 2010 Adopted General Fund expense budget to \$124.6 million, reflecting the reduction in workforce due to retirements, and elimination of a pass through expense for the Refuse and Garbage Fund.
- The 2011 General Fund revenue budget was decreased by \$17.0 million to \$110.7 million to reflect the expected decline in Landfill Fees.
- Surplus of \$14.0 million was budgeted to be used for 2011 to ease the financial burden on the taxpayers of the Town of Brookhaven. The 2011 planned use of surplus represented a \$10.3 million reduction in the planned use of surplus over 2010, or 42.4%.

The Town's planned reduction in spending in the General Fund was a result of several town-wide initiatives:

- Implement a year-end 2010 Town and New York State early retirement incentive plan that was expected to reduce the workforce by approximately 90 employees,
- Reduce employee compensation and benefits through a Collective Bargaining Agreement with the White and Blue Collar Units, which included lag payroll, deferral of raises and longevity payments, and contributions to health insurance costs,
- Minimize employee overtime costs through increased budgetary controls, monitoring and departmental accountability, and
- Restructure the five-year capital improvement program (CIP) to achieve a \$100 million reduction in capital spending, leading to future reductions in debt service and compliance with the debt management policy.

The Town achieved the above goals by successfully holding the line on backfilling vacant positions resulting in an overall reduction in staff of 186 positions between 2010 and 2011, reducing overtime, part-time and seasonal employee costs by \$1.5 million (excluding Tropical Storm Irene), deferring certain components of employee compensation through a negotiated collective bargaining agreement with the White and Blue Collar Units, and closing out capital projects with under-utilized budgets in the amount of \$13.0 million.

While Property Taxes were held relatively constant in the General Fund for 2011, continued downward pressure on non-property tax revenues were expected and planned for in the 2011 budget:

- **Landfill Fees** renegotiated contracts at lower rates and the elimination of pass through revenues and expenses for the Refuse and Garbage Fund significantly reduced Landfill Fees in the 2011 Budget to \$53.3 million, from \$69.5 in 2010. Actual 2011 Landfill Revenues exceeded budget by \$2.9 million, or 5.4%.
- **Mortgage Tax** average annual revenue from 2003 to 2008 was \$33.8 million due to the use of sub-prime mortgages which fueled the rise in mortgage tax revenue. However, the collapse of the sub-prime mortgage market, coupled with extremely tight credit markets, resulted in a decline to \$9.5 million in 2011; \$0.5 million lower than budget and \$3.5 million lower than 2010.

Despite the recent economic decline, the Town of Brookhaven enjoys a very solid credit rating from Standard & Poor's (S&P) of AA+ with a Stable Outlook and Aa2 with no Outlook from Moody's Investor Services (Moody's) at year-end 2011. Since 2006, S&P has raised the Town's credit rating from AA Stable to AA+ Stable. Since 2003 Moody's has increased the Town's Bond rating from A1 to Aa2. The ratings allow the Town to borrow at low interest rates for present and future projects and provide opportunities to refinance past debt to decrease debt service expense.

Long Term Planning

The town continues to strive for better financial reporting and increased transparency for the taxpayers of Brookhaven. To that end, the Town continues to refine its Multi-Year Plan for the General Fund in order to provide increased awareness of the Town's long term financial condition and to better assist with financial and operational decision making. Although the Town prepares the Capital Budget on an annual basis, each budget takes into account projects from the prior years, the new budget year and the next four future years. Debt planning schedules are a key component of the Multi-Year Plan. The Town has implemented several new financial policies to ensure that decisions consider the future impact to the Town's financial condition.

Financial Policies

Pursuant to Town Law 20.3(b) the Town Board established the Department of Finance and assigned certain financial responsibilities to this office. The Town Law established two divisions in Finance; the Division of Audit and Control and the Division of Grants.

The Department of Finance under the authority provided by Local Law 20.3(b), has implemented several relevant fiscal policies over the last several years.

- **Fixed Asset Policy** – the Town adopted a Fixed Asset Policy in 2003, which formalizes the responsibility and reporting guidelines for all town assets.

- Debt Management Policy – The Debt Policy was implemented in 2004, and was updated in 2009 for a best practice; to manage debt service to 15% of total expenses in the Town-Wide General Fund. Please note this was codified via local law – see next section.
- Fund Balance Policy – The Town of Brookhaven was one of the first towns on Long Island to adopt a Fund Balance Policy in 2004. The policy was amended in 2009 to address for GASB Statement No. 54 to separating of fund balance into spendable and non-spendable categories.
- Capital Budget Policy – The Capital Budget Policy was adopted in 2008. The policy outlines procedures for authorization and approval of funding for capital projects and Personal Services Requisitions (PSR's). The policy also allows for the removal of funding for projects that are inactive for 24 months. Please note this was codified via local law – see next section Also, the details of this policy can also be found in the Management's Discussion and Analysis section.
- Investment Policy - The Town's policy is consistent with the guidelines promulgated by the New York State Office of the State Comptroller, which the Town Board adopts each year.

In 2011, New York State Legislature and the Governor enacted legislation that established a “Property Tax Cap” on the amount a local government's or school district's property tax levy can increase each year. Under this law, the growth in the property tax levy is capped at 2 percent, or the rate of inflation, whichever is less. The Town's 2012 budget, like the 2011 budget, was in full compliance with the 2 percent cap as there was a zero increase in the tax levy for the major funds.

Currently the Town is in compliance with the Fund Balance Policy in all major funds except the Highway Town-wide Fund due to three years of abnormally high snow storms which depleted the fund balance and led to the issuance of a Snow Budget Notes of \$6.0 million in 2011 and \$2.3 million in 2010. The major funds are comprised of the Town-wide General Fund, Town Outside Village Fund, Town-Wide Highway Fund and Town Outside Village Highway Fund. For 2011, The Town's debt service as a percentage of total expenditures in the General Fund is 23.5% versus the 2010 policy of 15%. The Town Board is aware of the aforementioned exceptions and as per the new local law, is taking steps to become more in compliance by the deadline of December 31, 2015. However, the practical reality is that as the General Fund total expenditures continue to be reduced, compliance with the policy will become more difficult in the short-term, despite the many significant efforts underway to reduce debt service, such as severe reductions in the 2011 and 2012 capital budgets.

Major Initiatives

There are numerous projects underway that are expected to positively impact the efficiency and operations of the Town and as a result will provide better service to the residents of the Town of Brookhaven. The major projects are as follows:

- Fiscal Control – The Town continues to review and tighten its fiscal policies to address the “new normal” that all governments face. In these challenging times three new policies were brought to the voters of the Town of Brookhaven via referendum in November of 2010. The voters overwhelmingly supported three new local laws to proactively address the future fiscal outlook for the Town of Brookhaven. The three local laws became effective January 1, 2011:
 - Property Tax Cap of 4% on the tax rate for the Town-wide General Fund and the Town Outside Village Fund. The cap can be pierced if an emergency arises.
 - Operating Expense Cap for the Town-wide General Fund not to exceed the last three years average growth rate plus the three year average population rate growth. The idea is to limit expense growth in the Town-wide General Fund to what can be supported by revenue growth.

- o Debt Policy – to limit debt service costs to 15% of total revenue or total expenses whichever is lower. The town has until December 31, 2015 to be in compliance with the policy.
- Employee Costs Containment – The Town continues the practice of defunding non-essential vacant positions whenever possible in order to achieve staff reductions through natural attrition. In addition, reductions in part-time and seasonal employee budgets are enforced through close monitoring and controls.
- Programmatic Efficiencies – The Town will focus on the identification of core services and evaluate the most tax efficient means to provide those services to the public going forward.
- Financial Systems Enhancements – An upgrade to a more comprehensive financial systems suite to provide better fiscal controls, reporting and efficiencies was planned for in 2011, with an implementation scheduled for 2012. Key new modules include cash management, grants management, capital projects accounting, and integrated budgeting.

Reporting Achievements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Brookhaven for its comprehensive annual financial reports for the year ended December 31, 2010. The Town had previously been awarded the certificate for the previous year as well. In order to be awarded the Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both U.S. generally accepted accounting principles and applicable legal requirements.

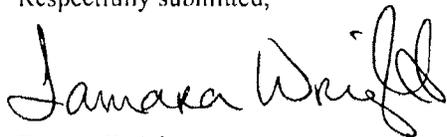
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Awards & Acknowledgements

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department and the guidance of our independent auditors, Toski & Co., CPAs, P.C., a division of EFP Rotenberg, LLP. I would like to express my appreciation to all members of the department who assisted and contributed to its preparation.

Finally I would like to thank the Supervisor and the members of the Town Board for continued interest and support in planning and conducting the financial operations of the Town of Brookhaven in a responsible and progressive manner.

Respectfully submitted,



Tamara Wright
Commissioner of Finance
Town of Brookhaven

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Brookhaven
New York

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Davidson

President

Jeffrey R. Eno

Executive Director

**FINANCIAL
SECTION**

INDEPENDENT AUDITORS' REPORT

To the Town Council
Town of Brookhaven, New York:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Brookhaven, New York, as of and for the year ended December 31, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Brookhaven, New York. Our responsibility is to express opinions 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Brookhaven, New York, as of December 31, 2011, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in note 5(d) to the financial statements, the Town adopted the provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions in 2011.

In accordance with Government Auditing Standards, we have also issued our report dated July 30, 2012 on our consideration of the Town of Brookhaven, New York'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 15 through 28 and 76 through 88 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Brookhaven, New York's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Toski & Co., CPAs, P.C.

Williamsville, New York
July 30, 2012

**REQUIRED
SUPPLEMENTARY
INFORMATION**

TOWN OF BROOKHAVEN

Management's Discussion and Analysis

December 31, 2011

The following discussion and analysis of the Town of Brookhaven's financial performance provides an overview of the Town's financial activities for the year ended December 31, 2011. We encourage readers to consider the information presented here in conjunction with the Town's basic financial statements.

FINANCIAL HIGHLIGHTS

- The Town's reported governmental net assets decreased by \$21.0 million as a result of this year's activities.
- During the year, the Town had total governmental program revenues of \$98.1 million, total general revenues (including transfers) of \$184.1 million, and total expenses of \$305.0 million.
- At December 31, 2011, the Town's governmental assets exceeded its liabilities by \$484.8 million. Of this, \$37.6 million is an unrestricted deficit.
- At December 31, 2011, the total unrestricted fund balance of the General Fund was \$35.9 million or 28.2% of the General Fund expenditures including operating transfers out for debt service.
- For the year ended December 31, 2011 the General Fund experienced an operating deficit of approximately \$7.8 million, 44% less than planned.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report is presented in four parts - This section, referred to as Management's Discussion and Analysis, the basic financial statements, required supplementary information other than management's discussion and analysis, and other supplementary information presenting combining and individual statements for non-major governmental funds.

The basic financial statements consist of the following: Statement of Net Assets and the Statement of Activities which provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

TOWN OF BROOKHAVEN

Management's Discussion and Analysis

December 31, 2011

Reporting on the Town as a Whole

One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net assets and changes in them. You can think of the Town's net assets, the difference between assets and liabilities, as one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Town's property tax base and the condition of the Town's roads, etc. to assess the overall health of the Town.

In the Statement of Net Assets and the Statement of Activities, we divide the Town into two types:

Governmental activities - Most of the Town's basic services are reported here, including public safety, fire protection, public works, parks department, and general administration. Property taxes, landfill revenue, franchise fees, and state and federal grants finance most of these activities.

Business-type activities - The operations of the Calabro Airport in Shirley, New York were reported here in 2010, including the maintenance buildings, grounds, runways and taxiways. However, consistent with how the airport is run and after careful consideration, the Town decided it would be more appropriate to reflect the airport as a Special Revenue Fund. Therefore, in 2011 the Enterprise (E) Fund was dissolved and the airport is now reported as a Special Revenue Fund for 2011. This change was reviewed by the Town's External Auditors and the New York State Office of the Comptroller.

Reporting the Town's Most Significant Funds

Fund financial statements present financial information in the traditional governmental accounting format, with an emphasis on the most significant funds. Some funds are required to be established by State law and by bond covenants. However, the Town establishes many other funds to help it control and manage money for particular purposes, or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (grants received from the U.S. Department of Housing and Urban Development). The Town's two types of funds - governmental and proprietary - use different accounting approaches.

TOWN OF BROOKHAVEN

Management's Discussion and Analysis

December 31, 2011

- *Governmental Funds* - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation following each of the governmental fund financial statements.
- *Proprietary Funds* - A proprietary fund is used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the revenues; (b) has third-party requirements that the cost of providing services, including capital costs, be recovered with fees and charges; or (c) has a pricing policy designed for the fees and charges to recover similar costs. The activities of the Town's enterprise fund in 2010 were reported on the Statement of Activities as business-type activities. The only 2011 activity associated with this fund was the transfer of its net assets to the Town.
- *Fiduciary Funds* - Fiduciary funds are used to account for resources that are earmarked for the benefit of other parties, and are not reflected on the government-wide financial statements because those funds are not available to support the Town's activities.

New Accounting Principles

Effective with the financial report for the year ended December 31, 2011, the Town has adopted Governmental Accounting Standards Board Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*." The Statement's objective is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The Statement applies only to Governmental Funds.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Net Assets

The Town's governmental activities net assets includes \$500.1 million invested in capital assets, net of related debt, \$22.3 million in net assets restricted for specific purposes (primarily for capital projects and debt service) and \$37.6 in unrestricted net deficit.

TOWN OF BROOKHAVEN

Management's Discussion and Analysis

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As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Brookhaven, assets exceeded liabilities by \$484.8 million at the close of 2011.

By far, the largest portion of the Town of Brookhaven's net assets (\$500.1 million) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment and infrastructure); less any related debt used to acquire its assets that is still outstanding. The Town of Brookhaven uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves will not be used to liquidate these liabilities.

An additional portion of the Town of Brookhaven's net assets, 4.6% or \$22.3 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance is an unrestricted net deficit of \$37.6 million.

A net unrestricted deficit does not necessarily indicate stress. The deficit balance of unrestricted net assets arose primarily because of certain factors. The Town in an effort to maintain present tax rates used up cash reserves and borrowed funds as needed. In addition, long-term liabilities which include other postemployment benefits, amounts due to the New York State Employee Retirement System, compensated absences, claims and judgments payable, landfill closure and post closure monitoring, and pollution remediation obligations will be funded through future budgetary appropriations when they become payable in future periods.

Our analysis below focuses on the net assets of the Town as a whole for 2011 and 2010.

	Governmental activities		Business-type activities		Total	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Assets						
Current and other assets	\$ 179,246,545	222,084,880	-	363,437	179,246,545	222,448,317
Non-current assets	10,829,499	8,203,480	-		10,829,499	8,203,480
Capital assets	<u>1,017,578,296</u>	<u>965,461,268</u>	<u>-</u>	<u>3,897,815</u>	<u>1,017,578,296</u>	<u>969,359,083</u>
Total assets	<u>\$ 1,207,654,340</u>	<u>1,195,749,628</u>	<u>-</u>	<u>4,261,252</u>	<u>1,207,654,340</u>	<u>1,200,010,880</u>
Liabilities						
Current and other liabilities	192,318,972	177,668,616	-	95,643	192,318,972	177,764,259
Long-term liabilities	<u>530,506,287</u>	<u>515,907,746</u>	<u>-</u>	<u>553,943</u>	<u>530,506,287</u>	<u>516,461,689</u>
Total liabilities	<u>722,825,259</u>	<u>693,576,362</u>	<u>-</u>	<u>649,586</u>	<u>722,825,259</u>	<u>694,225,948</u>
Net assets						
Invested in capital assets - net of related debt	500,126,894	520,959,964	-	3,557,891	500,126,894	524,517,855
Restricted	22,283,441	15,646,519	-	-	22,283,441	15,646,519
Unrestricted	<u>(37,581,254)</u>	<u>(34,433,217)</u>	<u>-</u>	<u>53,775</u>	<u>(37,581,254)</u>	<u>(34,379,442)</u>
Total Net Assets	<u>\$ 484,829,081</u>	<u>502,173,266</u>	<u>-</u>	<u>3,611,666</u>	<u>484,829,081</u>	<u>505,784,932</u>

TOWN OF BROOKHAVEN

Management's Discussion and Analysis

December 31, 2011

Changes in Net Assets

Governmental Activities

The Town's net assets from governmental activities decreased from the prior year by approximately \$21.0 million, or 4.14% from \$505.8 million to \$484.8 million. Overall, program revenues decreased \$14.9 million from \$114.9 million in 2010 to \$100.0 million in 2011. The \$14.9 million decrease can be attributed to reductions in the program revenues from lower demand for services and a decrease in Operating and Capital Grants and Contributions.

- Charges for Services show a net decrease of \$8.0 million, primarily due to the restructuring of Refuse and Garbage Fund landfill charges and payments for disposal of solid waste. These costs now paid directly by the fund reduced Town landfill revenue and expenses by \$15.5 million and \$18.5 million, respectively.
- Capital Grants and Contribution decreased \$4.9 million due primarily to reductions in grant funded spending for capital assets, of which approximately \$2.0 million related to roads, and \$2.7 million related to Town facilities and parks.
- Operating Grants and Contributions were down \$2.0 million primarily due to the end of the federal stimulus funding (ARRA) from the Department of Energy to subsidize improvements to the energy efficiency in residential homes and town owned properties. "Go Green" provides grant funding for energy audits and retrofit work to increase energy efficiency in residential homes and "Go Solar" provides homeowners the ability to pay for their expenses incurred for solar panel installations. A loan is extended to the homeowner for the non-subsidized portion of the improvement, which is paid back via a charge on their town tax bill.

Our analysis below focuses on the change in net assets of the Town as a whole for 2011 and 2010.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Program Revenues						
Charges for services	\$ 77,781,686	85,590,916	-	173,900	77,781,686	85,764,816
Operating grants and contributions	15,697,566	17,672,853	-	-	15,697,566	17,672,853
Capital grants and contributions	6,497,213	11,174,518	-	309,161	6,497,213	11,483,679
Total program revenues	<u>99,976,465</u>	<u>114,438,287</u>	<u>-</u>	<u>483,061</u>	<u>99,976,465</u>	<u>114,921,348</u>
General Revenues						
Real property taxes	161,728,547	160,937,430	-	-	161,728,547	160,937,430
Other real property tax items	1,128,523	1,990,615	-	-	1,128,523	1,990,615
Non-property tax items	7,459,221	7,595,712	-	-	7,459,221	7,595,712
Interest earnings	804,389	1,227,399	-	1,136	804,389	1,228,535
Miscellaneous sources	1,858,833	280,084	-	-	1,858,833	280,084
Sale of property and compensation for loss	1,608,107	1,111,518	-	-	1,608,107	1,111,518
State aid	9,474,334	12,045,918	-	-	9,474,334	12,045,918
Total general revenues	<u>184,061,954</u>	<u>185,188,676</u>	<u>-</u>	<u>1,136</u>	<u>184,061,954</u>	<u>185,189,812</u>
Total revenues	<u>284,038,419</u>	<u>299,626,963</u>	<u>-</u>	<u>484,197</u>	<u>284,038,419</u>	<u>300,111,160</u>

TOWN OF BROOKHAVEN
Management's Discussion and Analysis
December 31, 2011

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Program Expenses						
General government support	\$ 46,494,939	57,240,768	-	-	46,494,939	57,240,768
Public safety	23,272,021	20,430,167	-	-	23,272,021	20,430,167
Health	10,337,796	10,562,003	-	-	10,337,796	10,562,003
Transportation	71,704,582	67,710,462	-	-	71,704,582	67,710,462
Economic assistance and opportunity	1,391,752	3,786,541	-	-	1,391,752	3,786,541
Culture and recreation	33,079,124	33,292,006	-	-	33,079,124	33,292,006
Home and community services	101,497,564	121,636,870	-	-	101,497,564	121,636,870
Debt service - interest	17,216,492	16,650,683	-	-	17,216,492	16,650,683
Airport	-	-	-	904,963	-	904,963
Total expenses	<u>304,994,270</u>	<u>331,309,500</u>	<u>-</u>	<u>904,963</u>	<u>304,994,270</u>	<u>332,214,463</u>
Deficiency before transfers	(20,955,851)	(31,682,537)	-	(420,766)	(20,955,851)	(32,103,303)
Transfers	<u>3,611,666</u>	<u>(4,032,432)</u>	<u>(3,611,666)</u>	<u>4,032,432</u>	<u>-</u>	<u>-</u>
Change in net assets	(17,344,185)	(35,714,969)	(3,611,666)	3,611,666	(20,955,851)	(32,103,303)
Net Assets - Beginning	<u>502,173,266</u>	<u>537,888,235</u>	<u>3,611,666</u>	<u>-</u>	<u>505,784,932</u>	<u>537,888,235</u>
Net Assets - Ending	<u>\$ 484,829,081</u>	<u>502,173,266</u>	<u>-</u>	<u>3,611,666</u>	<u>484,829,081</u>	<u>505,784,932</u>

Overall, general revenues had a slight decrease of \$1.1 million from \$185.2 million in 2010 to \$184.1 million in 2011 due to the reduction in New York State Aid for Mortgage Tax Receipts of \$3.6 million, and lower interest income resulting from declining bank rates, offset by increases of \$1.6 million in Miscellaneous Sources related to Property rental and refunds of prior expenses and increases of less than \$1 million in real property taxes and sales of property.

Overall, total expense from governmental activities decreased by \$26.3 million. The key driver of the decrease was the decision to have the disposal of solid waste paid for directly by the Refuse and Garbage Fund, rather than passing payments through the General Fund. In addition, reductions in human services programs were realized as a result of the loss of New York State and Suffolk County grant funding.

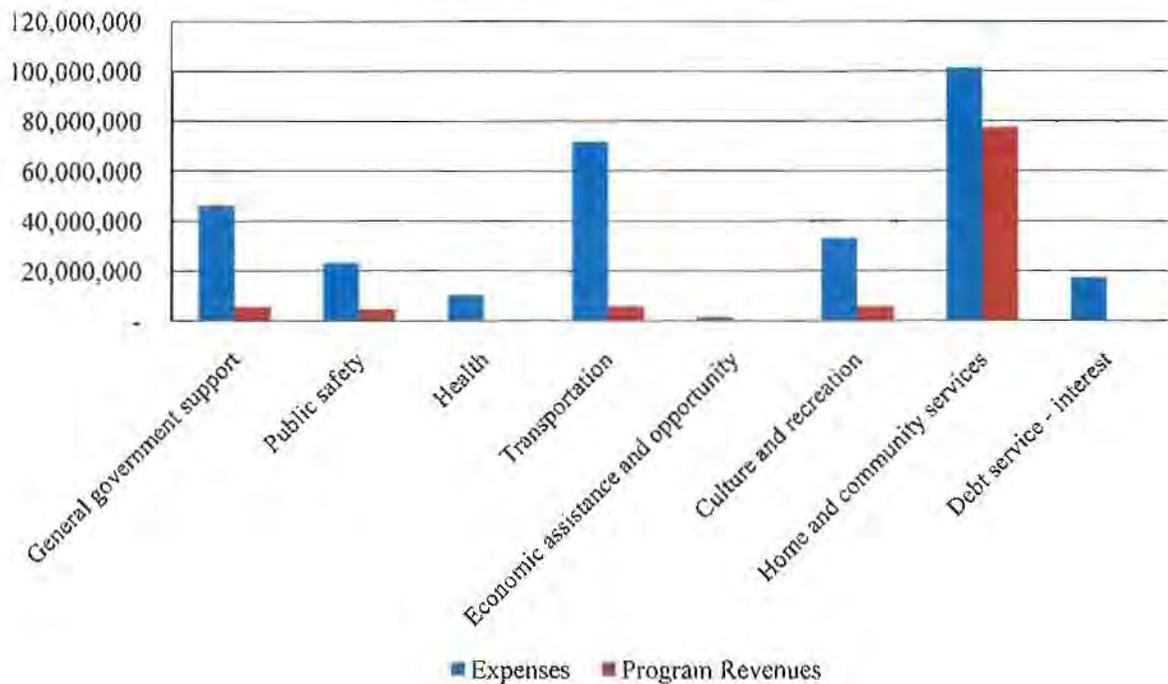
The following presents an analysis of the net cost of services incurred by the Town in providing services to its citizens. The net cost represents that portion of the total cost incurred that must be funded either through the General revenues of the Town or usage of fund balance.

TOWN OF BROOKHAVEN
Management's Discussion and Analysis
December 31, 2011

Net Cost of Services
 Governmental Activities
 for the years ended December 31, 2010 and 2011

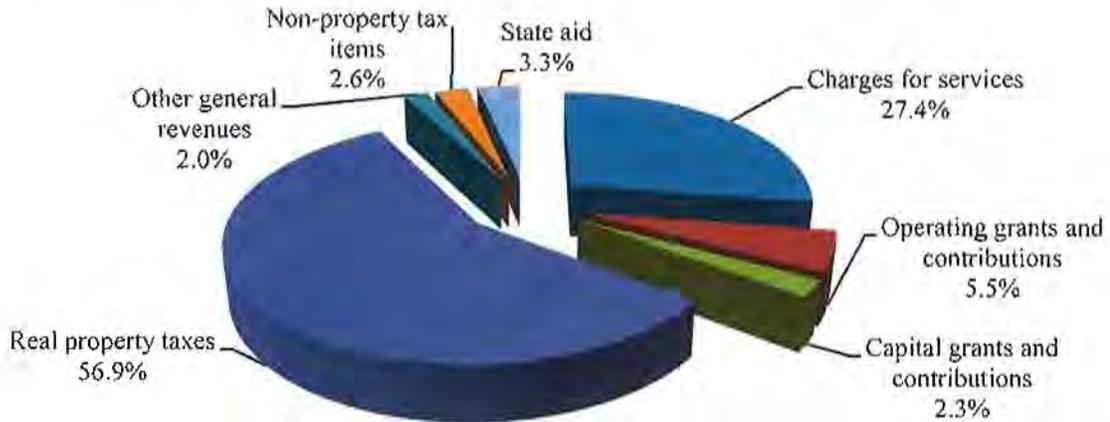
	Total Service Costs		Program Revenues		Net Cost of Services	
	2011	2010	2011	2010	2011	2010
General government support	\$ 46,494,939	57,240,768	5,690,394	5,013,612	40,804,545	52,227,156
Public safety	23,272,021	20,430,167	4,631,189	4,643,064	18,640,832	15,787,103
Health	10,337,796	10,562,003	246,533	279,900	10,091,263	10,282,103
Transportation	71,704,582	67,710,462	5,772,935	7,682,408	65,931,647	60,028,054
Economic assistance and opportunity	1,391,752	3,786,541	3,900	530,345	1,387,852	3,256,196
Culture and recreation	33,079,124	33,292,006	5,764,562	6,182,013	27,314,562	27,109,993
Home and community services	101,497,564	121,636,870	77,512,582	90,106,945	23,984,982	31,529,925
Debt service - interest	17,216,492	16,650,683	354,370	-	16,862,122	16,650,683
Total expenses	\$ 304,994,270	331,309,500	99,976,465	114,438,287	205,017,805	216,871,213

Expense and Program Revenues
Governmental Activities
For the Year Ended December 31, 2011



TOWN OF BROOKHAVEN
Management's Discussion and Analysis
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The following presents graphically, the composition of the Town's revenue used to finance its Governmental Activities.



Business-type Activities

In 2010, the Town's business-type activities consisted of the Enterprise fund, which was used to account for the operations of Calabro Airport, including the maintenance buildings, grounds, runways and taxiways. However as previously noted, in 2011 the Enterprise fund was dissolved and the airport operation began reporting as a Special Revenue Fund.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

Governmental Funds

This following narrative contains summarized information of the Town's funds. Detailed information on the funds is contained on pages 76 to 98 of the financial statements. As the Town completed the year, the General Fund's total fund balance, including amounts designated for the subsequent year's budget, was approximately \$49.0 million, a \$7.8 million decrease from the prior year. Use of surplus had been budgeted at \$14.0 million, of which 44.3% was not used due to higher than anticipated revenues in the Landfill and lower than expected spending in all categories except utilities, which reflects the stark increase in fuel costs.

The General Fund revenues before transfers decreased \$23.4 million from \$138.5 million in 2010 to \$115.1 million in 2011, primarily related to the 2010 changes in payment frequency of Franchise Fees and State Aid Mortgage Tax which led to higher revenues in 2010 versus 2011, and the loss of Landfill Revenue from the Refuse and Garbage Fund related to the Disposal of Waste, which was offset by a commensurate reduction in expenses.

TOWN OF BROOKHAVEN

Management's Discussion and Analysis

December 31, 2011

Total expenditures before other financing uses were \$96.9 million, which were \$19.2 lower than in 2010. This was primarily due to the restructuring of the payment of the Refuse and Garbage District solid waste disposal costs. Savings realized from the 2010 New York State Early Retirement program and a Town sponsored early retirement program, along with savings from reduced employee compensation negotiated as part of a Collective Bargaining Agreement with White and Blue Collar Unions, were almost entirely offset by a large judgment and claims settlement in the amount of \$1.7 million.

Total General Fund other financing uses of \$26.0 million was \$1.7 million higher than prior year. Operating transfers out totaled \$30.4 million which were \$1.3 million less than prior year due to lower debt service costs. Transfers in of \$4.4 million were \$2.5 million lower than 2010 due to a reduction in transfers from Park Reserve funds.

The Town has elected to present the Town Outside Village Fund as a major fund due to the significance of the public safety and planning and development departments which are included in this fund. In 2011 fund balance was virtually unchanged at \$3.2 million. Actual revenues were approximately \$0.4 million higher than 2010 due to small increases in the volume of planning applications and building permits. These increases were partially offset by a decrease in lower interest income and property taxes. Expenses in 2011 were slightly higher than 2010 (\$185 thousand) due to increases in employee benefits.

The Highway - Town Outside Village fund balance increased \$1.0 million, from \$15.4 million in 2010 to \$16.4 million in 2011, and the Highway - Town-Wide fund balance deficit increased by \$0.9 million in 2011 to \$3.0 million. The net of the two fund balance changes is a slight increase of \$161.8 thousand. The improvement was related to slightly higher property taxes and a premium on debt issuance, offset by an increase in debt service.

The Highway - Town Outside Village fund budgeted to use \$3.6 million in fund balance; however, it was not needed due to lower than expected general highway repairs and permanent improvements (\$2.4 million), lower than planned employee benefit costs (\$0.9 million), and transfers in from debt reserve (\$0.3 million).

Abnormally high snow removal costs for the second year in a row negatively impacted expenses and further depleted the snow reserve in the Town-Wide Highway fund leading to an operating deficit for the year. A \$6.0 million short term snow note was issued in 2011 to cover the cost of the excess snow related expenses in the Town-Wide Highway fund that has led to the deficit. That note provided the cash flow to finance this expense.

The Refuse and Garbage Fund revenues of \$45.7 million in 2011 represented a slight decline from 2010 of \$0.6 million, primarily related to a reduction in property taxes. Total expenditures of \$43.7 million were slightly higher than 2010 by \$470 thousand, approximately half of this is related to employee benefits. As in previous years, expenses were less than budget due to lower volumes in collections.

TOWN OF BROOKHAVEN

Management's Discussion and Analysis

December 31, 2011

The Debt Service Fund receives transfers from the Town's other funds from which it pays the Town's debt service requirements. Its fund balance at December 31, 2011 was approximately \$7.9 million.

In addition to the operating fund expenditures, the Town has a capital improvement plan that replaces and improves infrastructure, buildings and equipment. In 2010, the Town Council expanded the Town's Capital plan from 3 to 5 years. This five-year plan strives to match current year's borrowings with debt payments in order to stabilize long-term debt. The capital plan is integrated with the Town's Multi Year Plan (MYP) to project the impact of debt service. During 2011, the capital fund's total fund balance decreased by \$51.4 million as short term financing exceeded the issuance of long term debt in 2011. The eventual issuance of the permanent financing for these projects will provide the revenue to fund this deficit.

The following schedule presents in summary all of the governmental funds revenues and expenditures for the years ended December 31, 2011 and 2010, and the amount of change and percentage of total in relation to the prior year.

	<u>2011</u>	<u>2010</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Revenue				
Real property taxes	\$ 161,728,547	160,937,430	791,117	0.5%
Other real property tax items	2,087,151	1,990,615	96,536	4.9%
Non-property tax items	7,443,825	14,636,884	(7,193,059)	-49.1%
Departmental income	71,942,988	73,491,183	(1,548,195)	-2.1%
Intergovernmental charges	65,021	10,026,506	(9,961,485)	-99.4%
Use of money and property	2,908,190	3,603,014	(694,824)	-19.3%
Licenses and permits	615,893	575,766	40,127	7.0%
Fine and forfeitures	2,206,363	1,113,751	1,092,612	98.1%
Sale of property and compensation for loss	1,643,974	1,926,823	(282,849)	-14.7%
Miscellaneous local sources	2,356,493	3,644,843	(1,288,350)	-35.4%
Interfund revenues	4,204,516	2,773,545	1,430,971	51.6%
State aid	14,627,587	20,144,983	(5,517,396)	-27.4%
Federal aid	13,942,305	16,388,640	(2,446,335)	-14.9%
Total revenue	<u>\$ 285,772,853</u>	<u>311,253,983</u>	<u>(25,481,130)</u>	<u>-8.2%</u>
Expenditures				
General government support	30,908,980	34,329,550	(3,420,570)	-10.0%
Public safety	11,755,546	12,178,569	(423,023)	-3.5%
Health	10,142,312	9,840,793	301,519	3.1%
Transportation	42,469,433	45,714,546	(3,245,113)	-7.1%
Economic assistance and opportunity	1,234,923	2,207,862	(972,939)	-44.1%
Culture and recreation	16,371,996	17,307,084	(935,088)	-5.4%
Home and community services	80,219,391	93,541,010	(13,321,619)	-14.2%
Employee benefits	40,163,988	39,151,656	1,012,332	2.6%
Debt service - principal	43,302,600	40,441,793	2,860,807	7.1%
Debt service - interest	17,629,426	16,381,135	1,248,291	7.6%
Capital outlay	85,431,087	78,143,123	7,287,964	9.3%
Total expenditures	<u>\$ 379,629,682</u>	<u>389,237,121</u>	<u>(9,607,439)</u>	<u>-2.5%</u>

TOWN OF BROOKHAVEN

Management's Discussion and Analysis

December 31, 2011

Budgetary Highlights for the General Fund

Final results for any given year may differ from that year's Adopted Budget. The following discusses significant variances between the 2011 adopted budget and actual revenues and expenditures for the General Fund:

Revenues - For 2011, total actual revenue, including transfers in, was \$119.5 million, or \$9.1 million higher than the adopted budget. The primary drivers of the variance were the result of higher than expected Landfill Fees (\$2.9 million), Fines and Forfeitures (\$1.0 million), and Department of Energy grant funding (\$2.5 million). In addition, the closure of capital projects and transfers from reserves resulted in the transfers to the General Fund \$4.2 million above the original estimate. Offsetting these positive budget variances were revenue shortfalls in State Aid of \$1.0 million and Inter-fund Revenue of \$.9 million. Mortgage tax revenue finished 2011 slightly less than the 2011 budget of \$10.0 million, at \$9.5 million, representing the lowest year of receipts in almost a decade.

Expenditures - For 2011 total actual expenditures, including other financing uses, was \$127.4 million, or \$2.7 million higher than the adopted budget. The net unfavorable expenditure budget variance is almost entirely related to an increase to the adopted budget to reflect the spending associated with Department of Energy grant. However, it is important to note that significant positive savings from unfilled vacant positions were more than offset by a higher than expected cost associated with judgment and claims in the amount of \$2.0 million.

Capital Assets

The capital projects program is a long range program for the Town's capital spending. This program is only a guide and each year's plan must be authorized by Town Board resolution before the money is available to be spent. In 2011, the Town's total adopted capital budget was \$40.5 million, a decrease from 2010 of almost \$28.0 million. For 2011, the general fund capital budget was reduced \$21.0 million to \$19.1 million, or 52.5%. There was also a decrease in the highway resurfacing and drainage improvements capital budget of \$7.1 million, to a total of \$20.6 million, or 25.6%. The reduction in the capital budget is to achieve a significant reduction over time in the Town's annual debt service cost.

In 2011, the Town of Brookhaven's major capital asset additions were as follows:

Acquisition of land and development rights	\$ 25,142,574
Waste management improvements and equipment	2,456,711
Improvements to park facilities	4,733,691
Highway road and infrastructure improvements	26,915,626
Sewer system	7,555,913
Town Equipment	4,150,274

TOWN OF BROOKHAVEN
Management's Discussion and Analysis
December 31, 2011

The following presents the Town's investment in capital assets as of December 31, 2011 and 2010.

	<u>2011</u>	<u>2010</u>
Governmental activities		
Land and development rights	\$ 560,135,726	534,993,152
Construction in progress	25,444,573	12,221,994
Buildings and improvements	238,130,367	217,271,665
Machinery and equipment	77,681,267	73,529,116
Infrastructure	697,847,564	668,512,233
Website and software	<u>1,508,012</u>	<u>1,037,800</u>
Total capital assets	1,600,747,509	1,507,565,960
Less, accumulated depreciation	<u>583,169,213</u>	<u>542,104,692</u>
Total net capital assets - governmental activities	<u><u>\$ 1,017,578,296</u></u>	<u><u>965,461,268</u></u>
Business-type activities		
Buildings and improvements	-	6,079,714
Machinery and equipment	-	700,190
Infrastructure	<u>-</u>	<u>3,048,243</u>
Total capital assets	-	9,828,147
Less, accumulated depreciation	<u>-</u>	<u>5,930,332</u>
Total net capital assets - governmental activities	<u><u>\$ -</u></u>	<u><u>3,897,815</u></u>

Additional information on the Town's capital assets can be found in the notes to the financial statements.

Town Debt

In 2011, the Town's general obligation bond ratings were reaffirmed, at "AA+" (stable outlook) by "Standard & Poor's" (S&P) and reaffirmed at "Aa2" (no outlook) by "Moody's Investors Service" (Moody's), and continue to be among the highest of any county or town on Long Island. The favorable credit ratings permit the Town to sell municipal bonds and refinance existing debt at a favorable interest rate whereby making them less of a financial burden to the taxpayers.

Debt Limit - The Town has the power to contract indebtedness for any Town purpose so long as the principal amount thereof, subject to certain limited exceptions, shall not exceed seven percent of the average full valuation of taxable real estate of the Town, and subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash or appropriations for current debt service.

TOWN OF BROOKHAVEN

Management's Discussion and Analysis

December 31, 2011

The constitutional method for determining full valuation is calculated by taking the assessed valuation of taxable real estate as shown upon the latest completed assessment roll and dividing the same by the equalization rate as determined by the State Board of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined. Average full valuation is determined by taking the sum of the full valuation of the last completed assessment roll and the four preceding assessment rolls and dividing such sum by five. Percentage of debt contracting power exhausted at December 31, 2011 was 13.2%.

Additional information on the Town's debt activity can be found in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Town's elected and appointed officials considered many factors when setting the year 2012 budget, the tax levy and tax rates, and fees that will be charged. One of those factors is the economy. The local economy in the Town of Brookhaven, similar to other local and state municipalities, has been negatively impacted due slow recovery of the national, state, and local economies. Stubbornly high unemployment, and continued foreclosures have contributed to the slow growth recovery, particularly in the housing and construction market.

The Town's annual unemployment rate for 2011 of 7.3% compares favorably to New York State's 8.0% and the national rate of 8.9%. The Town has many large employers that provide professional positions for many residents. In particular, the State University at Stony Brook (and its hospital), Brookhaven National Laboratory and Motorola, Inc. are just three examples of high-end employers providing high paying jobs in both the public and private sector.

The Town has been very aggressive in the business and economic development program with a Town administered Empire Zone that offered tax credits and financial incentives to businesses located in Brookhaven. That program expired in June 2010. However, the companies that were certified before the program sunset continue to receive their Empire Zone benefits. The successor to the Empire Zone program is the New York State Excelsior Jobs Program which provides tax credits for strategic businesses such as high tech, bio-tech, clean-tech and manufacturing that create jobs or make significant capital investments.

In 2011, the Town also launched Accelerate Long Island in partnership with the Industrial Development Agency. Accelerate Long Island, which now is a private sector, island-wide initiative, will assist in the creation of an entrepreneurial ecosystem where the potential of research at institutions such as the Brookhaven National Lab and CA Technologies is harnessed by entrepreneurs who start companies and create jobs on Long Island.

The most recent figures available show median income in the Town is \$84,506 (2010) as compared to Suffolk County and New York State's median income of \$81,051 and \$55,603 respectively for the same time period. Inflation in the Town's geographic area is consistent with the local metropolitan area. The annual 2011 CPI-U NSA rate for the New York Area Region was 2.47%, a 12.4% reduction from the previous year.

TOWN OF BROOKHAVEN

Management's Discussion and Analysis

December 31, 2011

In 2011, New York State Legislature and the Governor enacted legislation that established a "Property Tax Cap" on the amount a local government's or school district's property tax levy can increase each year. Under this law, the growth in the property tax levy is capped at 2 percent, or the rate of inflation, whichever is less. The Town's 2012 budget, like the 2011 budget, was in full compliance with the 2 percent cap as there was a zero increase in the tax levy for all major funds.

For 2012, the Supervisor put forth a conservative budget to mitigate the impact of declining revenue and use of fund balance in the General Fund.

- The General Fund's levied taxes in 2012 totaled \$20.5 million with no increase to the overall tax rate.
- The 2012 expenditure budget for the General Fund was relatively flat to the 2011 adopted budget.
- The 2012 General Fund revenue budget declined slightly compared to the 2011 adopted budget, \$0.66 million.
- The General Fund 2012 Budget appropriated \$14.6 million in fund balance.

Consistent with prior years, the Town will continue to make the every effort to reduce the use of surplus and is currently exploring alternatives to reduce the use of surplus through a review of core services and delivery alternatives.

The Town was able to offset 2012 increases in employee benefit costs such as Health Insurance through continued savings associated with maintaining staff reductions after the early retirement programs of 2010, and compensation deferrals resulting from the 2010 Collective Bargaining Agreement with White and Blue Collar unions.

Just prior to year end of 2011, S&P and Moody's re-affirmed the Town's bond rating at AA+ stable and Aa2 no outlook respectively. Despite the recent economic decline, the Town of Brookhaven enjoys a very solid credit rating from both S&P and Moody's. Since 2006, S&P has raised the Town's credit rating from AA Stable to AA+ Stable. Since 2003 Moody's has increased the Town's Bond rating from A1 to Aa2. The ratings allow the Town to borrow at low interest rates for present and future projects and provide opportunities to refinance past debt to decrease debt service expense and lessen the burden on the Town's taxpayers.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town's Commissioner of Finance at 1 Independence Hill, Farmingville, New York 11738.

Basic Financial Statements

TOWN OF BROOKHAVEN

Statement of Net Assets

December 31, 2011

	<u>Primary Government Governmental Activities</u>
<u>Assets</u>	
Current assets:	
Cash and cash equivalents	\$ 156,018,659
Cash - restricted	1,601,990
Accounts receivable	7,835,324
Prepaid charges	3,440,979
Inventory of material and supplies	309,309
State and Federal receivables	1,163,992
Due from other governments	8,875,760
Due from fiduciary fund	<u>532</u>
Total current assets	179,246,545
Noncurrent assets:	
Noncurrent assets	10,829,499
Capital assets - non-depreciable	585,580,299
Capital assets - depreciable	<u>431,997,997</u>
Total noncurrent assets	<u>1,028,407,795</u>
Total assets	<u>\$ 1,207,654,340</u>
<u>Liabilities</u>	
Current liabilities:	
Accounts payable	23,111,591
Accrued liabilities	3,125,104
Accrued interest	2,572,673
Retained percentages	1,014,727
Bond anticipation notes payable	83,908,000
Budget notes payable	6,000,000
NYS EFC note payable	9,254,987
Claims and judgment	4,301,903
Deferred revenue	3,033,925
Escrow deposits	106,411
Due to other governments	8,838,860
Compensated absences	2,500,000
Bonds payable	41,587,687
New York Power Authority	92,409
New York State Employees Retirement System	970,875
Estimated liability for landfill closure post closure care	1,376,000
Pollution remediation	<u>523,820</u>
Total current liabilities	192,318,972
Noncurrent liabilities:	
Claims and judgments	12,557,685
Bonds payable	382,630,798
New York State Power Authority	524,699
New York State Employees Retirement System	5,056,808
Compensated absences	18,858,796
Landfill closure post closure care	25,296,655
Pollution remediation	500,000
Other postemployment benefits	<u>85,080,846</u>
Total noncurrent liabilities	<u>530,506,287</u>
Total liabilities	<u>722,825,259</u>
<u>Net Assets</u>	
Investment in fixed assets net of related debt	500,126,894
Restricted	22,283,441
Unrestricted (deficit)	<u>(37,581,254)</u>
Total net assets	<u>\$ 484,829,081</u>

See accompanying notes to financial statements.

TOWN OF BROOKHAVEN
Statement of Activities
For the Year Ended December 31, 2011

Functions/Programs	Program Revenue			Net (Expense) Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental activities:							
General government support	\$ 46,494,939	3,620,299	2,026,151	43,944	(40,804,545)	-	(40,804,545)
Public safety	23,272,021	4,568,250	3,038	59,901	(18,640,832)	-	(18,640,832)
Health	10,337,796	246,533	-	-	(10,091,263)	-	(10,091,263)
Transportation	71,704,582	934,081	144,825	2,862,810	(67,762,866)	-	(67,762,866)
Economic assistance and opportunity	1,391,752	3,900	-	-	(1,387,852)	-	(1,387,852)
Culture and recreation	33,079,124	5,121,228	30,493	612,841	(27,314,562)	-	(27,314,562)
Home and community services	99,666,345	63,287,395	13,138,689	1,086,498	(22,153,763)	-	(22,153,763)
Debt service - interest	17,216,492	-	354,370	-	(16,862,122)	-	(16,862,122)
Total governmental activities	303,163,051	77,781,686	15,697,566	4,665,994	(205,017,805)	-	(205,017,805)
Business-type activities:							
Airport - enterprise	-	-	-	-	-	-	-
Total business-type activities	-	-	-	-	-	-	-
Total primary government	\$ 303,163,051	77,781,686	15,697,566	4,665,994	(205,017,805)	-	(205,017,805)
General purpose revenues and transfers:							
Revenues:							
Real property taxes					161,728,547	-	161,728,547
Other real property tax items					1,128,523	-	1,128,523
Non-property tax items					7,459,221	-	7,459,221
Interest					804,389	-	804,389
Sale of property and compensation for loss					1,608,107	-	1,608,107
Miscellaneous local sources					1,858,833	-	1,858,833
State aid					9,474,334	-	9,474,334
Transfers					3,611,666	(3,611,666)	-
Total general revenues and transfers					187,673,620	(3,611,666)	184,061,954
Change in net assets					(17,344,185)	(3,611,666)	(20,955,851)
Net assets at beginning of period					502,173,266	3,611,666	505,784,932
Net assets at end of period					\$ 484,829,081	-	484,829,081

See accompanying notes to financial statements.

TOWN OF BROOKHAVEN
Balance Sheet
Governmental Funds
December 31, 2011

	Major Governmental Funds							Other Governmental Funds	Total Governmental Funds
	General	Town Outside Village	Highway - Townwide	Highway - Town Outside Village	Refuse and Garbage	Debt Service	Capital Projects		
<u>Assets</u>									
Cash and cash equivalents	\$47,293,936	2,026,233	3,818,558	16,948,043	12,041,169	5,499,780	52,882,388	15,508,552	156,018,659
Cash - restricted	50,188	-	-	-	-	-	-	1,551,802	1,601,990
Accounts receivable	6,800,049	74,878	42,752	42,159	-	-	-	875,486	7,835,324
Prepaid charges	2,615,335	238,138	103,803	403,701	32,755	-	-	47,247	3,440,979
Inventory of material and supplies	309,309	-	-	-	-	-	-	-	309,309
State and federal receivables	303,474	-	-	-	-	-	860,518	-	1,163,992
Due from other funds	1,816,305	1,898,470	110,566	795,989	-	3,085,993	2,420,535	418,400	10,546,258
Due from other governments	13,981,745	142	4,866	2,840,155	435	-	82,097	170,800	17,080,240
Noncurrent assets - accounts receivable	-	-	-	-	-	-	800,000	-	800,000
Total assets	\$73,170,341	4,237,861	4,080,545	21,030,047	12,074,359	8,585,773	57,045,538	18,572,287	198,796,751
<u>Liabilities</u>									
Accounts payable	5,369,947	231,708	747,265	2,554,374	3,409,661	-	9,765,033	1,033,603	23,111,591
Accrued liabilities	1,868,557	354,544	144,002	567,184	62,210	-	1,014,727	128,607	3,125,104
Retained percentages	-	-	-	-	-	-	83,908,000	-	1,014,727
Bond anticipation notes payable	-	-	-	-	-	-	-	-	83,908,000
Budget notes payable	-	-	6,000,000	-	-	-	-	-	6,000,000
NYS EFC note payable	-	-	-	-	-	-	9,254,987	-	9,254,987
Claims and judgment	3,297,327	114,849	195,323	694,404	-	-	-	-	4,301,903
Deferred revenue	8,335,701	-	-	466,180	-	-	3,235,524	806,468	12,843,873
Escrow deposits	-	-	-	-	-	-	-	106,411	106,411
Due to other funds	2,265,432	343,253	-	216,548	-	685,000	6,768,399	267,094	10,545,726
Due to other governments	3,009,809	7,347	30,804	86,259	257	-	5,666,667	37,717	8,838,860
Total liabilities	24,146,773	1,051,701	7,117,394	4,584,949	3,472,128	685,000	119,613,337	2,379,900	163,051,182
<u>Fund Balance</u>									
Nonspendable	2,924,644	238,138	103,803	403,701	32,755	-	-	1,489,710	5,192,751
Restricted	10,237,530	391	33,630	204,531	-	7,900,773	-	3,906,586	22,283,441
Assigned - appropriated	15,232,736	627,114	128,471	5,575,095	1,042,280	-	1,851,569	2,083,615	26,540,880
Assigned - unappropriated	-	-	-	10,261,771	7,527,196	-	(64,419,368)	8,712,476	26,501,443
Unassigned	20,628,658	2,320,517	(3,302,753)	-	-	-	-	-	(44,772,946)
Total fund balance	49,023,568	3,186,160	(3,036,849)	16,445,098	8,602,231	7,900,773	(62,567,799)	16,192,387	35,745,569
Total liabilities and fund balance	\$73,170,341	4,237,861	4,080,545	21,030,047	12,074,359	8,585,773	57,045,538	18,572,287	198,796,751

See accompanying notes to financial statements.

TOWN OF BROOKHAVEN
 Reconciliation of the Governmental Funds Balance Sheet to the
 Statement of Net Assets
 December 31, 2011

Total fund balances - governmental funds		\$ 35,745,569
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets less accumulated depreciation are included in the Statement of Net Assets:		
Capital assets - nondepreciable	\$ 585,580,299	
Capital assets - depreciable	1,015,167,210	
Accumulated depreciation	<u>(583,169,213)</u>	1,017,578,296
Deferred charges included in the Statement of Net Assets		1,825,019
Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported in the funds. However these liabilities are included in the Statement of Net Assets:		
General obligation bonds payable, inclusive of premiums	(424,218,485)	
Due to New York State Power Authority	(617,108)	
Due to New York State Employees' Retirement System	(6,027,683)	
Compensated absences	(21,358,796)	
Claims and judgments payable	(12,557,685)	
Estimated liability for landfill closure and postclosure care costs	(26,672,655)	
Pollution remediation obligation	(1,023,820)	
Other postemployment benefits payable	<u>(85,080,846)</u>	(577,557,078)
Interest payable applicable to the Town's governmental activities is not due and payable in the current period and accordingly is not reported in the funds. However this liability is included in the Statement of Net Assets		(2,572,673)
Revenue that was deferred on the fund statements because it does not meet the availability criteria under the modified accrual basis of accounting is included in equity on the Statement of Net Assets.		<u>9,809,948</u>
Net assets of governmental activities		\$ <u>484,829,081</u>

See accompanying notes to the financial statements.

TOWN OF BROOKHAVEN

Reconciliation of the Governmental Funds Statement of Revenue, Expenditures and Changes in Fund Balances to the Statement of Activities For the year ended December 31, 2011

Net change in fund balances		\$ (56,678,063)
<p>Governmental funds report capital outlays as expenditures, however in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlay exceeds depreciation in the current period is:</p>		
Capital outlay	\$ 83,913,067	
Transfer of capital assets from business-type activity	3,897,815	
Depreciation expense	(35,669,478)	
Loss on dispositions	<u>(24,376)</u>	52,117,028
<p>Revenue that was deferred in the fund statements because it did not meet the availability criteria under the modified accrual basis of accounting is included in revenue on the Statement of Activities.</p>		
		663,234
<p>The issuance of bonds and increases in other long-term debt obligations provides current financial resources to the governmental funds, while the repayment of the principal on bonds and other long-term debt obligations consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets.</p>		
Bonds issued	(77,736,000)	
Repayment of bond principal	86,275,287	
Premiums	(1,682,137)	
Transfer of long term debt from business-type activity	(637,777)	
Due to New York State Power Authority	89,923	
Due to New York State Employees' Retirement System	(473,702)	
Compensated absences	(996,629)	
Claims and judgments	(204,009)	
Landfill closure and post closure care costs	(1,616,673)	
Pollution remediation	(108,820)	
Other postemployment benefits payable	<u>(16,387,096)</u>	(13,477,633)
<p>Other assets not available to pay for current period expenditures are deferred and amortized in the Statement of Activities.</p>		
		(222,464)
<p>Bond interest is recorded as an expenditure on the fund statements when it is paid, and on the Statement of Activities when it is accrued.</p>		
		<u>253,711</u>
Change in net assets of governmental activities		\$ <u>(17,344,187)</u>

See accompanying notes to the financial statements.

TOWN OF BROOKHAVEN

Statement of Net Assets

Proprietary Fund

December 31, 2011

ASSETS

Total assets

\$ -

LIABILITIES

Total liabilities

\$ -

NET ASSETS

Total net assets

\$ -

See accompanying notes to financial statements.

TOWN OF BROOKHAVEN
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Fund
For the year ended December 31, 2011

Non-operating revenues (expenses):	
Transfers to Airport fund	\$ (351,629)
Transfers to other government-wide net assets	<u>(3,260,037)</u>
Change in net assets	(3,611,666)
Total net assets at beginning of year	<u>3,611,666</u>
Total net assets at end of year	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

TOWN OF BROOKHAVEN
Statement of Cash Flows
Proprietary Funds
For the year ended December 31, 2011

	<u>Airport</u>
Cash flows from noncapital financing activities - transfer to other funds	\$ <u>(508,199)</u>
Net increase (decrease) in cash and cash equivalents	(508,199)
Cash and cash equivalents, at beginning of year	<u>508,199</u>
Cash and equivalents at end of year	<u><u>\$ -</u></u>
Noncash investing, capital and financing activities:	
Transfer of capital assets to governmental funds	\$ (3,897,815)
Transfer of long-term debt to governmental funds	637,777

See accompanying notes to financial statements.

TOWN OF BROOKHAVEN
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
December 31, 2011

	<u>Agency Funds</u>
<u>Assets</u>	
Cash	\$ 252,965,114
Length of service plan assets	<u>3,392,919</u>
Total assets	<u><u>\$ 256,358,033</u></u>
<u>Liabilities</u>	
Due to other funds	532
Due to town supervisor	203,464,828
Due to other governments	2,760
Liability arising from length of service plan	3,392,919
Other agency liabilities	<u>49,496,994</u>
Total liabilities	<u><u>\$ 256,358,033</u></u>

See accompanying notes to financial statements.

TOWN OF BROOKHAVEN

Notes to Financial Statements

December 31, 2011

(1) Summary of Significant Accounting Policies

The Town of Brookhaven (the Town), which was established in 1655, is governed by Town Law and other general laws of the State of New York and various local laws. The Town Council is the legislative body responsible for overall operations. The Town Council and the Supervisor are elected for a term of two years. Council members are elected by their respective districts for terms of two years. The Supervisor serves as the Chief Fiscal Officer. The Receiver of Taxes and the Town Clerk are elected for a term of four years and the Superintendent of Highways is elected for a term of two years. The Town Council appoints the Commissioner of Finance, the Town Attorney, the Assessor and the Planning Board.

The town provides a full range of municipal services either directly or through Town-operated special districts, including public safety, planning, zoning, code enforcement, highway construction and maintenance, street lighting, programs for the aging, youth services, parks and recreation, garbage pick-up and disposal and administration of certain State and Federal grant programs.

The financial statements of the Town of Brookhaven have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The more significant of the Town's policies are described below.

(a) Reporting Entity

(i) Included in the Reporting Entity

The financial reporting entity consists of: (a) the primary government, which is the Town of Brookhaven; (b) organizations for which the primary government is financially accountable; and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete, as set forth in GASB Statement No. 14. There are no component units included in this report.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

TOWN OF BROOKHAVEN

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(ii) Excluded from the Reporting Entity

Located within the Town are 9 incorporated Villages. The Villages all have their independent forms of government, but real property located therein is subject to taxation by the Town for certain Town purposes. There are 19 independently governed school districts which rely upon their own taxing powers granted by the State to raise revenue. Of these school districts, 13 are entirely within the Town while parts of the other 6 districts are located in neighboring towns.

(2) Basis of Presentation

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's governmental, proprietary and fiduciary funds).

(a) Government-wide Financial Statements

The government-wide financial statements report information on the Town as a whole, excluding fiduciary activities.

In the government-wide statement of net assets, the Town's governmental activities are presented on a consolidated basis and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables, as well as long-term debt and obligations. The Town's net assets are reported in three parts—investment in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The government-wide statement of activities reports both the gross and net cost of each of the Town's functional categories (public safety, transportation, home and community services, etc.), which are otherwise supported by general government revenues (property tax, mortgage tax, certain intergovernmental revenues, fines, permits and charges, etc.). The net cost of each of the functional categories is direct expenses, which are those expenses clearly identifiable with a specific program. The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants to produce the net cost of each program. Program revenue include (a) charges for services and (b) operating and capital grants and contributions that are directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function) are normally covered by general revenue (property and other taxes, intergovernmental revenue, interest income, etc.).

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Eliminations have been made to prevent distortion of the direct costs and program revenues reported. Sales and purchases of goods and services for a price approximating their external value are not eliminated between the funds in the government-wide statements.

TOWN OF BROOKHAVEN

Notes to Financial Statements, Continued

(2) Basis of Presentation, Continued

(a) Government-wide Financial Statements, Continued

This government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net assets resulting from the current year's activities.

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

(b) Fund Financial Statements

The fund financial statements are similar to the financial statements presented in the previous model. The emphasis is on the major funds in the fund financial statements. Non-major funds are summarized into a single column.

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues, and expenditures, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds are presented by type in the fund financial statements. Certain funds of the Town are utilized to account for resources derived from and/or expenditures applicable to an area less than the entire town. Accordingly, the Town maintains the following fund types:

Governmental Funds - Governmental funds are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is upon determination of financial position and changes in financial position. Government funds are further classified as major and non-major funds.

The Town reports the following major governmental funds:

General Fund - is the principal operating fund of the Town. This fund is used to account for all financial resources except those required to be accounted for in other funds.

Town Outside Village - is used to account for revenues and expenditures for certain services provided to the area of the Town located outside of incorporated Villages.

Highway Fund - Townwide - is used to account for revenue and expenditures for highway purposes throughout the entire Town.

Highway Fund - Town Outside Village - is used to account for revenues and expenditures for highway purposes provided to the area of the Town located outside of incorporated Villages.

Refuse and Garbage Fund - is used to account for revenues and expenditures for garbage collection.

TOWN OF BROOKHAVEN
Notes to Financial Statements, Continued

(2) Basis of Presentation, Continued

(b) Fund Financial Statements, Continued

Debt Service Fund - is used to account for the accumulation of resources for the payment of debt including principal, interest, and related costs.

Capital Projects Fund - is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Additionally, the Town reports the following non-major governmental funds:

Special Grant Fund - is used to account for Federal Aid for the Community Development Block Grant Program and the Low Income Housing Program.

Airport Fund - is used to account for operations of the Calabro Airport previously reported as a Proprietary Fund until December 31, 2011. The current assets and liabilities of the fund were transferred to the Airport in 2011.

Special District Funds - are used to account for taxes or other revenues, which are raised or received to provide special services to areas that encompass less than the whole Town. The Special District Fund's consist of a number of separate districts, which are administered by the Town Council as follows:

Fire Protection Districts:

E. Patchogue	Moriches	N. Bellport	Water Island
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Ambulance Districts:

Bellport	Blue Point/E. Patchogue	Brookhaven	E. Moriches/Eastport
Mastic	Mastic Beach	Medford	Manorville
Mount Sinai	South Country	Shirley	

Water Districts:

Cherry Grove	Fire Island Pines	Holtsville	W. Setauket
Medford #1	Medford #2	Pipe Stave	Hollow Shirley
Stony Brook	Sound Beach		

Erosion Control Districts:

Davis Park	Fire Island Pines	Ocean Bay Park	Point O' Woods
Seaview	Water Island		

Sidewalk Districts:

Comsewogue	Granny Road
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Sewer Districts:

Holbrook	Brookhaven	Brookhaven #2
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Park Districts:

Ocean Bay Park	S. Setauket
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TOWN OF BROOKHAVEN

Notes to Financial Statements, Continued

(2) Basis of Presentation, Continued

(b) Fund Financial Statements, Continued

Refuse and Garbage Districts:

Cherry Grove	Davis Park	Fire Island Pines	Seaview-Ocean Bay Park Joint
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Other Districts:

Street Lighting District	Cherry Grove Dock District	Fire Island Pines Dock District
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Special Reserve Funds - collect fees which are held in escrow and reserved for specific purposes. The Town's non-major funds included the following special reserve funds:

Park Reserve Escrow Highway Reserve Escrow Drainage Reserve Escrow

Permanent Fund - accounts for assets held by the Town pursuant to State legislation. The principal portion of this fund must remain intact, but the earnings may be used to achieve the objectives of the fund.

West Meadow Beach Endowment - accounts for monies restricted for preserving and protecting West Meadow Beach. The principal portion of this fund must remain intact, but the earnings may be used for preserving and protecting West Meadow Beach.

(c) Proprietary Fund Financial Statements

The Town ceased using the proprietary fund to account for the operations of the Town's airport in 2011 and transferred the activity to a special revenue fund.

(d) Fiduciary Funds

Fiduciary funds are used to account for assets held by the Town in a trustee or custodial capacity.

Agency Funds - is for money (and/or property) received and held in the capacity of trustee, custodian or agent. The Town's fiduciary funds include agency funds as follows:

Town Agency Funds - accounts for length of service plan and other agency liabilities.

Town Receiver of Taxes Agency Fund - accounts for amounts due to other governments for general and school taxes collected.

Town Clerk - accounts for amounts collected on behalf of other governments for licenses and permit fees.

TOWN OF BROOKHAVEN

Notes to Financial Statements, Continued

(3) Basis of Accounting/Measurement Focus

Measurement focus refers to what is being measured whereas the basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

In the government-wide statements, governmental activities are presented using the economic resources measurement focus and are presented using 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. Revenue, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the funds statements, governmental funds use a current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (measurable and available to finance current operations). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Town considers all revenue available if they are collected within 60 days after the year end except for landfill revenue which is recorded when services are provided. Revenue susceptible to accrual include Suffolk County local assistance at year end on behalf of the Town, franchise fees, and charges for services, intergovernmental revenue and operating transfers. Permits, fees, and other similar revenue are not susceptible to accrual because generally they are not measurable until they are received in cash. In those instances where expenditures are the prime factor in determining eligibility for state and federal grants, revenues are recognized when the expenditure is incurred. In the capital projects fund, long-term debt is recognized as revenue upon receipt of the proceeds. Expenditures are recorded on the accrual basis except that (a) expenditures for prepaid expenses are recognized when incurred; (b) principal and interest on indebtedness are recognized as expenditures when due; (c) compensated absences, such as vacation and sick leave, which vest or accumulate, are charged as expenditures when paid.

The agency funds use the accrual basis of accounting and do not measure the results of operations.

Encumbrance accounting, under which purchase orders, contracts and other commitments are recorded for budgetary control purposes in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Appropriations for all governmental funds except the Capital Projects Fund lapse at year-end. However, encumbrances reserved against fund balances are re-appropriated in the ensuing year. Encumbrances are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

TOWN OF BROOKHAVEN

Notes to Financial Statements, Continued

(4) Assets, Liabilities and Fund Equity

(a) Receivables

Receivables include amounts due from Federal, State, and other governments or entities for services provided by the Town. Receivables are recorded and revenue recognized as earned or as specific program expenditures are incurred.

The Town in its normal course of business is subject to the risk that it may be unable to collect all outstanding accounts receivable arising from user fees. Therefore, the Town has established an allowance account totaling \$306,394.

(b) Prepaid Charges

Prepaid balances are for payments made by the Town in the current year to provide services occurring in the subsequent year, and the reserve for prepaid expenses and advances in the governmental funds has been recorded to signify that a portion of fund balance is not available for other subsequent expenditures.

(c) Inventory - Materials and Supplies

Inventory consists of fuel in storage tanks for use in Town vehicles and is valued at cost, using the first in first out method. Inventory is accounted for under the consumption method.

(d) Deferred Charges

Discounts and expenses related to the issuance of long-term debt and the loss on early retirement on refunded debt are amortized on a straight-line basis over the life of the issue and are presented net of accumulated amortization in the government-wide financial statements. In the fund financial statements these costs are recognized as expenditures in the period incurred.

(e) Capital Assets

Capital assets includes substantially all land, buildings and improvements, machinery and equipment infrastructure assets and website and software, and has been reported net of the accumulated depreciation. Infrastructure assets consist primarily of roads, curbs, sidewalks, drainage system, and street lighting. Capital assets, excluding land, purchased or acquired having a cost of more than \$5,000, and land with a minimum acreage of one acre, are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. 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. Depreciation and amortization on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	20 - 50 years
Machinery and equipment	5 - 20 years
Infrastructure	15 - 30 years
Website and software	5 years

In the fund financial statements, capital assets are recorded as capital outlay expenditures upon acquisition.

TOWN OF BROOKHAVEN

Notes to Financial Statements, Continued

(4) Assets, Liabilities and Fund Equity, Continued

(f) Deferred Revenue/Unearned Income

Deferred revenue/unearned income are those where asset recognition criteria have been met, but which revenue recognition criteria have not been met. Such amounts include collections in advance, unearned income and amounts deemed to be “measurable” but not “available” to finance current expenses.

(g) Premiums of Debt Issuance

Premiums related to the issuance of long-term debt are amortized on a straight-line basis over the life of the issue and are presented as part of the general obligation bonds payable in the non-current liabilities.

(h) Long-Term Obligations

The liabilities for long-term obligations consisting of general obligation bonds, due to New York State Power Authority, due to New York State Employees’ Retirement System, compensated absences, estimated claims and judgments, the estimated liability for landfill closure and post-closure care costs, pollution remediation obligations, and other postemployment benefits are reported in the government-wide statement of net assets. In the fund statements, only that portion of long-term obligations expected to be financed from expendable available financial resources is reported as a fund liability. Debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures.

(i) Compensated Absences

The liability for vested or accumulated vacation or sick leave (compensated absences) is recorded as current and non-current obligations in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements only the compensated absence liability payable from expendable available financial resources is reported. The amount that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a liability in the funds statement in the respective fund that will pay it.

(j) Other Postemployment Benefits

In addition to providing pension benefits, the Town provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the Town’s employees may become eligible for these benefits if they reach normal retirement age while working for the Town.

Health care benefits in accordance with New York State Health Insurance Rules and Regulations (administered by the New York State Department of Civil Service), are provided through the New York State Empire Plan (the Empire Plan) whose premiums are based on the benefits paid throughout the State during the year.

TOWN OF BROOKHAVEN

Notes to Financial Statements, Continued

(4) Assets, Liabilities and Fund Equity, Continued

(j) Other Postemployment Benefits, Continued

The Town recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the year paid. The Town's union contracts and ordinances require that it provide its eligible enrollees with the Empire Plan benefit coverage, or if another provider is utilized, the equivalent coverage. Under the provisions of the Empire Plan, premiums are adjusted on a prospective basis for any losses experienced by the Empire Plan. The Town has the option to terminate its participation in the Empire Plan at any time without liability for its respective share of any previously incurred loss. The liability for these other postemployment benefits payable is recorded as long-term debt in the government-wide statements.

(k) Pollution Remediation Obligation

The Governmental Auditing Standards Board (GASB) issued Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations. This statement establishes specific guidance on the measurement and recognition of pollution remediation obligations or responsibilities. The guidance lists what events must occur for a government to be required to calculate and report a pollution remediation liability. The liability is recorded as an obligation in the government-wide statements.

(l) Equity Classifications

In the government-wide statements equity is classified as net assets and displayed in three components:

- i) Investment in capital assets, net of related debt - 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.
- ii) Restricted net assets - consists of net assets with constraints placed on its use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- iii) Unrestricted net assets - all other net assets that do not meet the definition of "restricted" or "investment in capital assets, net of related debt."

In fiscal 2011, the Town implemented Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). GASB 54 changed the classification of fund balance to focus on the constraints imposed on resources in governmental funds, instead of the previous focus on availability for appropriation.

TOWN OF BROOKHAVEN

Notes to Financial Statements, Continued

(4) Assets, Liabilities and Fund Equity, Continued

(1) Equity Classifications, Continued

Fund balance is now broken down into five different classifications: nonspendable, restricted, committed, assigned, and unassigned.

- i) Nonspendable consists of assets that are inherently nonspendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and principal of endowments.
- ii) Restricted consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.
- iii) Committed consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint. The Town Board is the decision-making authority that can, by Board resolution, commit fund balance.
- iv) Assigned consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance.
- v) Unassigned represents the residual classification for the government's general fund, and could report a surplus or deficit. In funds other than the general fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When resources are available from multiple classifications, the Town spends funds in the following order: restricted, committed, assigned, unassigned.

(5) Revenue and Expenditures

(a) Real Property Tax Assessment and Collection Procedures

Real property taxes are levied annually no later than December 1st and are recognized as revenue January 1st of the year for which they were levied. The lien date is December 1st of the same calendar year the taxes are levied. Real property tax payments are due in two equal installments: the first half payable December 1st preceding the year for which the tax is levied and the second half payable May 10th. The first half tax is payable without penalty until January 10th and the second half tax is payable without penalty to May 31st. The Town has its own Assessor's Office whose responsibilities are

TOWN OF BROOKHAVEN

Notes to Financial Statements, Continued

(5) Revenue and Expenditures, Continued

(a) Real Property Tax Assessment and Collection Procedures, Continued

independent and distinct from those of the Receiver of Taxes (Receiver), The Town assessment rolls are used for the levy of real property taxes by the Town and the school districts, as well as by the County of Suffolk, New York, (County) and by special districts based upon a single tax bill. The Receiver collects all taxes based on this single bill and distributes the proceeds to the Town Supervisor (Supervisor) prior to distributing the remaining balance collected to the County. Responsibility for the collection of unpaid taxes remains with the County and, accordingly, the Town is assured of 100% collection of real property taxes. The responsibility of transmitting school taxes to the school districts rests with the Supervisor. Property tax bills that relate to the subsequent year are recorded as deferred revenue.

(b) Interfund Transactions

Interfund transactions, exclusive of interfund services provided and used, have been eliminated from the government-wide financial statements. In the fund statements, interfund transactions include:

- i) Interfund Revenue - Interfund revenue and quasi-external transactions represent amounts charged for services or facilities provided to another fund. The amounts paid by the fund receiving the benefits of the service or facilities are reflected as an expenditure of that fund.
- ii) Transfers - Operating transfers are non-exchange transactions whereby the government or fund gives or receives value without directly receiving or giving equal value in return. Operating transfers primarily represent payments to the debt service and capital projects funds from the other funds for their appropriate share of the debt service or capital project costs.

(c) Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

(d) New Pronouncements

(i) Changes in Accounting Standards

During the fiscal year ended December 31, 2011, the Town adopted GASB Statement No. 54, "Accounting and Fund Balance Reporting and Governmental Fund Type Definitions." This statement requires that the equity of governmental funds be classified into five specific categories which will give greater clarity to the different kinds of constraints that apply.

TOWN OF BROOKHAVEN

Notes to Financial Statements, Continued

(5) Revenue and Expenditures, Continued

(d) New Pronouncements, Continued

(ii) Future Impacts of Accounting Pronouncements

GASB Statement No. 57 - "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans," amends GASB Statement No. 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions," to allow agent employers that have individual employer OPEB plans, with less than 100 plan members to use the alternate measurement method, regardless of the total number of plan members in the multiple-employer OPEB plan in which it participates. The requirements of this statement are effective for periods beginning after June 15, 2011. This statement is not expected to have a material effect on the financial statements of the Town.

GASB Statement No. 61 - "The Financial Reporting Entity: Omnibus" is designed to improve financial reporting for governmental entities by amending the requirements of Statements No. 14 "The Financial Reporting Entity" and No. 34 "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments." This statement amends the criteria for including component units by only including those component units for which the elected officials are financially accountable or that the government determines would be misleading to exclude. This statement also amends the criteria for blending of component units to include only those component units that are so intertwined with the primary government that they are essentially the same as the primary government. The requirements of the statement are effective for periods beginning after June 15, 2012. This statement is not expected to have a material effect on the financial statements of the Town.

GASB Statement No. 62 - "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements" is intended to enhance the usefulness of its Codification by incorporating guidance that previously could only be found in certain Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements. This statement incorporates into the GASB's authoritative literature the applicable guidance issued before November 30, 1989 from FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA's Committee on Accounting Procedure. The requirements of the statement are effective for periods beginning after December 15, 2011. This statement is not expected to have a material effect on the financial statements of the Town.

TOWN OF BROOKHAVEN

Notes to Financial Statements, Continued

(5) Revenue and Expenditures, Continued

(d) New Pronouncements, Continued

(ii) Future Impacts of Accounting Pronouncements, Continued

GASB Statement No. 63 - "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" is intended to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed. The requirements of the statement are effective for periods beginning after December 15, 2011. This statement is not expected to have a material effect on the financial statements of the Town.

GASB Statement No. 64 - "Derivative Instruments: Application of Hedge Accounting Termination Provisions - an amendment of GASB Statement No. 53" is intended to improve financial reporting by clarifying the circumstances in which hedge accounting should continue when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The requirements of the statement are effective for periods beginning after June 15, 2011. This statement is not expected to have a material effect on the financial statements of the Town.

(6) Stewardship, Compliance and Accountability

(a) Budgetary Data

An operating budget is legally adopted each year for the general, special revenue (with the exception of the special grant funds and debt service fund) and enterprise funds (if applicable). The capital projects fund is budgeted on a project basis. The Supervisor, with the assistance of the Commissioner of Finance, prepares a tentative budget each year and the Town Council holds a public hearing. Subsequent to the public hearing, revisions, if any, are made and the budget is adopted by the Town Council as its final budget for the coming year. The budget is not subject to referendum. Appropriations are adopted at the object level. The Supervisor maintains control over the budget. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is at the individual account level. The Commissioner of Finance may authorize budgetary transfers between departments within any fund for amounts less than \$5,000. Amounts between \$5,000 and \$14,999 need the approval of the Supervisor. Any budgetary transfers \$15,000 to \$29,999 must be approved by Town Council and all over \$30,000 requires Town Council resolution. Any supplemental appropriations that amend the total expenditures of any fund require Town Council approval.

In several instances, actual expenditures exceeded appropriations at the account level. Appropriations lapse at year-end. The budgets are adopted on a basis of accounting consistent with GAAP. Significant revenue and expenditure accruals are reflected in the budget when known through budget transfers or amendments. As a result, management believes that differences between the budgetary basis of accounting and the method used for financial reporting purposes are not material.

TOWN OF BROOKHAVEN

Notes to Financial Statements, Continued

(6) Stewardship, Compliance and Accountability, Continued

(a) Budgetary Data, Continued

In order to show the full legal level of budgetary compliance for the General and certain Special Revenue Funds, detailed individual statements of revenue, expenditures and change in fund balances - budget and actual, are presented in a separate budget report.

(b) Fund Balances

Designation of Fund Balance

Portions of the unreserved balances at December 31, 2011 were designated for the subsequent year's operating budgets as follows:

Fund	Fund Balance Assigned						Total Fund Balance (Deficit) Unreserved
	Non-Spendable	Restricted	Appropriated for Subsequent Year's Budget	Other Assigned Fund Balance	Unappropriated	Fund Balance Unassigned	
Major Governmental Funds:							
General Fund	\$ 2,924,644	10,237,530	14,609,079	623,657	-	20,628,658	49,023,568
Town Outside Village	238,138	391	567,322	59,792	-	2,320,517	3,186,160
Highway - Townwide	103,803	33,630	-	128,471	-	(3,302,753)	(3,036,849)
Highway - Town Outside Village	403,701	204,531	4,747,864	827,231	10,261,771	-	16,445,098
Refuse and Garbage	32,755	-	1,033,880	8,400	7,527,196	-	8,602,231
Debt Service	-	7,900,773	-	-	-	-	7,900,773
Capital Projects	-	-	120,000	1,731,569	-	(64,419,368)	(62,567,799)
Total Major Funds	3,703,041	18,376,855	21,078,145	3,379,120	17,788,967	(44,772,946)	19,553,182
Nonmajor Funds:							
Special Grants	26,868	3,537,575	-	-	-	-	3,564,443
Park Reserve Escrow	-	-	-	-	84,537	-	84,537
Highway Reserve Escrow	-	-	-	-	1,419,705	-	1,419,705
Drainage Reserve Escrow	-	-	-	-	113,080	-	113,080
Airport	7,357	-	-	-	161,980	-	169,337
Permanent Fund	1,442,463	2,843	-	-	-	-	1,445,306
Ambulance Districts	-	237,107	69,762	-	1,679,072	-	1,985,941
Dock Districts	529	-	13,040	1,386	389,746	-	404,701
Erosion Control Districts	-	-	362,212	83,326	1,589,267	-	2,034,805
Fire Protection Districts	-	-	40,000	-	21,768	-	61,768
Street Lighting Districts	12,493	11,695	844,716	233,613	2,132,130	-	3,234,647
Park Districts	-	-	1,009	51,449	13,400	-	65,858
Refuse and Garbage Districts	-	-	55,866	-	157,971	-	213,837
Sewer District	-	-	253,953	37,000	214,003	-	504,956
Sidewalk Districts	-	-	-	-	13,307	-	13,307
Water Districts	-	117,366	36,283	-	722,510	-	876,159
Total Nonmajor Funds	1,489,710	3,906,586	1,676,841	406,774	8,712,476	-	16,192,387
Total Governmental Activities	\$ 5,192,751	22,283,441	22,754,986	3,785,894	26,501,443	(44,772,946)	35,745,569

TOWN OF BROOKHAVEN

Notes to Financial Statements, Continued

(6) Stewardship, Compliance and Accountability, Continued

(b) Fund Balances, Continued

Fund Deficits

Individual funds with total fund deficits as of December 31, 2011 were as follows:

	<u>Total Fund Balance (Deficit)</u>
Capital Project Fund	\$ (62,567,799)
Highway Fund - Townwide	(3,036,849)
Water Island Fire Protection District	(19,507)
Fire Island Pines Water District	(16,809)

A capital projects fund deficit results from differences in timing between project expenditures and the recognition of corresponding permanent financing sources. Since project expenditures are initially financed by the issuance of bond anticipation notes, and the proceeds of these short-term borrowings are recorded as fund liabilities rather than as other financing sources in accordance with GAAP, fund balance deficits occur. These deficits will be eliminated when long-term bonds payable are issued to redeem the bond anticipation notes payable and through interfund transfers from other funds.

The Highway Fund - Town-wide deficit resulted from snow removal expenditures exceeding the original budget by approximately \$4.2 million and to the Town funding the budget shortfall with a budget note. The Town anticipates eliminating this deficit through increases in subsequent year's budgets.

The Water Island Fire Protection District deficit was a result of the current and prior year fire protection service expenditures exceeding the budget, which was offset by lower than anticipated revenues in the current year. The Town anticipates eliminating this deficit through increases in subsequent year's budgets.

The Fire Island Pines Water District deficit was a result of the current and prior expenditures and budgeted transfers out exceeding budgeted revenues and actual revenues not meeting expectations. The Town anticipates eliminating this deficit through increases in subsequent year's budgets.

(c) Excess of Expenditures Over Appropriations

For the year ended December 31, 2011 expenditures exceeded appropriations for individual funds and districts within the following:

- Ambulance Districts
- Fire Protection Districts

TOWN OF BROOKHAVEN

Notes to Financial Statements, Continued

(6) Stewardship, Compliance and Accountability, Continued

(d) Fund Balance Reserve

The Town has established debt reserves totaling \$10,418,125. These monies arose from unspent bond proceeds, the sale of the Internal Revenue Service building, premiums, and grants. These monies will be used to pay off outstanding general obligation bond debt as the particular issues become due. Additionally, the Town has established reserves for capital, pollution remediation costs and other.

(7) Detailed Notes on All Funds

(a) Cash and Cash Equivalents

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

For purposes of the statement of cash flows, the Town considers all highly liquid investments with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents.

State statutes govern the Town's investment policies. 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, obligations of the State and its municipalities and school districts, certain irrevocable letters of credit and surety bonds.

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 be unable to recover the value of its investments or collateral securities that are in possession of an outside party.

TOWN OF BROOKHAVEN

Notes to Financial Statements, Continued

(7) Detailed Notes on All Funds, Continued

(a) Cash and Cash Equivalents, Continued

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
- 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 December 31, 2011, the carrying amount of the Town's cash and investments were \$410,553,363. This amount is inclusive of fiduciary fund deposits and restricted cash but exclusive of petty cash of \$32,400. The bank balance was \$420,523,656. Of the bank balance, \$293,304,102 was covered by Federal deposit insurance, with collateral totaling \$203,084,578 held by the Town's agent, a third party financial institution, covering the remainder.

The Town has \$1,601,990 of restricted cash, of which \$1,445,391 is restricted for environmental education and preservation activities for the West Meadow Beach under the terms of an endowment fund pursuant to New York State legislature, \$50,188 is for collateral of a standby letter of credit and \$106,411 for the federally funded Family Self Sufficiency Program.

Credit Risk - State law and Town law limit investments to those authorized by 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 a 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 December 31, 2011, the Town did not have any investments subject to credit risk, interest-rate risk or concentration of credit risk.

(b) Receivables

In 2003, the Town entered into an inter-municipal agreement with a school district whereby the school district will pay to the Town \$21,000,000 over a seventeen year period in equal installments of \$1,295,294 for a refund of taxes due the Town. The present value of the long-term receivable was calculated using a discount rate of 4.25%. In addition, in 2003, the Town entered into a PILOT agreement with Long Island Power Authority (LIPA), whereby LIPA will pay to the Town, relating taxing jurisdictions, and/or special districts \$2,000,000 per year for seventeen years.

TOWN OF BROOKHAVEN

Notes to Financial Statements, Continued

(7) Detailed Notes on All Funds, Continued

(b) Receivables, Continued

Under the terms of the agreements, the Town will receive \$1,235,294 of the school district's share of the PILOT payment as consideration for the outstanding receivable through 2019, as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending December 31, 2012	\$ 879,774	355,520	1,235,294
2013	917,901	317,393	1,235,294
2014	957,681	277,613	1,235,294
2015	999,185	236,109	1,235,294
2016	1,042,487	192,807	1,235,294
2017-2021	<u>3,406,452</u>	<u>299,430</u>	<u>3,705,882</u>
	<u>\$ 8,203,480</u>	<u>1,678,872</u>	<u>9,882,352</u>

(c) Interfund Receivables, Payables and Transfers

Interfund receivable and payable balances for the primary government at December 31, 2011 represent primarily the temporary advances between funds and unpaid interfund charges for administrative and other costs that will be reimbursed subsequent to year end and are as follows:

	<u>Amount receivable</u>	<u>Amount payable</u>
Governmental activities:		
Major funds:		
General fund	\$ 1,816,305	2,265,432
Town outside village	1,898,470	343,253
Highway - Townwide	110,566	-
Highway - Town Outside Village	795,989	216,548
Debt service	3,085,993	685,000
Capital projects	<u>2,420,535</u>	<u>6,768,399</u>
Total major funds	<u>10,127,858</u>	<u>10,278,632</u>
Nonmajor funds:		
Special Grants	46,665	17,266
Drainage reserve escrow	-	18,152
Highway reserve escrow	339,877	-
Fire Protection Districts	-	13,455
Street Lighting Districts	16,366	7,362
Water Districts	-	47,769
Park Reserve Escrow	15,492	-
Ambulance Districts	-	68,335
Sewer Districts	<u>-</u>	<u>94,755</u>
Total nonmajor funds	<u>418,400</u>	<u>267,094</u>
Fiduciary Funds - Agency Fund	<u>-</u>	<u>532</u>
Total	<u>\$ 10,546,258</u>	<u>10,546,258</u>

TOWN OF BROOKHAVEN

Notes to Financial Statements, Continued

(7) Detailed Notes on All Funds, Continued

(c) Interfund Receivables, Payables and Transfers, Continued

Interfund transfer balances for the primary government at December 31, 2011 represent primarily the payment of operating and capital expenditures in addition to general obligation bond and bond anticipation note principal and interest and are as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
Governmental activities:		
Major funds:		
General fund	\$ 4,359,623	30,418,041
Town Outside Village	158,341	132,719
Highway - Townwide	-	270,040
Highway - Town Outside Village	272,396	17,919,485
Debt service	60,168,488	685,000
Capital projects	<u>225,000</u>	<u>11,639,509</u>
Total major funds	<u>65,183,848</u>	<u>61,064,794</u>
Nonmajor funds:		
Street Lighting Districts	97,087	908,977
Airport	351,629	-
Water Districts	-	80,554
Park Reserve Escrow	15,492	225,000
Ambulance Districts	-	705,073
Sewer Districts	-	175,167
Dock Districts	-	182,360
Erosion Districts	<u>-</u>	<u>1,954,502</u>
Total nonmajor funds	<u>464,208</u>	<u>4,231,633</u>
Business-type activities - airport	<u>-</u>	<u>351,629</u>
Total	<u>\$ 65,648,056</u>	<u>65,648,056</u>

In the current year, the Town's business-type activity transferred all the December 31, 2010 operating assets of the Calabro Airport to the special revenue fund. All the Airport's long-term assets and liabilities were transferred into the government-wide statements.

(d) Endowment

Pursuant to Chapter 595 of the Laws of the State of New York dated June 12, 1996, interest earned up to a maximum of five percent of the total fund balance at the end of any year may be expended by the West Meadow Beach Endowment Fund in the subsequent year. The West Meadow Beach Endowment Fund expenditure plan is adopted by Town Council. The net assets of the Endowment Fund are restricted and are segregated between spendable and nonspendable. For the year ended December 31, 2011, there was no net appreciation on investments for the West Meadow Beach Endowment Fund.

TOWN OF BROOKHAVEN
Notes to Financial Statements, Continued

(7) Detailed Notes on All Funds, Continued

(e) Capital Assets

The summary of changes within the capital assets for the Town of Brookhaven for the year ended December 31, 2011 is as follows:

	Balance at				Balance at
	<u>January 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>December 31, 2011</u>
Governmental activities:					
Capital assets not being depreciated:					
Land and development rights	\$ 534,993,152	25,142,574	-	-	560,135,726
Construction in progress	<u>12,221,994</u>	<u>13,222,579</u>	<u>-</u>	<u>-</u>	<u>25,444,573</u>
Total capital assets not being depreciated	<u>547,215,146</u>	<u>38,365,153</u>	<u>-</u>	<u>-</u>	<u>585,580,299</u>
Depreciable capital assets:					
Buildings and improvements	217,271,665	14,778,988	-	6,079,714	238,130,367
Machinery and equipment	73,529,116	4,011,626	(559,665)	700,190	77,681,267
Infrastructure	668,512,233	26,287,088	-	3,048,243	697,847,564
Website and software	<u>1,037,800</u>	<u>470,212</u>	<u>-</u>	<u>-</u>	<u>1,508,012</u>
Total depreciable capital assets	<u>960,350,814</u>	<u>45,547,914</u>	<u>(559,665)</u>	<u>9,828,147</u>	<u>1,015,167,210</u>
Less accumulated depreciation (amortization):					
Buildings and improvements	64,798,338	10,893,593	-	3,756,691	79,448,622
Machinery and equipment	41,717,835	6,915,084	(535,289)	516,283	48,613,913
Infrastructure	435,211,090	17,549,631	-	1,657,358	454,418,079
Website and software	<u>377,429</u>	<u>311,170</u>	<u>-</u>	<u>-</u>	<u>688,599</u>
Total accumulated depreciation (amortization)	<u>\$ 542,104,692</u>	<u>35,669,478</u>	<u>(535,289)</u>	<u>5,930,332</u>	<u>583,169,213</u>
Total net depreciable capital assets					<u>431,997,997</u>
Total net capital assets					<u>\$ 1,017,578,296</u>

Depreciation (amortization) expense was charged to governmental functions as follows:

General government support	\$ 4,341,424
Public safety	3,966,385
Transportation	13,879,114
Economic assistance and opportunity	1,297
Culture and recreation	5,548,800
Home and community service	<u>7,932,458</u>
Total governmental activities depreciation (amortization) expense	<u>\$ 35,669,478</u>

TOWN OF BROOKHAVEN
Notes to Financial Statements, Continued

(7) Detailed Notes on All Funds, Continued

(e) Capital Assets, Continued

The Town of Brookhaven evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The Town's policy is to record an impairment loss in the period when the Town determines that the carrying amount of the asset will not be recoverable. At December 31, 2011, the Town has not recorded any such impairment losses.

	<u>Balance at</u> <u>January 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance at</u> <u>December 31, 2011</u>
Business type activities:					
Depreciable capital assets:					
Buildings and improvements	\$ 6,079,714	-	-	(6,079,714)	-
Machinery and equipment	700,190	-	-	(700,190)	-
Infrastructure	<u>3,048,243</u>	<u>-</u>	<u>-</u>	<u>(3,048,243)</u>	<u>-</u>
Total depreciable capital assets	<u>9,828,147</u>	<u>-</u>	<u>-</u>	<u>(9,828,147)</u>	<u>-</u>
Less accumulated depreciation (amortization):					
Buildings and improvements	3,756,691	-	-	(3,756,691)	-
Machinery and equipment	516,283	-	-	(516,283)	-
Infrastructure	<u>1,657,358</u>	<u>-</u>	<u>-</u>	<u>(1,657,358)</u>	<u>-</u>
Total accumulated depreciation	<u>\$ 5,930,332</u>	<u>-</u>	<u>-</u>	<u>(5,930,332)</u>	<u>-</u>
Total net depreciable capital assets					<u>-</u>
Total net capital assets					<u>\$ -</u>

(f) Indebtedness

Short-Term Debt

Bond Anticipation Notes (BANs) - Bond anticipation notes (BANs) are used as a temporary means of financing capital expenditures in the capital projects fund. State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. The notes or renewal thereof may not extend more than two years beyond the original date of issue unless a portion is redeemed within two years and within each 12 month period thereafter. Liabilities for BANs are generally accounted for in the capital projects fund. BANs are expected to be paid from the proceeds of future bond issues after renewal of these notes. These BANs bear an interest rate of .9% to 1.0% and are due September 28, 2012.

A summary of changes in BANs for the Town for the year ended December 31, 2011 is as follows:

	<u>Balance</u> <u>January 1, 2011</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance</u> <u>December 31, 2011</u>
Bond anticipation notes	\$ <u>80,056,593</u>	<u>83,908,000</u>	<u>80,056,593</u>	\$ <u>83,908,000</u>

TOWN OF BROOKHAVEN

Notes to Financial Statements, Continued

(7) Detailed Notes on All Funds, Continued

(f) Indebtedness, Continued

Budget Note - The budget note was issued to provide funds to meet expenditures for which an insufficient or no provision has been made in the Town's 2011 Highway Fund's annual budget due to substantial and severe snow storms. The Town expects to pay the entire principal and interest on the note from 2012 real property taxes. This note bears an interest rate of 0.49% and is due May 9, 2012.

A summary of changes in the budget note for the Town for the year ended December 31, 2011 is as follows:

	<u>Balance</u> <u>January 1, 2011</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance</u> <u>December 31, 2011</u>
Budget notes	\$ <u>2,300,000</u>	<u>6,000,000</u>	<u>2,300,000</u>	\$ <u>6,000,000</u>

NYS EFC note payable - This note payable was issued by the New York State Environmental Facilities Corporation from the New York State Clean Water State Revolving Fund to provide short term financing for improvements to the Brookhaven Sewer District Number Two. This loan payable is expected to be paid from the proceeds of future bond issues and American Recovery and Reinvestment Act Revenue. This note bears no interest and in June 2012 was redeemed with proceeds from permanent financing.

A summary of changes in the NYS EFC note payable for the Town for the year ended December 31, 2011 is as follows:

	<u>Balance</u> <u>January 1, 2011</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance</u> <u>December 31, 2011</u>
NYS EFC note payable	\$ <u>3,590,832</u>	<u>5,683,155</u>	<u>19,000</u>	\$ <u>9,254,987</u>

TOWN OF BROOKHAVEN
Notes to Financial Statements, Continued

(7) Detailed Notes on All Funds, Continued

(f) Indebtedness, Continued

Long-Term Debt

Summary of changes in long term debt transactions for the year ended December 31, 2011 is as follows:

	Balance at January 1, 2011	Increases	Reductions	Transfers	Balance at December 31, 2011	Non-current liabilities due within one year
Governmental activities:						
General obligation bonds	\$ 427,813,676	36,741,000 *	(44,898,600)*	339,924	419,996,000	41,206,000
Plus premiums and issuance	<u>2,922,035</u>	<u>1,682,137</u>	<u>(381,687)</u>	<u>-</u>	<u>4,222,485</u>	<u>381,687</u>
Total general obligation bonds	<u>430,735,711</u>	<u>38,423,137</u>	<u>(45,280,287)</u>	<u>339,924</u>	<u>424,218,485</u>	<u>41,587,687</u>
Due to NYS Power Authority	707,031	-	(89,923)	-	617,108	92,409
Due to NYS Employees'						
Retirement System	5,553,981	1,521,434	(1,047,732)	-	6,027,683	970,875
Compensated absences	20,251,965	2,068,445	(1,071,816)	110,202	21,358,796	2,500,000
Claims and judgments	12,353,676	5,220,250	(5,016,241)	-	12,557,685	-
Landfill closure and postclosure care costs	25,055,982	1,616,673	-	-	26,672,655	1,376,000
Pollution remediation obligations	915,000	108,820	-	-	1,023,820	523,820
Other postemployment benefits payable	<u>68,506,099</u>	<u>23,792,171</u>	<u>(7,405,075)</u>	<u>187,651</u>	<u>85,080,846</u>	<u>-</u>
Total	<u>564,079,445</u>	<u>72,750,930</u>	<u>(59,911,074)</u>	<u>637,777</u>	<u>577,557,078</u>	<u>47,050,791</u>
Business-type activities:						
General obligation bonds	339,924	-	-	(339,924)	-	-
Compensated absences	110,202	-	-	(110,202)	-	-
Other postemployment benefits payable	<u>187,651</u>	<u>-</u>	<u>-</u>	<u>(187,651)</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 637,777</u>	<u>-</u>	<u>-</u>	<u>(637,777)</u>	<u>-</u>	<u>-</u>

* Does not include amounts related to defeased debt.

General Obligation Bonds - The Town borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be paid by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are backed by the full faith and credit of the Town, including bonds of the Town Special Districts which are payable from tax revenues of the areas benefited, bear interest at various rates from .08% to 5.0% and have maturity dates in 2012 through 2031. The original amount borrowed for debt currently outstanding, excluding defeased debt is \$579,865,956.

Public Improvement Serial Bond 09/15/2011 - The Town is the issuer of Public Improvement Serial Bond. Proceeds were used to provide funds to (1) redeem a portion of outstanding notes maturing in September 2011 and (2) to provide additional original funds for certain projects. This security was deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As December 31, 2011, the balance of the debt outstanding amounted to \$36,741,000.

TOWN OF BROOKHAVEN

Notes to Financial Statements, Continued

(7) Detailed Notes on All Funds, Continued

(f) Indebtedness, Continued

Long-Term Debt, Continued

Refunding Serial Bond 08/01/2011 - The Town is the issuer of Refunding Serial Bond. Proceeds were used to provide funds to (1) advance the Town's CBS Series A 11/15/2002, CBS Series B 11/15/2002, and Allstate Building 11/15/2003 bonds and (2) to pay the cost of issuing the bonds. This security was deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, \$30,005,000 in bonds were considered defeased and the liability has been removed from the Town's financial statements. As December 31, 2011, the balance of the defeased debt outstanding amounted to \$25,410,000.

Refunding Serial Bond 04/15/2011 - The Town is the issuer of Refunding Serial Bond. Proceeds were used to provide funds to (1) advance the Town's advance the Town's CBS Series A 10/01/2001 and CBS Series B 10/01/2001 bonds and (2) to pay the cost of issuing the bonds. This security was deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, \$9,580,000 in bonds were considered defeased and the liability has been removed from the Town's financial statements. As December 31, 2011, the balance of the defeased debt outstanding amounted to \$7,705,000.

NYS Environmental Facilities Corporation (EFC) Series A Bond 03/15/2011 - The Town is the issuer of NYS EFC Series A Bond. Proceeds were used to provide funds to (1) refinance the Town's State Clean Water and Drinking Water Revolving Funds (SFR) Series 1998A 03/01/1998, 1998B 03/01/1998, and 1998E 03/01/1998 and (2) to pay the cost of issuing the bonds. This security was deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, \$2,625,000 in bonds were considered defeased and the liability has been removed from the Town's financial statements. As December 31, 2011, the balance of the defeased debt outstanding amounted to \$1,820,000.

A summary of these general obligation bonds, exclusive of premiums by purpose is as follows:

	Balance at January 1, <u>2011</u>	<u>Increases</u>	<u>Reductions</u>	<u>Transfers</u>	Balance at December 31, <u>2011</u>
Governmental activities:					
Major funds:					
General fund	\$ 292,585,197	29,736,900	(28,045,689)	339,924	294,616,332
Town outside village	640,200	727,000	(110,300)	-	1,256,900
Highway fund - Townwide	964,900	-	(240,100)	-	724,800
Highway fund - Town outside Village	<u>117,146,935</u>	<u>1,175,100</u>	<u>(13,114,611)</u>	<u>-</u>	<u>105,207,424</u>
Total major funds	<u>411,337,232</u>	<u>31,639,000</u>	<u>(41,510,700)</u>	<u>339,924</u>	<u>401,805,456</u>

TOWN OF BROOKHAVEN

Notes to Financial Statements, Continued

(7) Detailed Notes on All Funds, Continued

(f) Indebtedness, Continued
Long-Term Debt, Continued

	Balance at January 1, <u>2011</u>	<u>Increases</u>	<u>Reductions</u>	<u>Transfers</u>	Balance at December 31, <u>2011</u>
Governmental activities, continued:					
Nonmajor funds:					
Ambulance Districts	\$ 2,925,165	4,610,000	(588,054)	-	6,947,111
Dock Districts	1,856,400	-	(110,000)	-	1,746,400
Erosion Control Districts	7,892,000	-	(1,659,500)	-	6,232,500
Street Lighting Districts	2,837,530	492,000	(805,065)	-	2,524,465
Sewer Districts	805,000	-	(150,000)	-	655,000
Water Districts	160,349	-	(75,281)	-	85,068
Total nonmajor funds	<u>16,476,444</u>	<u>5,102,000</u>	<u>(3,387,900)</u>	<u>-</u>	<u>18,190,544</u>
Total governmental activities	<u>\$ 427,813,676</u>	<u>36,741,000</u>	<u>(44,898,600)</u>	<u>339,924</u>	<u>419,996,000</u>
Business-type activities - airport	<u>339,924</u>	<u>-</u>	<u>-</u>	<u>(339,924)</u>	<u>-</u>
Total bonds payable	<u>\$ 428,153,600</u>	<u>36,741,000</u>	<u>(44,898,600)</u>	<u>-</u>	<u>419,996,000</u>

Governmental Activities

Future principal and interest payments to maturity for the government are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending December 31, 2012	\$ 41,971,000	16,112,452	58,083,452
2013	39,865,000	14,673,597	54,538,597
2014	35,585,000	13,295,515	48,880,515
2015	31,480,000	11,980,259	43,460,259
2016	28,710,000	10,810,465	39,520,465
2017-2021	120,870,000	38,719,974	159,589,974
2022-2026	96,410,000	16,218,625	112,628,625
2027-2031	<u>25,105,000</u>	<u>1,882,925</u>	<u>26,987,925</u>
	<u>\$ 419,996,000</u>	<u>123,693,812</u>	<u>543,689,812</u>

Defeasance of Debt

In the current year and in prior years, the Town of Brookhaven defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. At December 31, 2011, \$53,050,000 of these bonds outstanding are considered defeased.

TOWN OF BROOKHAVEN

Notes to Financial Statements, Continued

(7) Detailed Notes on All Funds, Continued

(f) Indebtedness, Continued

Due to New York State Power Authority

The Town has a note payable in the amount of \$617,108 due to the New York State Power Authority for improvements to Town Hall. This note has an interest rate of 0.51% and is payable by the General Fund through 2018.

Annual debt service requirements to maturity for this note payable is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending December 31, 2012	\$ 92,409	2,931	95,340
2013	92,881	2,459	95,340
2014	93,356	1,984	95,340
2015	93,833	1,507	95,340
2016	94,313	1,027	95,340
2017-2018	<u>150,316</u>	<u>639</u>	<u>150,955</u>
	<u>\$ 617,108</u>	<u>10,547</u>	<u>627,655</u>

Other Long-Term Debt

Liabilities for claims and judgments, landfill closure and post-closure care costs, pollution remediation obligations and litigation are liquidated through future budgetary appropriations in the General Fund. The liabilities for compensated absences, other postemployment benefits payable and claims specific to workman's compensation are typically liquidated through future budgetary appropriation in the General Fund, Town Outside Village, Highway Fund, Refuse and Garbage Funds and all other funds that gave rise to the liability.

(g) Retirement System

Plan Description

The Town of Brookhaven participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. 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 sole trustee and administrative head of the System. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds.

A publicly available annual report containing financial statements and required supplemental information for the System may be obtained by writing to the New York State Retirement System, Governor Smith State Building, Albany, New York 12244.

TOWN OF BROOKHAVEN

Notes to Financial Statements, Continued

(7) Detailed Notes on All Funds, Continued

(g) Retirement System, Continued

Funding Policy

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System on or after July 27, 1976, and who have less than ten years of membership or credited service with a retirement system under the provisions of article nineteen of the NYSRSSL. These employees are required to contribute 3% of their salary for the first ten years of membership. Employees who joined the system on or after January 1, 2010 are required to contribute 3% of their salary for their entire career. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

The required contributions, for the Town, for the current year and two preceding years were:

<u>Year ended</u>	<u>Annual required contribution</u>	<u>Reconciliation, miscellaneous adjustments and amortization</u>	<u>Total payment</u>
2011	\$ 6,950,544	1,149,760	8,100,304
2010	6,998,964	173,516	7,172,480
2009	5,047,576	243,801	5,291,377

The Town's contribution to the system was 100% of the contributions required each year.

Pursuant to Chapter 105 of the Laws of 2010, the New York State Legislature authorized local governments to make available a retirement incentive program with estimated total costs to the Town of \$4,728,974. The cost of the program is billed and paid over five years beginning in 2011 and will include interest at 5.0%. Future principal and interest payments to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending December 31, 2012	\$ 735,127	246,612	981,739
2013	790,261	191,477	981,738
2014	849,530	132,208	981,738
2015	<u>913,245</u>	<u>68,493</u>	<u>981,738</u>
	<u>\$ 3,288,163</u>	<u>638,790</u>	<u>3,926,953</u>

Chapter 57 of the Laws of 2010 of the State of New York was enacted that allows local employers to amortize a portion of their retirement bill for 10 years in accordance with the following stipulations:

- For State fiscal year 2010-11, the amount in excess of the graded rate of 9.5 percent of employees' covered pensionable salaries, with the first payment of those pension costs not due until the fiscal year succeeding that fiscal year in which the amortization was instituted.

TOWN OF BROOKHAVEN

Notes to Financial Statements, Continued

(7) Detailed Notes on All Funds, Continued

(g) Retirement System, Continued

Funding Policy, Continued

- For subsequent State fiscal years, the graded rate will increase or decrease by up to one percent depending on the gap between the increase or decrease in the System's average rate and the previous graded rate.
- For subsequent State fiscal years in which the Systems' average rates are lower than the graded rates, the employer will be required to pay the graded rate. Any additional contributions made will first be used to pay off existing amortizations, and then any excess will be deposited into a reserve account and will be used to offset future increases in contribution rates.

The law requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years when the local employer opts to participate in the program. The Town of Brookhaven did participate in this program in 2010 and recorded a liability of \$825,007 at December 31, 2010.

Future principal and interest payments to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending December 31, 2012	\$ 69,293	38,163	107,456
2013	72,757	34,699	107,456
2014	76,395	31,061	107,456
2015	80,215	27,241	107,456
2016	84,226	23,230	107,456
2017-2020	<u>381,175</u>	<u>48,689</u>	<u>429,864</u>
	<u>\$ 764,061</u>	<u>203,083</u>	<u>967,144</u>

The Town of Brookhaven also participated in this program in 2011 and has recorded an additional liability of \$1,975,459 at December 31, 2011.

Future principal and interest payments to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending December 31, 2012	\$ 166,455	74,080	240,535
2013	172,697	67,838	240,535
2014	179,173	61,361	240,534
2015	185,892	54,642	240,534
2016	192,863	47,672	240,535
2017-2020	<u>1,078,379</u>	<u>124,294</u>	<u>1,202,673</u>
	<u>\$ 1,975,459</u>	<u>429,887</u>	<u>2,405,346</u>

TOWN OF BROOKHAVEN

Notes to Financial Statements, Continued

(7) Detailed Notes on All Funds, Continued

(h) Other Postemployment Benefits

In the government-wide financial statements, the cost of other postemployment benefits (OPEB), 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. The Town recognizes the costs of OPEB in the year when the employee services are rendered, reports the recognized accumulated liability, and provides information useful in assessing potential demands on the Town's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing in 2007.

Plan Description

The Town, as a single-employer defined benefit OPEB plan, per its contract with employees, will pay the full premium costs for medical insurance coverage (currently provided through the New York State Empire Plan plus Enhancement) at retirement, provided the employee retired after January 1, 1992 and had been employed with the Town for at least five consecutive years and the retiree is at least 55 years of age. The retiree is also eligible for Medicare reimbursement in the amount of \$1,157 per year. The Town also will pay the full premium for \$10,000 life insurance coverage for retirees who retire on or after January 1, 1977. Healthcare benefits for non-union employees are similar to those of union employees and the contracts will be renegotiated at various times in the future. Upon the death of a retiree who retired after January 1, 2001, the Town will only continue health insurance for the non-remarried spouse and dependents of the employee provided that the employee was eligible to receive a pension from the New York State Retirement System.

As of January 1, 2011, the effective date of the most recent OPEB valuation, there is a total of 1,566 participants which includes 825 active employees and 741 retired employees. There have been no significant changes in the number of employees or the type of coverage since that date.

Funding Policy

The Town currently pays for OPEB on a pay-as-you-go basis. GASB 45 does not require that the unfunded liability actually be funded, only that the unfunded accrued liability is accounted for and in compliance in meeting its Annual Required Contribution (ARC). However, if the liability is funded, assets must be transferred to a qualifying irrevocable trust or equivalent arrangement for the exclusive benefit of plan members and must be protected from creditors. At this time, there is no New York State statute providing local governments with the requisite authority for establishing a postemployment benefit trust. Therefore, these financial statements are presented on a pay-as-you-go basis until a funding mechanism is authorized for Municipalities by New York State statute.

TOWN OF BROOKHAVEN

Notes to Financial Statements, Continued

(7) Detailed Notes on All Funds, Continued

(h) Other Postemployment Benefits, Continued

Annual Other Postemployment Benefit Cost

For the year ended December 31, 2011, the Town's annual OPEB cost (expenses) was \$23,792,171. Considering the annual expense as well as the payment of current health insurance premiums, which totaled \$7,405,075 for retirees and their beneficiaries, the result was an increase in the other postemployment benefits liability of \$16,387,096 for the year ended December 31, 2011.

	<u>Governmental activities</u>
Retired employees	\$ 159,926,906
Active employees	<u>121,558,420</u>
Unfunded actuarial accrued liability	\$ <u>281,485,326</u>

The Town's annual OPEB cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Level Percentage of Projected Pay Amortization Calculation of ARC under the Entry Age Method

The following table shows the components of the Town's OPEB liability:

	<u>Governmental activities</u>
Normal cost	\$ 10,725,021
Amortization of unfunded actuarial liability (UAAL)	12,768,409
Interest	<u>791,636</u>
Annual required contribution (ARC)	24,285,066
Interest on net OPEB obligations	2,747,750
Adjustment to ARC	<u>(3,240,645)</u>
OPEB cost	23,792,171
Less: contribution for year ended December 31, 2011	<u>7,405,075</u>
Increase in other postemployment benefits liability	16,387,096
Other postemployment benefits liability at December 31, 2010	<u>68,693,750</u>
Other postemployment benefits liability at December 31, 2011	\$ <u>85,080,846</u>
Percentage of annual OPEB cost contributed	<u>31.12%</u>

TOWN OF BROOKHAVEN

Notes to Financial Statements, Continued

(7) Detailed Notes on All Funds, Continued

(h) Other Postemployment Benefits, Continued

Level Percentage of Projected Pay Amortization Calculation of ARC under the Entry Age Method, Continued

The percentage contributed for the current year and two preceding years were:

<u>Year ended</u>	<u>Annual OPEB cost</u>	<u>Percentage contributed</u>	<u>Net OPEB obligation</u>
2011	\$ 23,792,171	31.12%	85,080,846
2010	23,374,394	30.52%	68,693,750
2009	23,388,342	26.70%	51,759,238

The funded status of the plan as of January 1, 2011 (the date of the most recent valuation) is as follows:

<u>Actuarial valuation date</u>	<u>Actuarial value of assets</u>	<u>Actuarial accrued liability</u>	<u>Unfunded actuarial accrued liability</u>	<u>Funded ratio</u>	<u>Covered payroll</u>	<u>UAAL as a percentage of covered payroll</u>
2011	\$ -	281,485,326	281,485,326	0.00%	71,184,105	395.43%
2010	-	276,178,398	276,178,398	0.00%	77,336,149	357.11%
2009	-	260,185,460	260,185,460	0.00%	64,918,739	400.78%

The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, present multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

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 smooth the effects of short-term conditions in the actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

TOWN OF BROOKHAVEN

Notes to Financial Statements, Continued

(7) Detailed Notes on All Funds, Continued

(h) Other Postemployment Benefits, Continued

Actuarial Methods and Assumptions, Continued

In the January 1, 2011 actuarial valuation, the liabilities were computed using the entry age normal method and level percentage of projected payroll of active plan members on a closed basis. The actuarial assumptions utilized a 2% inflation rate, a 4.0% interest rate and a 2.5% payroll growth rate. The valuation assumes an 8-10% healthcare cost trend increase for the year ended 2011 and reduced decrements to a rate of 5% after six years. The remaining closed amortization period at December 31, 2011 was approximately twenty-five years.

(i) Compensated Absences

Town employees are granted vacation and sick leave and earn compensatory absences in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation, sick leave, and unused compensatory absences at various rates subject to certain maximum limitations.

Estimated vacation, sick leave and compensatory absences accumulated by governmental fund type employees have been recorded in the statements of net assets. Payment of vacation time and sick leave is dependent upon many factors; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payments of vacation, sick leave and compensatory absences when such payments become due. As of December 31, 2011, the value of the accumulated vacation time, sick leave and compensatory absences was \$21,358,796.

(8) Risk Management

In common with other municipalities, the Town receives numerous notices of claims. The Town self insures for general and auto liability up to a maximum of \$1,000,000 per claim. Claims in excess of \$1,000,000 are covered under a commercial casualty policy for \$10,000,000 in aggregate for general liability, automobile liability each occurrence and public officials/employment practices liability aggregate. The Town also has an excess liability policy providing an additional \$25,000,000 in excess of the \$10,000,000.

The Town also self-insures for workers' compensation insurance. The Town has provided an umbrella type policy protecting against catastrophic workers' compensation losses up to \$50,000,000 per occurrence with \$750,000 retention for each loss.

There have been no significant reductions in insurance coverage as compared to the prior year, and there were no settlements in excess of insurance coverage over the last three years.

Although the eventual outcome of these claims cannot presently be determined, the Town has estimated unsettled claims and litigation as of December 31, 2011 to be \$16,859,588. As of December 31, 2011, the Town is of the opinion that the ultimate settlement of the outstanding claims will not result in a material adverse effect on the Town's financial position.

TOWN OF BROOKHAVEN

Notes to Financial Statements, Continued

(8) Risk Management, Continued

The Town estimates its liability for workers' compensation and general liability and automobile claims by consulting with legal counsel and past experience with similar claims. Claim liabilities also include specific, incremental claim adjustment expenses. As of December 31, 2011, the Town has not purchased any annuity contracts with regard to its workers' compensation or general liability claims. The schedule below presents the changes in claims liabilities for the past two years for workers' compensation and general and auto liability.

	<u>Workers' compensation</u>		<u>General and auto liability</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Unpaid claims and claim adjustment expenditures at the beginning of the year	\$ 11,172,496	10,586,665	5,748,933	1,796,086
Provision for insured events of the current year and changes in provision for insured events of prior years	3,521,083	4,554,687	1,433,317	5,402,922
Less claims and claim adjustment expenditures attributable to insured events of the current and prior years	<u>3,222,741</u>	<u>3,968,856</u>	<u>1,793,500</u>	<u>1,450,075</u>
Total unpaid claims and claim adjustment expenditures at the end of the year	\$ <u>11,470,838</u>	<u>11,172,496</u>	<u>5,388,750</u>	<u>5,748,933</u>
Current portion	3,308,798	4,090,565	993,105	477,188
Long-term portion	<u>8,162,040</u>	<u>7,081,931</u>	<u>4,395,645</u>	<u>5,271,745</u>
Total	\$ <u>11,470,838</u>	<u>11,172,496</u>	<u>5,388,750</u>	<u>5,748,933</u>

(9) Litigation

(a) Zoning Litigation

The Town is involved in a protracted lawsuit regarding the re-zoning of two vacant land parcels from J-2 Business to B-1 Residential which have resulted in numerous motions, two trials, and various appeals, including the reversal of one of the trials. On May 7, 2010, a judgment was entered against the Town in the amount of \$6,425,752. A notice of appeal has been filed and the Town believes that the outcome will not have a materially adverse effect on the financial condition of the Town.

TOWN OF BROOKHAVEN

Notes to Financial Statements, Continued

(9) Litigation, Continued

(a) Zoning Litigation, Continued

At December 31, 2011, there were numerous claims by taxpayers' requesting a revision of assessed valuations (certiorari proceedings) for assessments through 2011. These claims are the result of petitioners' complaints that their assessed property valuations are improper in that they represent overvaluation and unequal treatment. Under the Suffolk County Tax Act and the New York State Real Property Tax Law, any court ordered reductions to petitioners' assessments which result in a refund of prior years' taxes are paid by Suffolk County (the County), and charged back to the taxpayers of the Town in ensuing years. Reductions in petitioners' assessments will reduce the available property base upon which future tax levies are made. The ultimate outcome of these cannot be determined at this time.

(c) Other Litigation

The Town is subject to a number of other lawsuits in the ordinary conduct of its affairs. The Town does not believe however, that such other suits, individually or in the aggregate, are likely to have a materially adverse effect on the financial condition of the Town. The Town has determined that in recent years all litigation against the Town has been settled within budgetary appropriates for such purposes, and within available insurance coverages. The Town self-insures the first \$1.0 million dollars for any loss and maintains an excess policy of \$10.0 million dollars and a further excess policy of \$25.0 million dollars over and above the first \$10.0 million dollars of excess coverage. There are a number of pending lawsuits seeking monetary damages against the Town that have been referred to and are being handled by the Town's insurance carriers.

(10) Landfill Closure and Post-Closure Costs

State and federal laws and regulations require the Town to place a final cover on its landfill sites when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that each landfill stops accepting waste, the Town is required by GASB Statement No. 18, "Accounting for Municipal Solid Waste Landfill Closure and Post-Closure Care Costs" to report a portion of these closure and post closure care costs as an operating expense in each period based on the landfill capacity used as of each balance sheet date. The estimated liability for landfill closure and post-closure care costs has a balance of \$26,672,655 as of December 31, 2011, which is based on 100% of capacity of the landfill for cells one through five and approximately 30% for cell six. Cells one through five were closed and capped in previous years. It is estimated that an additional \$42,500,000 will be recognized as closure and post closure care expenses between the date of the balance sheet and the date the landfill is expected to be filled to capacity. The estimated remaining life of the landfill is 17 years. The estimated total current costs of the closure and post-closure care costs is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor and maintain the landfill were acquired as of December 31, 2011.

TOWN OF BROOKHAVEN

Notes to Financial Statements, Continued

(10) Landfill Closure and Post-Closure Costs, Continued

However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. The majority of the closure and post-closure care costs will be funded through the issuance of bonds and surplus earnings in the general fund.

(11) Construction and Other Capital Acquisition Commitments

Construction in progress, commitments for equipment purchases and other capital acquisition commitments amounting to \$1,731,569 have been recorded as encumbrances in the capital projects fund.

(12) Letter of Credit

As a requirement under its insurance policy, the Town has an outstanding standby letter of credit with a bank in the amount of \$50,000 as of December 31, 2011.

(13) Pollution Remediation Obligations

The Town's policy is to estimate the components of expected pollution remediation outlays and determine whether outlays for those components should be accrued as a liability or, if appropriate, capitalized when goods and services are acquired.

Obligating events include the following:

The Town:

- Is compelled to take remediation action because of imminent endangerment
- Violates a pollution related permit or license
- Is named or will be named as a responsible party or potentially responsible party for a remediation
- Is named, or will be named in a lawsuit to compel pollution remediation
- Commences or obligates itself to remediate pollution

Pollution remediation activity includes costs relating to removing contaminants in ground water resulting from landfill leachate runoff into the ground water. The estimated liability includes costs for draining the contaminated pond water, lining the pond and refilling it. At December 31, 2011, the Town has recorded a pollution remediation obligation of \$1,023,820 of which \$523,820 is estimated to be due within one year and \$500,000 due thereafter. The liability was based on responses received by the Town in connection with performing the necessary remedial work. During the course of any of the Town's pollution remediation projects, additional information found through soil/water sampling could adversely affect the duration and cost if additional contaminants are found. Actual costs may vary due to inflation or deflation, changes in technology, or changes in regulations or applicable laws.

TOWN OF BROOKHAVEN

Notes to Financial Statements, Continued

(14) Trash for Ash

On August 30, 2009, the Town of Brookhaven entered into a 5 year, 4 month waste disposal contract with the Covanta Hempstead Company. Under this contract the fees are based on a rate-per ton basis and the Town will dispose of approximately 200,000 tons of municipal solid waste which will be incinerated at the Covanta Waste Facility located in the Town of Hempstead. As part of this agreement the Town of Brookhaven will also receive approximately 230,000 tons of ash at the Town's landfill.

(15) Lease Commitments and Leased Assets

Operating Leases

The Town leases real property and equipment under various leases. Total rental expenditures for all funds for these leases, with the exception of those of the Highway Funds, were approximately \$266,364 for the year ended December 31, 2011. Total rental expenditures for the Highway Funds were approximately \$6,282,192 for the year ended December 31, 2011. Minimum future rental commitments under non-cancelable leases are not material as most leases operate on a month-to-month basis or for a period of one year or less.

(16) Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

(17) Length of Service Award Program

The Town of Brookhaven sponsors various Volunteer Ambulance Workers' Service Award Programs (the Plans); East Moriches, Manorville, Mastic Beach, Shirley, Medford, South Country, and Mastic. All plans are single-employer defined benefit plans covering the Town's volunteer ambulance workers. The Plans are administered by Penflex, Inc. with all provisions and amendments subject to approval of the Town Council. None of the service award programs issue separate audited reports.

The Plans are established under New York State Law, Article 1 1AAA. The Plans are non-contributory and the Town is required to contribute to the plan trust the total amount sufficient to cover the normal cost of the plan.

TOWN OF BROOKHAVEN

Notes to Financial Statements, Continued

(17) Length of Service Award Program, Continued

Any volunteer ambulance worker who is eighteen and has provided one year of service is eligible to participate. The ambulance worker who has completed five years of ambulance service and attains age 65 is eligible for normal retirement benefits. The amount of the retirement income payable to a volunteer ambulance worker eligible for normal retirement benefits is equal to \$240 multiplied by the total years of service, which is not to exceed 40 years. The benefits to ambulance workers are limited to the available assets of the Trust.

Contributions are determined based on an annual actuarial calculation. The required contribution for the Plans consists of two components. The first component is the annual prior service cost which equals the level annual payment required to fund over the prior service funding period, the portion of the current participants' projected benefits at entitlement age which is based on the service credit ambulance workers earned before the effective date of the Service Award Program. The second component is the "normal cost," which is equal to the level annual payment required to fund the portion of the current participants' projected benefits based on their service credit earned after the effective date of the service award program. An actuarial valuation as of December 31, 2011 has not yet been completed. Other information is not available.

Total assets available for service award program benefits totaled \$3,392,919 at December 31, 2011 and trustee and administrative expenses totaled \$37,750 for the year ended December 31, 2011.

(18) Subsequent Events

In June 2012, the Town closed on a permanent financing arrangement with the New York State Environmental Facilities (NYS EFC) in the amount of \$5,712,938. This borrowing redeemed the short term NYS EFC note of the Town with approximately 50% of the total short term obligation forgiven by a grant funded under the American Recovery and Reinvestment Act.

During 2011, the Town sustained significant storm related damage from Hurricane Irene and subsequently applied to the Federal Emergency Management Association (FEMA) for reimbursement of eligible costs. In June 2012, certain projects were deemed eligible for reimbursement by FEMA with recoverable costs associated with the damages amounting to approximately \$5,000,000.

Required Supplementary Information Other Than Management's Discussion and Analysis

Schedules of Revenue, Expenditures and Changes in Fund Balance -
Budget and Actual

Major Governmental Funds and Schedules

Notes to Required Supplementary Information

The budgets are adopted on a basis of accounting consistent with GAAP. In the event that actual revenues received exceed budgeted amounts, additional budgetary appropriations are made. The Capital Projects and Special Grant Funds are budgeted on a project or grant basis. The Reserve Escrow Funds, the Sidewalk Districts and certain individual districts within the Ambulance, Fire Protection, and Water Districts do not have annually adopted budgets.

TOWN OF BROOKHAVEN
General Fund
Schedule of Revenue, Expenditures and Changes in
Fund Balance - Budget and Actual
For the year ended December 31, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenue:				
Real property taxes - ad valorem taxes	\$ 20,757,600	20,757,600	20,757,600	-
Other real property tax items:				
Payment in lieu of taxes	170,000	170,000	361,058	191,058
Interest and penalties on real property taxes	850,000	850,000	726,446	(123,554)
Total other real property tax items	<u>1,020,000</u>	<u>1,020,000</u>	<u>1,087,504</u>	<u>67,504</u>
Non-property tax items - franchise taxes	<u>7,331,995</u>	<u>7,331,995</u>	<u>7,443,825</u>	<u>111,830</u>
Departmental income:				
Assessor's fees	90,000	90,000	132,299	42,299
Town clerk fees	30,750	30,750	34,702	3,952
Attorney fees	3,200	3,200	5,656	2,456
Other general departmental income	-	3,900	6,850	2,950
Public pound charges	36,000	36,000	35,819	(181)
Other public safety	24,500	37,265	29,730	(7,535)
Programs for the aging	394,951	394,951	310,697	(84,254)
Park and recreational charges	283,950	283,950	180,318	(103,632)
Recreation concessions	85,000	85,000	116,309	31,309
Special recreational facility charges	2,813,925	2,828,890	2,532,076	(296,814)
Youth programs	1,906,403	1,873,696	1,906,310	32,614
Other culture and recreation	75,000	75,000	51,337	(23,663)
Landfill and recycling charges	53,258,004	54,203,732	57,110,472	2,906,740
Zoning fees	449,500	449,500	91,305	(358,195)
Environmental conservation	75,000	1,241,189	2,536,137	1,294,948
Other home and community	2,500	2,500	2,299	(201)
Total departmental income	<u>59,528,683</u>	<u>61,639,523</u>	<u>65,082,316</u>	<u>3,442,793</u>
Use of money and property:				
Interest and earnings on investments	640,500	640,500	185,557	(454,943)
Rental of real property	1,630,800	1,630,800	1,746,999	116,199
Rental of equipment	266,364	266,364	274,733	8,369
Total use of money and property	<u>2,537,664</u>	<u>2,537,664</u>	<u>2,207,289</u>	<u>(330,375)</u>
Licenses and permits:				
Business and occupational licenses	95,610	95,610	110,585	14,975
Games of chance	600	600	475	(125)
Bingo license	60,000	60,000	49,506	(10,494)
Dog licenses	16,000	16,000	37,248	21,248
Other licenses and permits	227,350	227,350	243,560	16,210
Total licenses and permits	<u>399,560</u>	<u>399,560</u>	<u>441,374</u>	<u>41,814</u>

(Continued)

TOWN OF BROOKHAVEN
General Fund
Schedule of Revenue, Expenditures and Changes in
Fund Balance - Budget and Actual, Continued

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenue, Continued:				
Fine and forfeitures:				
Fines and forfeited bail	\$ 939,000	939,000	1,888,739	949,739
Abandoned car storage and redemption	165,000	165,000	202,496	37,496
Abandoned car auctions	45,000	45,000	87,458	42,458
Total fines and forfeitures	<u>1,149,000</u>	<u>1,149,000</u>	<u>2,178,693</u>	<u>1,029,693</u>
Sale of property and compensation for loss:				
Sales, recycling	87,000	87,000	52,341	(34,659)
Sales, other	537,500	537,500	40,463	(497,037)
Sales of equipment	50,000	50,000	1,098	(48,902)
Insurance recoveries	20,000	20,000	261,256	241,256
Other compensation for loss	1,235,294	1,235,294	1,235,294	-
Total sale of property and compensation for loss	<u>1,929,794</u>	<u>1,929,794</u>	<u>1,590,452</u>	<u>(339,342)</u>
Miscellaneous local sources:				
Refunds of prior year expenditures	-	-	299,153	299,153
Grants from local governments	-	5,000	6,000	1,000
Gifts and donations	-	1,183	1,713	530
Other miscellaneous revenue	23,000	83,870	128,353	44,483
Total miscellaneous local sources	<u>23,000</u>	<u>90,053</u>	<u>435,219</u>	<u>345,166</u>
Interfund revenue	<u>5,372,736</u>	<u>4,944,856</u>	<u>3,986,362</u>	<u>(958,494)</u>
State aid:				
Mortgage tax	10,000,000	10,000,000	9,474,334	(525,666)
Nutrition program for the aging	171,532	171,532	170,112	(1,420)
Other state aid	125,000	110,000	33	(109,967)
Total state aid	<u>10,296,532</u>	<u>10,281,532</u>	<u>9,644,479</u>	<u>(637,053)</u>
Federal aid - other	<u>199,145</u>	<u>249,740</u>	<u>286,150</u>	<u>36,410</u>
Total revenue	<u>\$ 110,545,709</u>	<u>112,331,317</u>	<u>115,141,263</u>	<u>2,809,946</u>

(Continued)

TOWN OF BROOKHAVEN
General Fund
Schedule of Revenue, Expenditures and Changes in
Fund Balance - Budget and Actual, Continued

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Expenditures current:				
General government support:				
Town council	\$ 1,397,791	1,335,201	1,312,721	22,480
Supervisor	781,947	768,760	738,342	30,418
Management and research	591,585	597,702	581,619	16,083
Comptroller	1,984,718	1,986,917	1,804,705	182,212
Tax receiver	1,106,444	1,098,208	1,018,811	79,397
Purchasing	809,498	678,165	666,974	11,191
Assessor	2,187,332	2,139,369	2,098,347	41,022
Town clerk	1,264,845	1,281,618	1,142,323	139,295
Town attorney	3,918,579	3,703,316	3,402,596	300,720
Personnel	660,695	611,894	596,797	15,097
Town engineer	153,263	153,621	153,604	17
Board of ethics	29,339	19,339	13,156	6,183
Buildings and grounds	3,640,511	3,654,353	3,653,557	796
Vehicle control	-	14,843	14,843	-
Central reproduction and mailing	996,388	880,155	875,986	4,169
Information technology	3,213,151	3,193,767	2,981,875	211,892
Unallocated insurance and claims and judgments	3,445,100	5,044,025	5,448,163	(404,138)
Other general government support	2,397,341	3,178,403	3,072,387	106,016
Total general government support	<u>28,578,527</u>	<u>30,339,656</u>	<u>29,576,806</u>	<u>762,850</u>
Public safety:				
Public safety administration	1,790,203	1,959,069	1,938,553	20,516
Traffic safety	2,246,950	2,173,742	2,081,048	92,694
Parking violations bureau	105,682	114,974	111,481	3,493
Animal shelter	1,817,428	1,640,066	1,582,017	58,049
Homeland security	83,365	83,365	83,365	-
Harbors and waterways	586,997	542,753	531,966	10,787
Total public safety	<u>6,630,625</u>	<u>6,513,969</u>	<u>6,328,430</u>	<u>185,539</u>
Transportation:				
Highway administration	196,878	196,878	196,597	281
Airport	59,427	132,932	45,192	87,740
Total transportation	<u>256,305</u>	<u>329,810</u>	<u>241,789</u>	<u>88,021</u>
Economic assistance and opportunity				
Economic development	248,888	244,983	219,596	25,387
Veterans services	125,000	125,000	38,269	86,731
Programs for the aging	1,485,686	1,251,398	977,058	274,340
Total economic assistance and opportunity	<u>1,859,574</u>	<u>1,621,381</u>	<u>1,234,923</u>	<u>386,458</u>

(Continued)

TOWN OF BROOKHAVEN
General Fund
Schedule of Revenue, Expenditures and Changes in
Fund Balance - Budget and Actual, Continued

	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance with</u> <u>Final Budget</u>
Expenditures current, Continued:				
Culture and recreation:				
Council of the arts	\$ 45,680	25,668	24,735	933
Parks and recreation administration	922,531	819,166	811,058	8,108
Parks division	8,085,686	8,828,752	8,820,207	8,545
Recreation centers	532,648	455,594	438,040	17,554
Beaches and pools facilities	1,366,299	1,523,575	1,494,774	28,801
Marina and dock facilities	820,475	875,072	868,778	6,294
Concert programs	179,808	132,358	119,892	12,466
Youth bureau	2,820,941	2,473,208	2,438,903	34,305
Historian	37,266	39,866	39,295	571
Adult recreation programs	181,018	181,018	171,113	9,905
Ecology center	850,592	922,390	899,903	22,487
Programs for the disabled	186,335	192,040	176,735	15,305
Total culture and recreation	<u>16,029,279</u>	<u>16,468,707</u>	<u>16,303,433</u>	<u>165,274</u>
Home and community services:				
Environmental protection	1,206,201	1,073,049	990,701	82,348
Energy sustainability	59,423	2,840,089	2,521,814	318,275
Refuse and garbage	13,833,997	13,902,283	13,524,434	377,849
Community development administration	287,292	287,292	236,010	51,282
Women services	232,199	201,807	187,201	14,606
Land management	72,837	72,837	70,957	1,880
Senior citizen services and programs	578,810	614,404	453,304	161,100
Flood and erosion control	652,478	781,887	736,687	45,200
Total home and community services	<u>16,923,237</u>	<u>19,773,648</u>	<u>18,721,108</u>	<u>1,052,540</u>
Employee benefits:				
Retirement system	4,081,967	4,590,608	4,590,608	-
Social security	3,304,870	3,289,794	3,289,794	-
Workers' compensation	2,882,000	2,364,464	2,254,314	110,150
Life insurance	133,000	145,391	145,391	-
Unemployment benefits	670,000	384,800	384,764	36
Disability benefits	27,000	27,000	21,594	5,406
Hospital, medical and dental	12,051,950	12,138,440	12,138,013	427
Other employee benefits	866,465	1,386,895	1,361,859	25,036
Total employee benefits	<u>24,017,252</u>	<u>24,327,392</u>	<u>24,186,337</u>	<u>141,055</u>

(Continued)

TOWN OF BROOKHAVEN
General Fund
Schedule of Revenue, Expenditures and Changes in
Fund Balance - Budget and Actual, Continued

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Expenditures current, Continued:				
Debt service - debt interest - installment purchase debt	\$ -	344,427	344,427	-
Total expenditures	<u>94,294,799</u>	<u>99,718,990</u>	<u>96,937,253</u>	<u>2,781,737</u>
Excess of revenue over expenditures	<u>16,250,910</u>	<u>12,612,327</u>	<u>18,204,010</u>	<u>5,591,683</u>
Other financing sources (uses):				
Transfers in	142,846	1,904,737	4,359,623	2,454,886
Premium and accrued interest on obligations	-	33,499	33,499	-
Transfers out	<u>(30,369,595)</u>	<u>(30,478,749)</u>	<u>(30,418,041)</u>	<u>60,708</u>
Total other financing sources (uses)	<u>(30,226,749)</u>	<u>(28,540,513)</u>	<u>(26,024,919)</u>	<u>2,515,594</u>
Net change in fund balance	<u>\$ (13,975,839)</u>	<u>(15,928,186)</u>	(7,820,909)	<u>8,107,277</u>
Fund balance at beginning of year			<u>56,844,477</u>	
Fund balance at end of year			<u>\$ 49,023,568</u>	

TOWN OF BROOKHAVEN
Town Outside Village
Schedule of Revenue, Expenditures and Changes in
Fund Balance - Budget and Actual
For the year ended December 31, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenue:				
Real property taxes - ad valorem taxes	\$ 5,652,416	5,652,416	5,652,416	-
Other real property tax items:				
Payment in lieu of taxes	-	-	10,861	10,861
Interest and penalties on real property taxes	<u>8,000</u>	<u>8,000</u>	<u>565</u>	<u>(7,435)</u>
Total other real property tax items	<u>8,000</u>	<u>8,000</u>	<u>11,426</u>	<u>3,426</u>
Departmental income:				
Zoning fees	580,000	580,000	680,104	100,104
Planning division fees	2,984,900	2,897,900	3,035,789	137,889
Other home and community	<u>1,898,000</u>	<u>2,063,000</u>	<u>2,259,043</u>	<u>196,043</u>
Total departmental income	<u>5,462,900</u>	<u>5,540,900</u>	<u>5,974,936</u>	<u>434,036</u>
Use of money and property - interest and earnings on investments	<u>50,000</u>	<u>50,000</u>	<u>18,126</u>	<u>(31,874)</u>
Miscellaneous local sources - other	<u>61,000</u>	<u>61,000</u>	<u>78,302</u>	<u>17,302</u>
State aid - revenue sharing - per capita	<u>1,964,609</u>	<u>1,964,609</u>	<u>1,808,932</u>	<u>(155,677)</u>
Federal aid - other	<u>-</u>	<u>-</u>	<u>660</u>	<u>660</u>
Total revenue	<u>\$ 13,198,925</u>	<u>13,276,925</u>	<u>13,544,798</u>	<u>267,873</u>

(Continued)

TOWN OF BROOKHAVEN
Town Outside Village
Schedule of Revenue, Expenditures and Changes in
Fund Balance - Budget and Actual, Continued

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Expenditures:				
General government support:				
Comptroller	\$ -	73,892	73,892	-
Town engineer	577,557	577,557	572,962	4,595
Other general government support	<u>942,923</u>	<u>715,453</u>	<u>682,957</u>	<u>32,496</u>
Total general government support	<u>1,520,480</u>	<u>1,366,902</u>	<u>1,329,811</u>	<u>37,091</u>
Public safety:				
Buildings division	3,397,035	3,355,274	3,348,004	7,270
Fire marshals	<u>1,580,460</u>	<u>1,541,931</u>	<u>1,536,419</u>	<u>5,512</u>
Total public safety	<u>4,977,495</u>	<u>4,897,205</u>	<u>4,884,423</u>	<u>12,782</u>
Health - registrar of vital statistics	<u>243,348</u>	<u>243,349</u>	<u>242,108</u>	<u>1,241</u>
Home and community services:				
Zoning Board	652,035	649,114	620,133	28,981
Planning	2,634,670	2,447,518	2,370,656	76,862
Accessory apartment review board	<u>50,200</u>	<u>50,200</u>	<u>49,987</u>	<u>213</u>
Total home and community services	<u>3,336,905</u>	<u>3,146,832</u>	<u>3,040,776</u>	<u>106,056</u>
Employee benefits:				
Retirement system	817,741	932,637	932,637	-
Social security	649,548	624,044	620,986	3,058
Workers' compensation	204,000	130,883	137,978	(7,095)
Life insurance	23,400	27,090	27,090	-
Unemployment benefits	16,000	16,000	8,100	7,900
Disability benefits	5,300	5,300	4,393	907
Hospital, medical and dental	2,044,572	2,062,535	2,061,879	656
Other employee benefits	<u>203,871</u>	<u>262,827</u>	<u>262,827</u>	<u>-</u>
Total employee benefits	<u>3,964,432</u>	<u>4,061,316</u>	<u>4,055,890</u>	<u>5,426</u>
Debt service - interest - installment purchase debt	<u>-</u>	<u>-</u>	<u>3,376</u>	<u>(3,376)</u>
Total expenditures	<u>14,042,660</u>	<u>13,715,604</u>	<u>13,556,384</u>	<u>159,220</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(843,735)</u>	<u>(438,679)</u>	<u>(11,586)</u>	<u>427,093</u>
Other financing sources (uses):				
Transfers in	-	-	158,341	158,341
Transfers out	<u>(132,745)</u>	<u>(132,745)</u>	<u>(132,719)</u>	<u>26</u>
Total other financing sources (uses)	<u>(132,745)</u>	<u>(132,745)</u>	<u>25,622</u>	<u>158,367</u>
Net change in fund balance	<u>\$ (976,480)</u>	<u>(571,424)</u>	14,036	<u>585,460</u>
Fund balance at beginning of year			3,172,124	
Fund balance at end of year			<u>\$ 3,186,160</u>	

TOWN OF BROOKHAVEN
Highway Fund - Townwide
Schedule of Revenue, Expenditures and Changes in
Fund Balance - Budget and Actual
For the year ended December 31, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenue:				
Real property taxes - ad valorem taxes	\$ 14,355,880	14,355,880	14,355,880	-
Other real property tax items:				
Payment in lieu of taxes	60,000	60,000	288,371	228,371
Interest and penalties on real property taxes	20,000	20,000	1,435	(18,565)
Total other real property tax items	<u>80,000</u>	<u>80,000</u>	<u>289,806</u>	<u>209,806</u>
Departmental income - highway fees	-	-	414	414
Intergovernmental charges - highway services	<u>15,000</u>	<u>15,000</u>	<u>33,854</u>	<u>18,854</u>
Use of money and property - interest and earnings on investments	<u>50,000</u>	<u>50,000</u>	<u>22,989</u>	<u>(27,011)</u>
Sale of property and compensation for loss:				
Sales of equipment	-	-	30,951	30,951
Insurance recoveries	-	-	9,729	9,729
Total sale of property and compensation for loss	<u>-</u>	<u>-</u>	<u>40,680</u>	<u>40,680</u>
Miscellaneous revenue - refund prior year expenditures	-	-	4,121	4,121
Interfund revenue	-	-	1,478	1,478
State aid - emergency disaster assistance grant	-	-	3,299	3,299
Federal aid - other	-	-	26,430	26,430
Total revenue	<u>\$ 14,500,880</u>	<u>14,500,880</u>	<u>14,778,951</u>	<u>278,071</u>

(Continued)

TOWN OF BROOKHAVEN
Highway Fund - Townwide
Schedule of Revenue, Expenditures and Changes in
Fund Balance - Budget and Actual, Continued

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Expenditures:				
Transportation:				
Machinery - highway	\$ 3,785,061	3,741,565	3,433,367	308,198
Snow removal	3,245,116	7,631,001	7,584,588	46,413
Miscellaneous highway items	<u>2,419,240</u>	<u>2,462,999</u>	<u>2,355,168</u>	<u>107,831</u>
Total transportation	<u>9,449,417</u>	<u>13,835,565</u>	<u>13,373,123</u>	<u>462,442</u>
Employee benefits:				
Retirement system	325,266	446,253	446,253	-
Social security	256,365	263,641	263,641	-
Workers' compensation	180,000	214,243	65,329	148,914
Life insurance	11,000	11,805	11,805	-
Unemployment benefits	115,300	69,915	608	69,307
Disability benefits	3,000	3,000	1,693	1,307
Hospital, medical and dental	1,125,010	1,158,991	1,141,495	17,496
Other employee benefits	<u>192,395</u>	<u>74,391</u>	<u>72,520</u>	<u>1,871</u>
Total employee benefits	<u>2,208,336</u>	<u>2,242,239</u>	<u>2,003,344</u>	<u>238,895</u>
Debt service - budget note	<u>2,313,000</u>	<u>2,313,000</u>	<u>12,190</u>	<u>2,300,810</u>
Total expenditures	<u>13,970,753</u>	<u>18,390,804</u>	<u>15,388,657</u>	<u>3,002,147</u>
Excess of revenue over expenditures	<u>530,127</u>	<u>(3,889,924)</u>	<u>(609,706)</u>	<u>3,280,218</u>
Other financing sources (uses) - transfers out - debt service fund	<u>(270,040)</u>	<u>(270,040)</u>	<u>(270,040)</u>	<u>-</u>
Net change in fund balance	<u>\$ 260,087</u>	<u>(4,159,964)</u>	<u>(879,746)</u>	<u>3,280,218</u>
Fund balance at beginning of year			<u>(2,157,103)</u>	
Fund balance at end of year			<u>\$ (3,036,849)</u>	

TOWN OF BROOKHAVEN
Highway - Town Outside Village
Schedule of Revenue, Expenditures and Changes in
Fund Balance - Budget and Actual
For the year ended December 31, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenue:				
Real property taxes - ad valorem taxes	\$ 46,365,445	46,365,445	46,365,445	-
Other real property tax items:				
Payment in lieu of taxes	130,000	130,000	473,069	343,069
Interest and penalties on real property taxes	50,000	50,000	4,633	(45,367)
Total other real property tax items	<u>180,000</u>	<u>180,000</u>	<u>477,702</u>	<u>297,702</u>
Departmental income - highway fees	-	-	25,273	25,273
Intergovernmental charges - highway services	-	-	31,167	31,167
Use of money and property - interest and earnings on investments	175,000	175,000	97,518	(77,482)
Licenses and permits- other	130,000	130,000	174,519	44,519
Sale of property and compensation for loss - insurance recoveries	-	-	1,351	1,351
Miscellaneous revenue - refund prior year expenditures	-	-	311,316	311,316
Interfund revenue	100,000	100,000	216,676	116,676
State aid:				
Consolidated highway aid	2,812,934	2,812,934	2,828,314	15,380
Emergency disaster assistance grant	-	-	12,661	12,661
Total state aid	<u>2,812,934</u>	<u>2,812,934</u>	<u>2,840,975</u>	<u>28,041</u>
Federal aid:				
Emergency disaster assistance grant	-	-	320,926	320,926
Other federal aid	-	-	75,965	75,965
Total federal aid	<u>-</u>	<u>-</u>	<u>396,891</u>	<u>396,891</u>
Total revenue	<u>49,763,379</u>	<u>49,763,379</u>	<u>50,938,833</u>	<u>1,175,454</u>

(Continued)

TOWN OF BROOKHAVEN
Highway - Town Outside Village
Schedule of Revenue, Expenditures and Changes in
Fund Balance - Budget and Actual, Continued

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with <u>Final Budget</u>
Expenditures:				
Transportation:				
General highway repairs	\$21,902,188	22,340,227	21,208,617	1,131,610
Permanent improvements	<u>4,112,934</u>	<u>3,457,059</u>	<u>2,217,111</u>	<u>1,239,948</u>
Total transportation	<u>26,015,122</u>	<u>25,797,286</u>	<u>23,425,728</u>	<u>2,371,558</u>
Employee benefits:				
Retirement system	1,301,673	1,580,306	1,580,306	-
Social security	1,026,109	1,079,738	1,080,154	(416)
Workers' compensation	861,000	861,000	311,735	549,265
Life insurance	50,700	58,469	58,469	-
Unemployment benefits	147,420	147,420	11,708	135,712
Disability benefits	8,000	8,000	6,635	1,365
Hospital, medical and dental	4,445,584	5,140,396	5,112,279	28,117
Other employee benefits	<u>753,605</u>	<u>635,032</u>	<u>480,773</u>	<u>154,259</u>
Total employee benefits	<u>8,594,091</u>	<u>9,510,361</u>	<u>8,642,059</u>	<u>868,302</u>
Debt service - debt interest - BAN	<u>-</u>	<u>216,027</u>	<u>216,027</u>	<u>-</u>
Total expenditures	<u>34,609,213</u>	<u>35,523,674</u>	<u>32,283,814</u>	<u>3,239,860</u>
Excess of revenue over expenditures	<u>15,154,166</u>	<u>14,239,705</u>	<u>18,655,019</u>	<u>4,415,314</u>
Other financing sources (uses):				
Transfers out	(18,758,793)	(17,886,628)	(17,919,485)	(32,857)
Premiums	-	-	33,638	33,638
Transfers in	<u>-</u>	<u>-</u>	<u>272,396</u>	<u>272,396</u>
Total other financing sources (uses)	<u>(18,758,793)</u>	<u>(17,886,628)</u>	<u>(17,613,451)</u>	<u>273,177</u>
Net change in fund balance	<u>\$ (3,604,627)</u>	<u>(3,646,923)</u>	1,041,568	<u>4,688,491</u>
Fund balance at beginning of year			<u>15,403,530</u>	
Fund balance at end of year			<u>\$16,445,098</u>	

TOWN OF BROOKHAVEN
 Refuse and Garbage
 Schedule of Revenue, Expenditures and Changes in
 Fund Balance - Budget and Actual
 For the year ended December 31, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenue:				
Real property taxes - ad valorem taxes	\$45,586,288	45,586,288	45,587,254	966
Other real property tax items - interest and penalties on real property taxes	<u>30,000</u>	<u>30,000</u>	<u>4,555</u>	<u>(25,445)</u>
Use of money and property - interest and earnings on investments	<u>80,000</u>	<u>80,000</u>	<u>69,392</u>	<u>(10,608)</u>
Fines and forfeited bail - abandoned car auctions	<u>10,000</u>	<u>10,000</u>	<u>27,670</u>	<u>17,670</u>
Sale of property and compensation for loss - sales, recycling	<u>100,000</u>	<u>100,000</u>	<u>11,491</u>	<u>(88,509)</u>
Total revenue	<u>45,806,288</u>	<u>45,806,288</u>	<u>45,700,362</u>	<u>(105,926)</u>
Expenditures:				
Home and community services - refuse and garbage	<u>45,094,754</u>	<u>45,045,060</u>	<u>43,129,913</u>	<u>1,915,147</u>
Employee benefits:				
Retirement system	135,206	130,428	128,929	1,499
Social security	112,091	108,243	96,111	12,132
Workers' compensation	15,000	15,000	-	15,000
Life insurance	5,000	5,000	3,304	1,696
Hospital, medical and dental	450,502	450,502	297,594	152,908
Other employee benefits	<u>79,982</u>	<u>79,812</u>	<u>24,795</u>	<u>55,017</u>
Total employee benefits	<u>797,781</u>	<u>788,985</u>	<u>550,733</u>	<u>238,252</u>
Total expenditures	<u>45,892,535</u>	<u>45,834,045</u>	<u>43,680,646</u>	<u>2,153,399</u>
Net change in fund balance	<u>\$ (86,247)</u>	<u>(27,757)</u>	2,019,716	<u>2,047,473</u>
Fund balance at beginning of year			<u>6,582,515</u>	
Fund balance at end of year			<u>\$8,602,231</u>	

TOWN OF BROOKHAVEN
Schedule of Funding Progress
For Other Postemployment Benefits (OPEB)
December 31, 2011

Actuarial Valuation <u>Date</u>	Actuarial Value <u>Assets</u>	Actuarial Accrued <u>Liability</u>	Unfunded <u>Liability</u>	Funded <u>Ratio</u>	Covered <u>Payroll</u>	Unfunded Liability as a Percentage of Covered <u>Payroll</u>
1/1/2011	\$ -	\$ 281,485,326	\$ 281,485,326	0.00%	\$ 71,498,121	393.70%
1/1/2009	-	260,185,460	260,185,460	0.00%	77,336,149	357.11%
1/1/2007	-	256,670,274	256,670,274	0.00%	64,918,739	400.78%

Other Supplementary Information

Combining and Individual Fund Statements of Revenue,
Expenditures and Changes in Fund Balance - Budget and Actual
Non-major Special Revenue Funds and Schedules

TOWN OF BROOKHAVEN

Combining Balance Sheet

Non-Major Governmental Funds

December 31, 2011

	Special Revenue Funds							Permanent Fund	Total
	Special Grants	Park Reserve Escrow	Highway Reserve Escrow	Drainage Reserve Escrow	Airport	Special Districts	West Meadow Beach Endowment		
<u>Assets</u>									
Cash and cash equivalents	\$ 3,606,839	63,675	1,079,828	131,232	161,068	10,465,910	-	15,508,552	
Cash - restricted	106,411	-	-	-	-	-	1,445,391	1,551,802	
Accounts receivable	847,119	5,370	-	-	16,076	6,921	-	875,486	
Prepaid charges	26,868	-	-	-	7,357	13,022	-	47,247	
Due from other funds	46,665	15,492	339,877	-	-	16,366	-	418,400	
Due from other governments	170,800	-	-	-	-	-	-	170,800	
Total assets	\$ 4,804,702	84,537	1,419,705	131,232	184,501	10,502,219	1,445,391	18,572,287	
<u>Liabilities</u>									
Accounts payable	270,399	-	-	-	3,961	759,158	85	1,033,603	
Accrued liabilities	39,715	-	-	-	11,077	77,815	-	128,607	
Deferred revenue	806,468	-	-	-	-	-	-	806,468	
Escrow deposits	106,411	-	-	-	-	-	-	106,411	
Due to other funds	17,266	-	-	18,152	-	231,676	-	267,094	
Due to other governments	-	-	-	-	126	37,591	-	37,717	
Total liabilities	1,240,259	-	-	18,152	15,164	1,106,240	85	2,379,900	
<u>Fund Balance</u>									
Nonspendable	26,868	-	-	-	7,357	13,022	1,442,463	1,489,710	
Restricted	3,537,575	-	-	-	-	366,168	2,843	3,906,586	
Assigned - appropriated	-	-	-	-	-	2,083,615	-	2,083,615	
Assigned - unappropriated	-	84,537	1,419,705	113,080	161,980	6,933,174	-	8,712,476	
Total fund balance	3,564,443	84,537	1,419,705	113,080	169,337	9,395,979	1,445,306	16,192,387	
Total liabilities and fund balance	\$ 4,804,702	84,537	1,419,705	131,232	184,501	10,502,219	1,445,391	18,572,287	

TOWN OF BROOKHAVEN
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balance
 Non-Major Governmental Funds
 For the Year Ended December 31, 2011

	Special Revenue Funds						Permanent Fund	Total
	Special Grants	Park Reserve Escrow	Highway Reserve Escrow	Drainage Reserve Escrow	Airport	Special Districts	West Meadow Beach Endowment	Non-major Governmental Funds
Revenue:								
Real property taxes	\$ -	-	-	-	-	21,709,952	-	21,709,952
Other real property tax items	-	-	-	-	-	121,084	-	121,084
Departmental income	180,991	65,155	342,037	-	177,792	94,074	-	860,049
Use of money and property	4,947	109	2,197	247	918	131,979	2,843	143,240
Miscellaneous local sources	29,769	-	-	-	-	29,493	382	59,644
Federal aid	12,938,570	-	-	-	-	43,469	-	12,982,039
Total revenue	<u>13,154,277</u>	<u>65,264</u>	<u>344,234</u>	<u>247</u>	<u>178,710</u>	<u>22,130,051</u>	<u>3,225</u>	<u>35,876,008</u>
Expenditures:								
General government support	-	-	-	-	-	2,363	-	2,363
Public safety	-	-	-	-	-	542,693	-	542,693
Transportation	-	-	-	-	259,787	5,169,006	-	5,428,793
Culture and recreation	-	-	-	-	-	60,357	8,206	68,563
Home and community services	12,314,123	-	-	-	-	1,870,498	-	14,184,621
Employee benefits	297,994	-	-	-	100,418	327,213	-	725,625
Health	-	-	-	-	-	9,900,204	-	9,900,204
Debt service - principal	-	-	-	-	-	19,000	-	19,000
Debt service - interest	-	-	-	-	796	167,722	-	168,518
Total expenditures	<u>12,612,117</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>361,001</u>	<u>18,059,056</u>	<u>8,206</u>	<u>31,040,380</u>
Excess of revenues over (under) expenditures	<u>542,160</u>	<u>65,264</u>	<u>344,234</u>	<u>247</u>	<u>(182,291)</u>	<u>4,070,995</u>	<u>(4,981)</u>	<u>4,835,628</u>
Other financing sources (uses):								
Transfers in	-	15,493	-	-	351,628	97,087	-	464,208
Transfers out	-	(225,000)	-	-	-	(4,006,633)	-	(4,231,633)
Net other financing sources (uses)	<u>-</u>	<u>(209,507)</u>	<u>-</u>	<u>-</u>	<u>351,628</u>	<u>(3,909,546)</u>	<u>-</u>	<u>(3,767,425)</u>
Net change in fund balance	<u>542,160</u>	<u>(144,243)</u>	<u>344,234</u>	<u>247</u>	<u>169,337</u>	<u>161,449</u>	<u>(4,981)</u>	<u>1,068,203</u>
Fund balance at beginning of period	<u>3,022,283</u>	<u>228,780</u>	<u>1,075,471</u>	<u>112,833</u>	<u>-</u>	<u>9,234,530</u>	<u>1,450,287</u>	<u>15,124,184</u>
Fund balance at end of period	<u>\$ 3,564,443</u>	<u>84,537</u>	<u>1,419,705</u>	<u>113,080</u>	<u>169,337</u>	<u>9,395,979</u>	<u>1,445,306</u>	<u>16,192,387</u>

TOWN OF BROOKHAVEN

Combining Balance Sheet

Non-Major Governmental Funds - Special District Funds

December 31, 2011

Special Revenue Funds

	Ambulance Districts	Dock Districts	Erosion Control Districts	Fire Protection Districts	Street Lighting Districts	Park Districts	Refuse and Garbage Districts	Sewer Districts	Sidewalk Districts	Water Districts	Totals
<u>Assets</u>											
Cash and cash equivalents	\$ 2,315,312	404,517	2,037,255	82,431	3,713,435	72,787	263,754	612,215	13,307	950,897	10,465,910
Accounts receivable	3,835	-	-	-	90	-	-	-	-	2,996	6,921
Prepaid charges	-	529	-	-	12,493	-	-	-	-	-	13,022
Due from other funds	-	-	-	-	16,366	-	-	-	-	-	16,366
Total assets	<u>\$ 2,319,147</u>	<u>405,046</u>	<u>2,037,255</u>	<u>82,431</u>	<u>3,742,384</u>	<u>72,787</u>	<u>263,754</u>	<u>612,215</u>	<u>13,307</u>	<u>953,893</u>	<u>10,502,219</u>
<u>Liabilities</u>											
Accounts payable	162,343	-	2,450	7,208	487,842	6,929	49,917	12,504	-	29,965	759,158
Accrued liabilities	65,000	345	-	-	12,470	-	-	-	-	-	77,815
Due to other funds	68,335	-	-	13,455	7,362	-	-	94,755	-	47,769	231,676
Due to other governments	37,528	-	-	-	63	-	-	-	-	-	37,591
Total liabilities	<u>333,206</u>	<u>345</u>	<u>2,450</u>	<u>20,663</u>	<u>507,737</u>	<u>6,929</u>	<u>49,917</u>	<u>107,259</u>	<u>-</u>	<u>77,734</u>	<u>1,106,240</u>
<u>Fund Balance</u>											
Nonspendable	-	529	-	-	12,493	-	-	-	-	-	13,022
Restricted	237,107	-	-	-	11,695	-	-	-	-	117,366	366,168
Assigned - appropriated	69,762	14,426	445,538	40,000	1,078,329	52,458	55,866	290,953	-	36,283	2,083,615
Assigned - unappropriated	1,679,072	389,746	1,589,267	21,768	2,132,130	13,400	157,971	214,003	13,307	722,510	6,933,174
Total fund balance	<u>1,985,941</u>	<u>404,701</u>	<u>2,034,805</u>	<u>61,768</u>	<u>3,234,647</u>	<u>65,858</u>	<u>213,837</u>	<u>504,956</u>	<u>13,307</u>	<u>876,159</u>	<u>9,395,979</u>
Total liabilities and fund balance	<u>\$ 2,319,147</u>	<u>405,046</u>	<u>2,037,255</u>	<u>82,431</u>	<u>3,742,384</u>	<u>72,787</u>	<u>263,754</u>	<u>612,215</u>	<u>13,307</u>	<u>953,893</u>	<u>10,502,219</u>

TOWN OF BROOKHAVEN
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
 Non-Major Governmental Funds - Special District Funds
 For the Year Ended December 31, 2011

	Special Revenue Funds										Totals
	Ambulance Districts	Dock Districts	Erosion Control Districts	Fire Protection Districts	Street Lighting Districts	Park Districts	Refuse and Garbage Districts	Sewer Districts	Sidewalk Districts	Water Districts	
Revenues:											
Real property taxes	\$10,722,800	257,000	1,960,500	460,500	5,775,792	40,000	1,117,433	853,751	-	522,176	21,709,952
Other real property tax items	47,009	25	198	46	69,399	5	110	85	-	4,207	121,084
Departmental income	-	-	-	-	-	-	-	-	-	94,074	94,074
Use of money and property	60,564	25,258	13,058	625	22,234	387	2,460	2,773	48	4,572	131,979
Miscellaneous local sources	15,760	-	-	-	13,733	-	-	-	-	-	29,493
Federal aid	7,584	-	27,531	-	8,354	-	-	-	-	-	43,469
Total revenues	10,853,717	282,283	2,001,287	461,171	5,889,512	40,392	1,120,003	856,609	48	625,029	22,130,051
Expenditures:											
General government support	2,363	-	-	-	-	-	-	-	-	-	2,363
Public safety	-	-	-	542,693	-	-	-	-	-	-	542,693
Transportation	-	81,242	-	-	5,087,764	-	-	-	-	-	5,169,006
Culture and recreation	-	-	-	-	-	60,357	-	-	-	-	60,357
Home and community services	-	-	113,795	-	-	-	1,089,014	241,004	-	426,685	1,870,498
Employee benefits	-	-	-	-	327,213	-	-	-	-	-	327,213
Health	9,900,204	-	-	-	-	-	-	-	-	-	9,900,204
Debt service - principal	-	-	-	-	-	-	-	19,000	-	-	19,000
Debt service - interest	68,335	-	-	-	4,632	-	-	94,755	-	-	167,722
Total expenditures	9,970,902	81,242	113,795	542,693	5,419,609	60,357	1,089,014	354,759	-	426,685	18,059,056
Excess of revenues over (under) expenditures	882,815	201,041	1,887,492	(81,522)	469,903	(19,965)	30,989	501,850	48	198,344	4,070,995
Other financing sources (uses):											
Transfers in	-	-	-	-	97,087	-	-	-	-	-	97,087
Transfers out	(705,073)	(182,360)	(1,954,502)	-	(908,977)	-	-	(175,167)	-	(80,554)	(4,006,633)
Net other financing sources (uses)	(705,073)	(182,360)	(1,954,502)	-	(811,890)	-	-	(175,167)	-	(80,554)	(3,909,546)
Net change in fund balance	177,742	18,681	(67,010)	(81,522)	(341,987)	(19,965)	30,989	326,683	48	117,790	161,449
Fund balance at beginning of period	1,808,199	386,020	2,101,815	143,290	3,576,634	85,823	182,848	178,273	13,259	758,369	9,234,530
Fund balance at end of period	\$ 1,985,941	404,701	2,034,805	61,768	3,234,647	65,858	213,837	504,956	13,307	876,159	9,395,979

TOWN OF BROOKHAVEN
 Ambulance Districts
 Schedule of Revenue, Expenditures and Changes in
 Fund Balance - Budget and Actual
 For the year ended December 31, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenue:				
Real property taxes - ad valorem taxes	\$ 10,722,800	10,722,800	10,722,800	-
Other real property tax items:				
Payment in lieu of taxes	-	-	45,939	45,939
Interest and penalties on real property taxes	-	-	1,070	1,070
Total other real property tax items	-	-	47,009	47,009
Use of money and property:				
Interest and earnings on investments	36,700	36,700	15,292	(21,408)
Rental of real property	-	-	45,272	45,272
Total use of money and property	36,700	36,700	60,564	23,864
Miscellaneous revenue - other	-	2,363	15,760	13,397
Federal aid - other	198,937	358,578	7,584	(350,994)
Total revenue	<u>10,958,437</u>	<u>11,120,441</u>	<u>10,853,717</u>	<u>(266,724)</u>
Expenditures:				
General government support - comptroller	-	2,363	2,363	-
Health - ambulance	10,344,991	10,121,511	9,900,204	221,307
Debt service interest - installment purchase	-	68,335	68,335	-
Total expenditures	<u>10,344,991</u>	<u>10,192,209</u>	<u>9,970,902</u>	<u>221,307</u>
Excess of revenue over expenditures	613,446	928,232	882,815	(45,417)
Other financing uses - transfers out	<u>(705,074)</u>	<u>(705,074)</u>	<u>(705,073)</u>	<u>1</u>
Net change in fund balances	<u>\$ (91,628)</u>	<u>223,158</u>	177,742	<u>(45,416)</u>
Fund balances at beginning of year			<u>1,808,199</u>	
Fund balances at end of year			<u>\$ 1,985,941</u>	

TOWN OF BROOKHAVEN
 Dock Districts
 Schedule of Revenue, Expenditures and Changes in
 Fund Balance - Budget and Actual
 For the year ended December 31, 2011

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final <u>Budget</u>
Revenue:				
Real property taxes - ad valorem taxes	\$ 257,000	257,000	257,000	-
Other real property tax items - interest and penalties on real property taxes	<u>79</u>	<u>79</u>	<u>25</u>	<u>(54)</u>
Use of money and property:				
Interest and earnings on investments	3,779	3,779	1,758	(2,021)
Rental of real property	<u>12,756</u>	<u>12,756</u>	<u>23,500</u>	<u>10,744</u>
Total use of money and property	<u>16,535</u>	<u>16,535</u>	<u>25,258</u>	<u>8,723</u>
Total revenue	<u>273,614</u>	<u>273,614</u>	<u>282,283</u>	<u>8,669</u>
Expenditures - transportation - docks, piers, and wharves	<u>91,254</u>	<u>112,754</u>	<u>81,242</u>	<u>31,512</u>
Excess of revenue over expenditures	182,360	160,860	201,041	40,181
Other financing uses - transfers out	<u>(182,360)</u>	<u>(182,360)</u>	<u>(182,360)</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>(21,500)</u>	18,681	<u>40,181</u>
Fund balances at beginning of year			<u>386,020</u>	
Fund balances at end of year			<u>\$ 404,701</u>	

TOWN OF BROOKHAVEN
Erosion Control Districts
Schedule of Revenue, Expenditures and Changes in
Fund Balance - Budget and Actual
For the year ended December 31, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final <u>Budget</u>
Revenue:				
Real property taxes - ad valorem taxes	\$ 1,960,500	1,960,500	1,960,500	-
Other real property tax items - interest and penalties on real property taxes	491	491	198	(293)
Use of money and property - interest and earnings on investments	12,450	12,450	13,058	608
Federal aid - other	-	-	27,531	27,531
Total revenue	<u>1,973,441</u>	<u>1,973,441</u>	<u>2,001,287</u>	<u>27,846</u>
Expenditures:				
Home and community services - flood and erosion control	<u>198,937</u>	<u>358,578</u>	<u>113,795</u>	<u>244,783</u>
Excess of revenue over expenditures	1,774,504	1,614,863	1,887,492	272,629
Other financing uses - transfers out	<u>(1,954,506)</u>	<u>(1,954,506)</u>	<u>(1,954,502)</u>	<u>4</u>
Net change in fund balances	<u>\$ (180,002)</u>	<u>(339,643)</u>	(67,010)	<u>272,633</u>
Fund balances at beginning of year			<u>2,101,815</u>	
Fund balances at end of year			<u>\$ 2,034,805</u>	

TOWN OF BROOKHAVEN
 Fire Protection Districts
 Schedule of Revenue, Expenditures and Changes in
 Fund Balance - Budget and Actual
 For the year ended December 31, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget
Revenue:				
Real property taxes - ad valorem taxes	\$ 460,500	460,500	460,500	-
Other real property tax items - interest and penalties on real property taxes	-	-	46	46
Use of money and property - interest and earnings on investments	<u>3,755</u>	<u>3,755</u>	<u>625</u>	<u>(3,130)</u>
Total revenue	<u>464,255</u>	<u>464,255</u>	<u>461,171</u>	<u>(3,084)</u>
Expenditures:				
Public safety - fire protection services	<u>506,036</u>	<u>509,444</u>	<u>542,693</u>	<u>(33,249)</u>
Excess of revenue over expenditures	<u>\$ (41,781)</u>	<u>(45,189)</u>	(81,522)	<u>(36,333)</u>
Fund balances at beginning of year			<u>143,290</u>	
Fund balances at end of year			<u>\$ 61,768</u>	

TOWN OF BROOKHAVEN
Street Lighting Districts
Schedule of Revenue, Expenditures and Changes in
Fund Balance - Budget and Actual
For the year ended December 31, 2011

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final <u>Budget</u>
Revenue:				
Real property taxes - ad valorem taxes	\$ 5,775,792	5,775,792	5,775,792	-
Other real property tax items:				
Payment in lieu of taxes	40,000	40,000	68,822	28,822
Interest and penalties on real property taxes	4,000	4,000	577	(3,423)
Total other real property tax items	<u>44,000</u>	<u>44,000</u>	<u>69,399</u>	<u>25,399</u>
Use of money and property - interest and earnings on investments	<u>36,000</u>	<u>36,000</u>	<u>22,234</u>	<u>(13,766)</u>
Miscellaneous revenue - other	-	-	13,733	13,733
Federal aid - other	<u>198,937</u>	<u>358,578</u>	<u>8,354</u>	<u>(350,224)</u>
Total revenue	<u>6,054,729</u>	<u>6,214,370</u>	<u>5,889,512</u>	<u>(324,858)</u>
Expenditures:				
Transportation - street lighting	<u>5,801,958</u>	<u>5,566,199</u>	<u>5,087,764</u>	<u>478,435</u>
Employee benefits:				
Retirement system	42,044	58,279	58,279	-
Social security	34,219	24,517	21,277	3,240
Life insurance	900	1,726	1,726	-
Hospital, medical and dental	127,184	248,021	244,009	4,012
Other fringe benefits	1,521	2,046	1,922	124
Total employee benefits	<u>205,868</u>	<u>334,589</u>	<u>327,213</u>	<u>7,376</u>
Debt service - BAN interest	-	4,632	4,632	-
Total expenditures	<u>6,007,826</u>	<u>5,905,420</u>	<u>5,419,609</u>	<u>485,811</u>
Excess revenue over expenditures	<u>46,903</u>	<u>308,950</u>	<u>469,903</u>	<u>160,953</u>
Other financing sources (uses):				
Transfers in	-	-	97,087	97,087
Transfers out	<u>(949,900)</u>	<u>(954,331)</u>	<u>(908,977)</u>	<u>45,354</u>
Total other financing sources (uses)	<u>(949,900)</u>	<u>(954,331)</u>	<u>(811,890)</u>	<u>142,441</u>
Net change in fund balances	<u>\$ (902,997)</u>	<u>(645,381)</u>	<u>(341,987)</u>	<u>303,394</u>
Fund balances at beginning of year			<u>3,576,634</u>	
Fund balances at end of year			<u>\$ 3,234,647</u>	

TOWN OF BROOKHAVEN
Park Districts
Schedule of Revenue, Expenditures and Changes in
Fund Balance - Budget and Actual
For the year ended December 31, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget
Revenue:				
Real property taxes - ad valorem taxes	\$ 40,000	40,000	40,000	-
Other real property tax items -interest and penalties on real property taxes	-	-	5	5
Use of money and property - interest and earnings on investments	<u>440</u>	<u>440</u>	<u>387</u>	<u>(53)</u>
Total revenue	<u>40,440</u>	<u>40,440</u>	<u>40,392</u>	<u>(48)</u>
Expenditures:				
Culture and recreation - parks	<u>51,440</u>	<u>110,357</u>	<u>60,357</u>	<u>50,000</u>
Excess of revenue over expenditures	<u>\$ (11,000)</u>	<u>(69,917)</u>	(19,965)	<u>49,952</u>
Fund balances at beginning of year			<u>85,823</u>	
Fund balances at end of year			<u>\$ 65,858</u>	

TOWN OF BROOKHAVEN
 Refuse and Garbage Districts
 Schedule of Revenue, Expenditures and Changes in
 Fund Balance - Budget and Actual
 For the year ended December 31, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget
Revenue:				
Real property taxes - ad valorem taxes	\$ 1,117,433	1,117,433	1,117,433	-
Other real property tax items - interest and penalties on real property taxes	75	75	110	35
Use of money and property - interest and earnings on investments	<u>6,290</u>	<u>6,290</u>	<u>2,460</u>	<u>(3,830)</u>
Total revenue	<u>1,123,798</u>	<u>1,123,798</u>	<u>1,120,003</u>	<u>(3,795)</u>
Expenditures:				
Home and community services - refuse and garbage	<u>1,131,029</u>	<u>1,131,029</u>	<u>1,089,014</u>	<u>42,015</u>
Excess of revenue over expenditures	<u>\$ (7,231)</u>	<u>(7,231)</u>	30,989	<u>38,220</u>
Fund balances at beginning of year			<u>182,848</u>	
Fund balances at end of year			<u>\$ 213,837</u>	

TOWN OF BROOKHAVEN
Sewer Districts
Schedule of Revenue, Expenditures and Changes in
Fund Balance - Budget and Actual
For the year ended December 31, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget
Revenue:				
Real property taxes - ad valorem taxes	\$ 853,751	853,751	853,751	-
Other real property tax items - interest and penalties on real property taxes	-	-	85	85
Use of money and property - interest and earnings on investments	<u>3,000</u>	<u>3,000</u>	<u>2,773</u>	<u>(227)</u>
Total revenue	<u>856,751</u>	<u>856,751</u>	<u>856,609</u>	<u>(142)</u>
Expenditures:				
Debt service:				
Debt service - principal	216,360	216,360	19,000	197,360
Debt service - BAN interest	<u>-</u>	<u>94,755</u>	<u>94,755</u>	<u>-</u>
Total debt service	216,360	311,115	113,755	197,360
Home and community services - sewage treatment disposal	<u>434,494</u>	<u>344,166</u>	<u>241,004</u>	<u>103,162</u>
Total expenditures	<u>650,854</u>	<u>655,281</u>	<u>354,759</u>	<u>300,522</u>
Excess of revenue over expenditures	<u>205,897</u>	<u>201,470</u>	<u>501,850</u>	<u>300,380</u>
Other financing uses - transfers out	<u>(251,386)</u>	<u>(246,959)</u>	<u>(175,167)</u>	<u>71,792</u>
Net change in fund balances	<u>\$ (45,489)</u>	<u>(45,489)</u>	326,683	<u>372,172</u>
Fund balances at beginning of year			<u>178,273</u>	
Fund balances at end of year			<u>\$ 504,956</u>	

TOWN OF BROOKHAVEN
Water Districts
Schedule of Revenue, Expenditures and Changes in
Fund Balance - Budget and Actual
For the year ended December 31, 2011

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final <u>Budget</u>
Revenue:				
Real property taxes - ad valorem taxes	\$ 538,926	538,926	<u>522,176</u>	<u>(16,750)</u>
Other real property tax items:				
Payment in lieu of taxes	-	-	4,155	4,155
Interest and penalties on real property taxes	<u>526</u>	<u>526</u>	<u>52</u>	<u>(474)</u>
Total other real property tax items	<u>526</u>	<u>526</u>	<u>4,207</u>	<u>3,681</u>
Departmental income - metered water sales	<u>100,000</u>	<u>100,000</u>	<u>94,074</u>	<u>(5,926)</u>
Use of money and property - interest and earnings on investments	<u>1,497</u>	<u>1,497</u>	<u>4,572</u>	<u>3,075</u>
Total revenue	<u>640,949</u>	<u>640,949</u>	<u>625,029</u>	<u>(15,920)</u>
Expenditures:				
Home and community services - water	<u>531,393</u>	<u>531,393</u>	<u>426,685</u>	<u>104,708</u>
Excess of revenue over expenditures	109,556	109,556	198,344	88,788
Other financing uses - transfers out	<u>(80,554)</u>	<u>(80,554)</u>	<u>(80,554)</u>	<u>-</u>
Net change in fund balances	<u>\$ 29,002</u>	<u>29,002</u>	117,790	<u>88,788</u>
Fund balances at beginning of year			<u>758,369</u>	
Fund balances at end of year			<u>\$ 876,159</u>	

TOWN OF BROOKHAVEN
 Fiduciary Funds
 Combining Statement of Fiduciary Assets and Liabilities
 December 31, 2011

	<u>Town Agency Fund</u>	<u>Town Clerk Agency Fund</u>	<u>Town Receiver of Taxes Agency Fund</u>	<u>Total Agency Funds</u>
<u>Assets</u>				
Cash	\$ 49,348,548	151,738	203,464,828	252,965,114
Length of service plan assets	<u>3,392,919</u>	<u>-</u>	<u>-</u>	<u>3,392,919</u>
Total assets	<u>\$ 52,741,467</u>	<u>151,738</u>	<u>203,464,828</u>	<u>256,358,033</u>
 <u>Liabilities</u>				
Due to other funds	532	-	-	532
Due to the Department of Health of the State of New York	-	2,250	-	2,250
Due to the Department of Agriculture and Markets of the State of New York	-	510	-	510
Due to Town Supervisor	-	-	203,464,828	203,464,828
Liability arising from length of service plan	3,392,919	-	-	3,392,919
Other agency liabilities	<u>49,348,016</u>	<u>148,978</u>	<u>-</u>	<u>49,496,994</u>
Total liabilities	<u>\$ 52,741,467</u>	<u>151,738</u>	<u>203,464,828</u>	<u>256,358,033</u>

TOWN OF BROOKHAVEN
Fiduciary Funds
Combining Statement of Changes in Agency Assets and Liabilities
December 31, 2011

	January 1, <u>2011</u>	<u>Additions</u>	<u>Deductions</u>	December 31, <u>2011</u>
<u>Assets</u>				
Town agency funds:				
Cash	\$ 9,302,642	1,266,944,998	1,226,899,092	49,348,548
Length of service plan assets	<u>3,196,882</u>	<u>263,968</u>	<u>67,931</u>	<u>3,392,919</u>
Total town agency funds	12,499,524	1,267,208,966	1,226,967,023	52,741,467
Town clerk agency funds - cash	89,020	2,447,875	2,385,157	151,738
Town receiver of taxes agency funds - cash	<u>89,006,332</u>	<u>1,501,814,853</u>	<u>1,387,356,357</u>	<u>203,464,828</u>
Total assets	<u>\$ 101,594,876</u>	<u>2,771,471,694</u>	<u>2,616,708,537</u>	<u>256,358,033</u>
<u>Liabilities</u>				
Town agency funds:				
Due to other funds	-	532	-	532
Other agency liabilities	9,302,642	1,266,944,466	1,226,899,092	49,348,016
Liability arising from length of service plan	<u>3,196,882</u>	<u>263,968</u>	<u>67,931</u>	<u>3,392,919</u>
Total town agency funds	<u>12,499,524</u>	<u>1,267,208,966</u>	<u>1,226,967,023</u>	<u>52,741,467</u>
Town clerk agency funds:				
Due to New York State Comptroller	196	-	196	-
Due to the Department of Health of the State of New York	2,047	44,348	44,145	2,250
Due to the Department of Agriculture and Markets of the State of New York	240	7,949	7,679	510
Other agency liabilities	<u>86,537</u>	<u>2,395,578</u>	<u>2,333,137</u>	<u>148,978</u>
Total town clerk agency funds	<u>89,020</u>	<u>2,447,875</u>	<u>2,385,157</u>	<u>151,738</u>
Town receiver of taxes agency funds - due to town supervisor	<u>89,006,332</u>	<u>1,501,814,853</u>	<u>1,387,356,357</u>	<u>203,464,828</u>
Total liabilities	<u>\$ 101,594,876</u>	<u>2,771,471,694</u>	<u>2,616,708,537</u>	<u>256,358,033</u>

Statistical Section

TOWN OF BROOKHAVEN
Net Assets by Component
Last Ten Years
(accrual basis of accounting)

<u>Year Ended December 31,</u>	<u>2011</u>	<u>2010</u>	<u>(Restated)</u> <u>2009</u>	<u>(Restated)</u> <u>2008</u>	<u>(Restated)</u> <u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Governmental activities:										
Net assets:										
Investment in capital assets										
net of related debt	\$ 500,126,894	520,959,964	516,643,682	508,841,729	483,507,818	491,611,324	448,647,276	446,550,127	396,916,847	14,532,531
Restricted	22,283,441	15,646,519	16,055,517	44,450,469	47,072,824	17,839,282	17,262,357	16,615,335	41,075,007	806,849
Unrestricted	(37,581,254)	(34,433,217)	5,189,036	13,288,243	42,496,592	31,741,686	61,959,648	54,968,558	45,861,461	59,604,660
Total governmental activities net assets	\$ 484,829,081	502,173,266	537,888,235	566,580,441	573,077,234	541,192,292	527,869,281	518,134,020	483,853,315	74,944,040
Business type activities:										
Net assets:										
Investment in capital assets										
net of related debt	-	3,557,891	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	53,775	-	-	1,942,433	1,846,003	1,758,124	1,721,999	1,717,922	1,746,579
Total business-type activities net assets	\$ -	3,611,666	-	-	1,942,433	1,846,003	1,758,124	1,721,999	1,717,922	1,746,579
Primary government:										
Net assets:										
Investment in capital assets										
net of related debt	500,126,894	524,517,855	516,643,682	508,841,729	483,507,818	491,611,324	448,647,276	446,550,127	396,916,847	14,532,531
Restricted	22,283,441	15,646,519	16,055,517	44,450,469	47,072,824	17,839,282	17,262,357	16,615,335	41,075,007	806,849
Unrestricted	(37,581,254)	(34,379,442)	5,189,036	13,288,243	44,439,025	33,587,689	63,717,772	56,690,557	47,579,383	61,351,239
Total primary government net assets	\$ 484,829,081	505,784,932	537,888,235	566,580,441	575,019,667	543,038,295	529,627,405	519,856,019	485,571,237	76,690,619

Source: Office of the Commissioner of Finance and the audited financial statements of the Town of Brookhaven Effective with the financial report for the year ended December 31, 2010, the Town has adopted Governmental Accounting Standards Board Statement No. 51, Accounting and Financial Reporting for Intangible Assets. Certain prior year balances have been restated in accordance with the adoption of this statement.

TOWN OF BROOKHAVEN
Changes in Net Assets
Last Ten Years
(accrual basis of accounting)

Year Ended December 31, Expenses:	2011	(Restated) 2010	(Restated) 2009	2008	2007	2006	2005	2004	2003	2002
Governmental activities:										
General government support	\$ 46,494,939	57,240,768	50,223,705	50,046,613	45,263,815	39,338,655	43,004,967	43,522,841	41,603,233	19,103,393
Public safety	23,272,021	20,430,167	19,780,527	22,522,062	20,502,113	16,666,249	16,676,261	14,147,727	14,177,270	12,171,223
Health	10,337,796	10,562,003	8,366,662	8,303,904	6,771,016	6,431,482	7,074,698	5,824,407	5,493,341	4,963,375
Transportation	71,704,582	67,710,462	72,802,674	63,248,123	58,737,546	53,316,370	52,764,314	50,729,551	50,353,038	43,678,013
Economic assistance and opportunity	1,391,752	3,786,541	3,061,106	4,525,543	4,373,328	3,633,774	3,093,765	3,199,613	2,786,044	2,762,352
Culture and recreation	33,079,124	33,292,006	33,231,276	31,881,126	31,241,873	25,388,611	28,242,374	25,678,863	20,025,587	18,227,798
Home and community services	99,666,345	121,636,870	133,141,506	129,974,730	120,105,019	111,915,556	105,210,718	106,613,149	96,876,828	88,857,493
Interest on debt	17,246,492	16,650,683	15,151,289	16,037,513	13,214,498	11,320,351	9,849,063	10,061,922	12,113,168	11,762,814
Total governmental activities expenses	303,193,051	331,309,500	335,758,745	326,539,614	300,209,208	268,011,048	265,916,160	259,778,073	243,428,509	201,526,461
Business-type activities:										
Operating expenses	-	904,963	-	-	-	-	-	8,489	18,932	399,413
Interest on debt	-	-	-	-	-	-	-	5,962	47,494	104,735
Total business-type activities expenses	-	904,963	-	-	-	-	-	14,451	66,426	504,148
Total primary government expenses	\$ 303,193,051	332,214,463	335,758,745	326,539,614	300,209,208	268,011,048	265,916,160	259,792,524	243,494,935	202,030,609
Program revenues:										
Governmental activities:										
Charges for services:										
General government support	3,620,299	2,647,063	2,344,790	2,441,386	2,740,879	2,770,592	2,480,037	38,747,514	2,925,546	2,498,912
Public safety	4,568,250	4,378,226	4,429,111	4,323,485	4,704,854	4,372,931	4,948,732	4,900,039	5,225,758	5,614,200
Health	246,533	279,900	282,125	299,443	289,496	849,878	244,256	242,124	239,724	218,380
Transportation	934,081	452,021	557,064	677,122	1,247,223	419,863	925,459	3,347,174	3,963,721	1,234,588
Economic assistance and opportunity	3,900	232,584	263,027	292,934	210,335	178,126	162,864	153,629	185,961	-
Culture and recreation	5,121,228	4,383,036	3,986,724	4,012,759	3,930,012	3,691,435	4,174,396	4,504,541	4,635,378	4,272,197
Home and community services	63,287,395	73,218,086	86,450,027	92,674,317	97,246,801	92,525,477	89,977,370	53,849,787	116,383,160	75,267,817
Operating grants and contributions	15,697,566	17,672,853	13,128,667	15,388,507	14,227,723	15,888,908	16,158,022	27,292,618	25,132,429	10,490,373
Capital grants and contributions	4,665,994	11,174,518	11,477,299	13,986,971	8,095,105	8,046,171	3,321,776	3,508,840	6,094,490	3,536,490
Total governmental activities program revenues	98,145,246	114,438,287	122,918,834	134,096,924	132,692,428	128,743,381	122,392,912	136,546,266	164,786,167	103,132,957
Business-type activities:										
Charges for services:										
Airport	-	173,900	-	-	-	-	-	-	-	-
Capital grants and contributions	-	309,161	-	-	-	-	-	-	-	-
Total business-type activities program revenues	-	483,061	-	-	-	-	-	-	-	-
Total primary government program revenues	\$ 98,145,246	114,921,348	122,918,834	134,096,924	132,692,428	128,743,381	122,392,912	136,546,266	164,786,167	103,132,957

Source: Office of the Commissioner of Finance and the audited financial statements of the Town of Brookhaven.

Effective with the financial report for the year ended December 31, 2010, the Town has adopted Governmental Accounting Standards Board Statement No. 51, "Accounting and Financial Reporting for Intangible Assets." Certain prior year balances have been restated in accordance with the adoption of this statement.

TOWN OF BROOKHAVEN
Changes in Net Assets, Continued
Last Ten Years
(accrual basis of accounting)

Year Ended December 31,	2011	2010	(Restated) 2009	(Restated) 2008	(Restated) 2007	2006	2005	2004	2003	2002
Net (expense)/revenue:										
Governmental activities	\$ (205,017,805)	(216,871,213)	(212,839,911)	(192,442,690)	(167,516,780)	(139,267,667)	(143,523,248)	(123,231,807)	(78,642,342)	(98,393,504)
Business-type activities	-	(421,902)	-	-	-	-	-	(14,451)	(66,426)	(504,148)
Total primary government net expense	\$ (205,017,805)	(217,293,115)	(212,839,911)	(192,442,690)	(167,516,780)	(139,267,667)	(143,523,248)	(123,246,258)	(78,708,768)	(98,897,652)
General revenues and other changes in net assets:										
Governmental activities:										
Real property taxes	161,728,547	160,937,430	159,560,578	154,098,344	152,470,318	102,683,595	101,981,668	118,286,336	80,658,881	107,786,142
Other real property tax items	1,128,523	1,990,615	1,493,340	1,820,435	1,728,902	1,437,697	1,012,392	1,066,026	1,149,449	754,599
Non-property tax items	7,459,221	7,595,712	7,041,172	6,728,476	6,285,721	5,634,484	5,227,209	5,017,539	4,529,180	2,548,883
Interest earnings	804,389	1,227,399	1,714,845	5,463,646	7,752,533	6,083,840	4,235,408	2,635,261	1,957,618	2,833,630
Sale of property and compensation for loss	1,608,107	1,111,518	1,543,917	787,780	866,683	939,288	2,489,397	1,327,180	15,365,280	247,941
State and county aid-unrestricted	9,474,334	12,045,918	12,038,549	15,011,971	29,955,865	35,766,689	38,199,232	39,838,050	34,963,846	26,239,771
Other	1,858,833	280,084	755,304	52,021	341,700	45,085	113,203	191,601	141,251	63,338
Transfers	3,611,666	(4,032,432)	-	1,983,224	-	-	-	-	-	-
Total governmental activities	187,673,620	181,156,244	184,147,705	185,945,897	199,401,722	152,590,678	153,258,509	168,361,993	138,765,505	140,474,304
Business-type activities:										
Investment earnings	-	1,136	-	40,791	96,430	87,879	36,125	18,528	37,769	56,749
Transfers	(3,611,666)	4,032,432	-	(1,983,224)	-	-	-	-	-	-
Total business-type activities	(3,611,666)	4,033,568	-	(1,942,433)	96,430	87,879	36,125	18,528	37,769	56,749
Total primary government	184,061,954	185,189,812	184,147,705	184,003,464	199,498,152	152,678,557	153,294,634	168,380,521	138,803,274	140,531,053
Change in net assets:										
Governmental activities	(17,344,185)	(35,714,969)	(28,692,206)	(6,496,793)	31,884,942	13,323,011	9,735,261	45,130,186	60,123,163	42,080,800
Business-type activities	(3,611,666)	3,611,666	-	(1,942,433)	96,430	87,879	36,125	4,077	(28,657)	(447,399)
Total primary government	\$ (20,955,851)	(32,103,303)	(28,692,206)	(8,439,226)	31,981,372	13,410,890	9,771,386	45,134,263	60,094,506	41,633,401

Source: Office of the Commissioner of Finance and the audited financial statements of the Town of Brookhaven.

Effective with the financial report for the year ended December 31, 2010, the Town has adopted Governmental Accounting Standards Board Statement No. 51, "Accounting and Financial Reporting for Intangible Assets." Certain prior year balances have been restated in accordance with the adoption of this statement.

TOWN OF BROOKHAVEN
Fund Balances of Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

Year Ended December 31,	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General fund:										
Nonspendable	\$ 2,924,644	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Restricted	10,237,530	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Assigned	15,232,736	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unassigned	20,628,658	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Reserved	N/A	8,398,503	5,572,142	11,289,297	17,940,311	19,317,761	17,594,581	16,331,980	24,108,883	9,732,226
Unreserved	N/A	48,445,974	53,222,968	60,840,640	68,816,263	54,977,263	60,240,471	66,226,603	40,456,226	47,209,751
Total general fund	\$ 49,023,568	56,844,477	58,795,110	72,129,937	86,756,574	74,295,024	77,835,052	82,558,583	64,565,109	56,941,977
All other governmental funds:										
Nonspendable	2,268,107	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Restricted	12,045,911	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Assigned	37,809,587	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unassigned	(65,401,604)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Reserved	N/A	43,737,921	29,580,731	37,138,306	37,796,711	30,175,529	24,487,817	24,819,671	51,582,792	7,261,884
Unreserved, reported in:										
Permanent fund	N/A	10,344	193,529	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Special revenue funds	N/A	32,746,175	32,369,139	28,073,752	20,465,091	5,488,601	8,558,242	13,612,886	14,801,656	14,139,523
Capital projects funds	N/A	(40,915,285)	(13,383,247)	15,907,419	17,781,399	(37,255,876)	(5,337,109)	(22,585,205)	(23,993,508)	16,602,538
Total all other governmental funds	\$ (13,277,999)	35,579,155	48,760,152	81,119,477	76,043,201	(1,591,746)	27,508,950	15,847,352	42,390,940	38,003,945

Source: Office of the Commissioner of Finance and the audited financial statements of the Town of Brookhaven

Note: Governmental Accounting Standards Board Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" changed the categories of fund balance effective for the year ended December 31, 2011.

TOWN OF BROOKHAVEN
Changes in Fund Balances of Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

Year Ended December 31,	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenues:										
Real property taxes	\$ 161,728,547	160,937,430	159,560,578	154,098,344	152,470,318	102,683,595	101,981,668	118,286,336	115,430,938	107,786,142
Other real property tax items	2,071,755	1,990,615	1,493,340	1,820,435	1,728,902	1,437,697	1,012,392	1,066,026	1,149,449	754,599
Non-property tax items	7,459,221	14,636,884	6,728,476	6,285,721	5,634,485	5,215,209	4,918,539	4,640,180	4,135,471	3,836,588
Departmental income	71,942,988	73,491,183	74,334,603	71,206,851	71,595,750	73,141,193	71,616,377	72,089,832	65,851,810	83,301,008
Intergovernmental charges	65,021	10,026,506	20,747,814	30,309,934	34,044,456	28,035,560	28,803,266	26,178,149	25,251,613	2,119,240
Use of money and property	2,908,190	3,603,014	5,181,154	7,516,071	10,813,318	8,087,364	5,971,493	4,897,588	4,838,470	4,861,373
License and permits	615,893	575,766	453,734	561,777	645,927	578,946	810,331	514,448	592,093	608,923
Fines and forfeitures	2,206,363	1,113,751	926,226	850,024	951,476	968,581	851,664	769,744	866,561	708,427
Sale of property and compensation for loss	1,643,974	1,926,823	2,333,948	1,520,423	1,460,074	1,630,412	3,194,184	1,963,518	11,393,958	613,342
Miscellaneous and local sources	2,356,493	3,644,843	2,017,533	4,130,035	1,500,263	1,901,530	1,769,130	15,281,290	14,634,127	1,412,261
Interfund revenues	4,204,516	2,773,545	2,390,582	2,496,121	2,702,536	1,680,886	2,142,560	4,565,862	5,378,508	1,449,728
State aid	14,627,587	20,144,983	17,646,459	23,436,464	37,768,788	40,535,924	41,834,516	42,951,946	37,225,917	28,803,216
Federal aid	13,942,305	16,388,640	14,222,644	13,959,960	14,199,151	12,919,368	13,793,980	11,998,623	12,129,368	8,348,200
Total revenues	285,772,853	311,253,983	308,037,091	318,192,160	335,565,434	278,816,265	278,700,100	305,203,542	298,878,283	244,603,048
Expenditures:										
Current:										
General government support	30,908,980	34,329,550	34,850,523	35,249,728	34,077,924	33,940,646	35,369,183	44,770,502	44,107,666	27,035,493
Public safety	11,175,546	10,687,411	10,878,892	11,942,453	11,271,711	11,679,189	10,966,903	9,089,118	8,973,623	8,988,581
Health	10,142,312	9,840,793	8,618,071	8,192,079	6,923,574	6,647,760	7,210,009	5,749,717	5,326,513	5,067,200
Transportation	42,469,433	45,714,546	45,660,631	40,090,559	37,347,594	37,794,146	41,639,691	28,363,434	28,765,166	29,633,500
Economic assistance and opportunity	1,234,923	2,207,862	2,614,621	2,646,385	2,500,590	2,290,943	2,217,854	2,260,176	2,322,298	2,210,163
Culture and recreation	16,371,996	17,307,084	18,399,072	19,382,262	17,694,510	16,785,918	17,958,389	16,918,945	15,868,884	14,089,655
Home and community service	80,219,391	95,032,168	112,430,517	106,843,513	102,594,332	102,326,866	96,927,992	97,119,976	95,262,083	82,977,955
Employee benefits	40,163,988	39,151,656	36,925,153	38,811,108	37,038,020	33,973,460	30,653,930	27,141,826	24,104,797	12,815,350
Capital outlay	85,431,087	78,143,123	76,951,235	75,825,807	99,556,521	59,593,427	50,634,655	47,563,699	53,809,009	38,164,579
Debt service:										
Principal	43,302,600	40,441,793	34,831,247	30,452,101	30,726,803	25,520,763	28,644,068	31,240,863	29,896,723	27,240,000
Interest	17,629,426	16,381,135	17,199,782	15,823,219	12,878,435	11,363,871	9,201,204	10,470,813	12,290,464	11,842,670
Bond issuance costs	-	-	107,354	-	-	-	-	-	-	-
Refunding escrow	-	-	285,159	-	-	-	-	-	-	-
Total expenditures	379,629,682	389,237,121	399,752,257	385,259,214	392,570,014	340,916,989	331,423,878	320,689,069	320,727,226	260,065,149
Excess of revenues over (under) expenditures	(93,856,829)	(77,983,138)	(91,715,166)	(67,067,054)	(57,004,580)	(62,100,724)	(52,723,778)	(15,485,527)	(21,848,943)	(15,462,101)
Other financing sources (uses):										
Debt redeemed from appropriations	19,000	-	-	-	-	-	-	-	-	-
Transfers in	65,648,056	66,469,728	65,135,498	60,717,201	44,361,489	40,018,949	40,706,414	47,421,027	49,753,116	40,402,244
Transfers out	(65,296,427)	(67,142,339)	(65,135,498)	(58,733,977)	(44,361,489)	(40,018,949)	(40,706,414)	(47,421,027)	(49,753,116)	(40,402,244)
Debt proceeds	77,336,000	63,050,512	42,170,000	55,533,469	146,835,000	29,460,000	59,107,000	5,414,250	25,163,038	33,000,000
Premium on obligations	1,682,137	473,607	3,871,014	1,480,087	1,480,087	-	426,088	998,878	-	-
Refunding bonds issued	(42,210,000)	-	8,780,000	-	42,590,000	-	17,634,356	21,195,750	-	-
Payments to refunded bond escrow agent	-	-	-	-	(43,804,010)	-	(17,505,599)	(21,797,140)	(345,000)	-
Debt service principal	-	-	(8,800,000)	-	-	-	-	-	-	-
Total other financing sources (uses)	37,178,766	62,851,508	46,021,014	57,516,693	147,101,077	29,460,000	59,661,845	5,811,738	24,818,038	33,000,000
Net change in fund balances	\$(56,678,063)	\$(15,131,630)	\$(45,694,152)	\$(9,550,361)	90,096,497	\$(32,640,724)	6,938,067	\$(9,673,789)	2,969,095	17,537,899
Debt service as a percentage of noncapital expenditures	19.99%	18.41%	16.28%	14.80%	14.76%	13.49%	13.62%	15.77%	16.07%	16.75%

Source: Office of the Comptroller and the audited financial statements of the Town of Brookhaven

TOWN OF BROOKHAVEN
 Assessed Value, Equalization Rate and Estimated Full Value of Real Property
 Last Ten Years

<u>Year Ending December 31,</u>	<u>Total Net Assessed Valuation</u>	<u>State Equalization Rate</u>	<u>Total Direct Tax Rate</u>	<u>Full Valuation</u>	<u>Assessed Value as a Percentage of Full Value</u>
2011	\$ 464,348,248	0.86%	4.55	\$ 53,993,982,326	0.86%
2010	468,028,035	0.77%	4.02	60,782,861,688	0.77%
2009	471,271,829	0.73%	3.77	64,557,784,795	0.73%
2008	474,439,437	0.70%	3.46	67,777,062,429	0.70%
2007	476,040,281	0.76%	3.69	62,636,879,079	0.76%
2006	473,289,430	0.84%	3.14	56,343,979,762	0.84%
2005	467,626,979	1.01%	3.66	46,299,700,891	1.01%
2004	464,412,426	1.12%	4.38	41,465,395,179	1.12%
2003	456,291,428	1.27%	4.85	35,928,458,898	1.27%
2002	447,329,405	1.61%	5.87	27,784,435,093	1.61%

Source: Office of the Commissioner of Finance and the Official Statements of the Town of Brookhaven.

Note: The Town of Brookhaven does not have different classes of real property tax.

TOWN OF BROOKHAVEN

Property Tax Rates, Direct and Overlapping Governments
Last Ten Years

Year Ending <u>December 31,</u>	Town Direct Rates					Overlapping Rates					Total School Direct Rate	Total Direct and Overlapping Rates
	Full <u>Valuation</u>	State Equalization <u>Rate</u>	Total Net Assessed <u>Value</u>	Tax Levy for Town	Total Town Direct <u>Tax Rate*</u>	County Tax Levy for Town	Total County Direct Rate	School Levy	Total County Direct Rate			
2011	\$ 53,993,982,326	0.86%	\$ 464,348,248	\$ 245,718,336	4.55	\$ 200,068,194	3.71	\$ 907,707,446	16.81	25.07		
2010	60,782,861,688	0.77%	468,028,035	244,564,173	4.02	203,599,809	3.35	889,125,714	14.63	22.00		
2009	64,557,784,795	0.73%	471,271,829	243,370,116	3.77	190,475,144	2.10	859,703,422	13.32	19.19		
2008	67,777,062,429	0.70%	474,439,437	234,408,581	3.46	192,709,872	2.01	822,698,548	12.14	17.61		
2007	62,636,879,079	0.76%	476,040,281	231,411,858	3.69	178,793,587	2.09	782,779,568	12.50	18.28		
2006	56,343,979,762	0.84%	473,289,430	177,054,356	3.14	174,516,350	2.13	731,230,492	12.98	18.25		
2005	46,299,700,891	1.01%	467,626,979	169,841,828	3.66	164,446,852	2.58	674,288,711	14.56	20.80		
2004	41,465,395,179	1.12%	464,412,426	181,642,290	4.38	152,901,382	2.75	610,816,699	14.73	21.86		
2003	35,928,458,898	1.27%	456,291,428	174,311,140	4.85	142,206,774	3.04	553,327,106	15.40	23.29		
2002	27,784,435,093	1.61%	447,329,405	163,148,204	5.87	135,368,226	3.71	504,695,699	18.16	27.74		

Source: Office of the Commissioner of Finance and the Official Statements of the Town of Brookhaven.

* Per \$1,000 of the full valuation.

TOWN OF BROOKHAVEN
Principal Property Taxpayers
Current Year and Nine Years Ago

2011

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Taxable Assessed Valuation</u>
Marketspan Generation LLC	Utility	\$ 18,283,925	3.94%
Long Island Power Authority	Utility	16,535,014	3.56%
Keyspan Energy Corp.	Utility	12,134,230	2.61%
Verizon New York, Inc.	Utility	4,285,729	0.92%
Macy's East Inc.	Shopping Center	1,833,089	0.39%
Point of Woods Association	Residential Development	661,300	0.14%
East End Property Company #1 LLC	Commercial	628,020	0.14%
Avalon Bay Communities Inc.	Residential Development	624,805	0.13%
North Isle Village Inc.	Apartment Complex	484,500	0.10%
Serota Brooktown III LLC	Commercial	415,670	0.09%
Pine Hills South Co.	Residential Development	394,475	0.08%
Villas at Pine Hills LLC	Residential Development	379,075	0.08%
Serota Brooktown I & II LLC	Commercial	349,000	0.08%
Active Retirement Comm. Inc.	Residential Development	347,000	0.07%
Centereach Mall Assoc.	Shopping Center	345,220	0.07%
Patchogue Associates	Commercial	342,065	0.07%
Stonehurst III Associates	Commercial	336,000	0.07%
Heckscher Selden LLC	Shopping Center	310,000	0.07%
Village in Woods Owners	Residential Development	310,000	0.07%
460 Old Town Road Owners Corp.	Apartment Complex	<u>305,000</u>	<u>0.07%</u>
Total		<u>\$ 59,304,117</u> (a)	<u>12.75%</u>

(a) Represents 12.75% of the total taxable assessed valuation of the Town for 2011.

2002

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Taxable Assessed Valuation</u>
Marketspan Generation LLC	Utility	\$ 16,771,495	3.75%
New York Telephone Co.	Utility	9,694,847	2.17%
Keyspan Energy Corp.	Utility	8,944,727	2.00%
Marketspan Gas Corporation	Utility	5,600,000	1.25%
Smith Haven Center Associates LLC	Shopping Center	1,829,839	0.41%
Centereach Mall Assoc., LLP	Shopping Center	589,520	0.13%
Point O Woods Assn	Apartments	588,860	0.13%
Patchogue Associates	Commercial	554,985	0.12%
North Isle Village Inc.	Apartments	545,200	0.12%
AT&T Communications	Utility	<u>517,834</u>	<u>0.12%</u>
Total		<u>\$ 45,637,307</u> (b)	<u>10.20%</u>

(b) Represents 10.20% of the total taxable assessed valuation of the Town for 2002.

Source: Officer of the Commissioner of Finance and the 2011 and 2002 official statements.

TOWN OF BROOKHAVEN
Property Tax Levies and Collections
Last Ten Years

<u>Year Ended</u> <u>December 31,</u>	<u>Tax Levy</u> <u>for Town</u>	<u>Total Tax Levy*</u>	<u>Amount</u> <u>Collected**</u>	<u>Percent</u> <u>Collected***</u>
2011	\$ 245,718,336	\$ 1,360,128,477	\$ 1,296,517,235	95.32%
2010	244,564,173	1,337,289,696	1,274,061,088	95.27%
2009	243,370,116	1,293,548,682	1,229,329,967	95.04%
2008	234,408,581	1,249,817,001	1,190,048,436	95.22%
2007	231,411,858	1,192,985,013	1,134,555,858	95.10%
2006	177,054,356	1,082,801,198	1,038,943,922	95.95%
2005	169,481,828	1,008,217,391	970,012,470	96.21%
2004	181,642,290	945,360,371	904,371,837	95.66%
2003	174,311,140	869,845,020	830,701,994	95.50%
2002	163,148,204	803,212,129	771,092,866	96.00%

Source: Office of the Commissioner of Finance

* Includes all Town, School and County Taxes

** By June 1st of the year of levy.

*** Uncollected taxes are returned to the County for collection.
The town retains 100% of its levy.

TOWN OF BROOKHAVEN
Ratios of Outstanding Debt by Type
Last Ten Years

Year Ended December 31,	Governmental Activities					Business-Type Activities			Total Primary Government	Percentage of Personal Income**	Per Capita**
	General Obligation Bonds *	Bond Anticipation Notes	Budget Notes	NYS EFC Note Payable	Capital Leases	General Obligation Bonds					
2011	\$ 419,996,000	83,908,000	6,000,000	9,254,987	-	-	-	519,158,987	2.91%	\$ 1,075	
2010	427,813,676	80,056,593	2,300,000	3,590,832	-	339,924	-	514,101,025	3.28%	1,058	
2009	405,795,000	39,125,000	-	-	76,445	-	-	444,996,445	2.80%	905	
2008	398,285,000	-	-	-	222,049	-	-	398,507,049	2.56%	812	
2007	345,285,000	-	-	-	382,607	-	-	345,667,607	2.16%	747	
2006	256,971,356	-	-	-	722,410	-	-	257,693,766	1.81%	531	
2005	252,466,356	-	-	-	1,288,173	-	-	253,754,529	1.73%	529	
2004	220,800,000	-	-	-	1,847,241	-	-	222,647,241	1.69%	471	
2003	244,680,000	-	-	-	2,378,104	490,000	-	247,548,104	1.81%	530	
2002	248,030,000	-	-	-	-	1,270,000	-	249,300,000	1.96%	543	

* Excludes Refunded Bonds in the amount of \$26, 650,000

Source: The audited financial statements of the Town of Brookhaven

** See the Schedule of Demographic and Economic Statistics for personal income and population.

Note: Details regarding the outstanding debt can be found in the notes to the financial statements.

TOWN OF BROOKHAVEN
Ratios of General Bonded Debt Outstanding
Last Ten Years

Year Ended <u>December 31,</u>	<u>Population</u>	Taxable Assessed <u>Valuation</u>	Gross Bonded <u>Debt</u>	Less: Amounts Available in Debt Service <u>Fund</u>	Net Bonded <u>Debt</u>	Percentage of Net	
						Bonded Debt to Assessed <u>Value</u>	Net Bonded Debt Per <u>Capita</u>
2011	482,820	\$ 464,348,248	419,996,000	7,900,773	412,095,227	88.75%	854
2010	486,040	468,028,035	428,153,600	8,574,127	419,579,473	89.65%	863
2009	491,818	471,271,829	405,795,000	9,205,645	396,589,355	84.15%	806
2008	491,035	474,439,437	398,285,000	7,921,590	390,363,410	82.28%	795
2007	489,255	476,040,281	345,285,000	8,385,790	336,899,210	70.77%	689
2006	485,295	473,289,430	256,971,356	8,654,699	248,316,657	52.47%	512
2005	479,578	467,626,979	252,466,356	8,879,390	243,586,966	52.09%	508
2004	472,425	464,412,426	220,800,000	9,213,581	211,586,419	45.56%	448
2003	466,837	456,291,428	245,170,000	9,596,727	235,573,273	51.63%	505
2002	458,897	447,329,405	249,300,000	-	249,300,000	55.73%	543

* Excludes Refunded Bonds in the amount of \$26, 650,000
Source: Office of the Commissioner of Finance and the Official Statements of the Town of Brookhaven.

TOWN OF BROOKHAVEN
Direct and Overlapping Governmental Activities Debt
December 31, 2011

<u>Jurisdiction</u>	<u>Total Long-Term Debt *</u>	<u>Percentage Applicable to the Town of Brookhaven **</u>	<u>Town of Brookhaven Share of Debt</u>
Direct:			
Town of Brookhaven			
Bonds	\$ 419,996,000		419,996,000
Note payable NYPA	617,108		617,108
Installment loans NYS ERS	<u>6,027,683</u>		<u>6,027,683</u>
Total Town of Brookhaven	<u>\$ 426,640,791</u>	100.00%	<u>426,640,791</u>
Total Direct Debt	<u>426,640,791</u>	100.00%	<u>426,640,791</u>
Overlapping:			
Suffolk County	1,959,556,000	19.12%	374,667,107
Villages	16,416,735	100.00%	16,416,735
School Districts	1,192,902,313	88.91%	1,060,609,446
Fire Districts	<u>28,370,664</u>	100.00%	<u>28,370,664</u>
Total Overlapping Debt	<u>3,197,245,712</u>		<u>1,480,063,952</u>
Total Direct and Overlapping Debt	<u>\$ 3,623,886,503</u>		<u>1,906,704,743</u>

* Excludes Refunded Bonds in the amount of \$26,650,000

** Overlapping debt percentages are calculated in proportion to the Town's full valuation within each entity to the total full valuation of that entity

Source: Office of the Commissioner of Finance and Munistat Services, Inc.

TOWN OF BROOKHAVEN
Debt Limit Margin Information
December 31, 2011

Year Ended December 31,	Assessed Valuation	State Equalization Rate	Full Valuation
2011	\$ 464,348,248	0.86%	\$ 53,993,982,326
2010	468,028,035	0.77%	60,782,861,688
2009	471,271,829	0.73%	64,557,784,795
2008	474,439,437	0.70%	67,777,062,429
2007	476,040,281	0.76%	<u>62,636,879,079</u>
Total Five Year Full Valuation			\$ 309,748,570,317
Average Five Year Full Valuation			61,949,714,063
Debt Limit - 7% of Average Full Valuation			4,336,479,984
Inclusions:			
Outstanding Bonds			419,910,932
Water Bonds			85,068
Refunded Bonds			
Budget Notes			6,000,000
Bond Anticipation Notes			<u>83,908,000</u>
Total Inclusions			<u>509,904,000</u>
Exclusions:			
Water Debt			85,068
Budget Note			6,000,000
Appropriations			-
Cash on Hand - Refunded Bonds			<u>26,650,000</u>
Total Exclusions			<u>32,735,068</u>
Total net Indebtedness Subject to the Debt Limit			<u>477,168,932</u>
Net Debt Contracting Margin			<u>3,859,311,052</u>
Percent of Debt Limit Exhausted			12.36%

Last Ten Years

Year	Constitutional Debt Limit	Outstanding Indebtedness December 31	Less: Exclusions	Indebtedness Subject to Debt Limit	Net Debt Contracting Margin	Percentage of Net Debt Contracting Margin Available
2011	\$ 4,336,479,984	534,101,593	70,875,068	463,226,525	3,873,253,459	87.64%
2010	4,369,379,949	521,350,193	24,474,299	496,875,894	3,872,504,055	88.63%
2009	4,166,615,697	459,670,000	25,208,348	434,461,652	3,732,154,045	89.57%
2008	3,843,322,242	398,507,049	30,580,928	367,926,121	3,475,396,121	90.43%
2007	3,397,441,793	345,667,607	5,977,463	339,690,144	3,057,751,649	90.00%
2006	2,909,367,578	257,693,766	25,411,441	232,282,325	2,677,085,253	92.02%
2005	2,466,905,597	253,754,529	28,352,452	225,402,077	2,241,503,520	90.86%
2004	2,135,768,863	222,647,241	30,640,578	192,006,663	1,943,762,200	91.01%
2003	1,841,955,236	247,548,104	29,956,840	217,591,264	1,624,363,972	88.19%
2002	1,622,067,542	249,300,000	11,282,390	238,017,610	1,384,049,932	85.33%

Source: Office of the Commissioner of Finance and the Official Statements of the Town of Brookhaven

TOWN OF BROOKHAVEN
Demographics and Economic Statistics
Last Ten Years

Year Ended	Population ^{1,6} <u>Population</u>	Personal Income (millions of dollars) ² <u>Income</u>	Per Capita Income ³ <u>Income</u>	Median Age <u>Age</u>	Unemployment Rate ³ <u>Rate</u>	Year-Round Households Estimates ^{1,6} <u>Estimates</u>	Average Household Size Estimates ^{1,4,6} <u>Estimates</u>	Population Density per Square Mile ² <u>Mile</u>	Public School (Pre-K Through 12) Enrollment ⁵ <u>Enrollment</u>	Percent High School Graduate or Higher ^{4,6} <u>Higher</u>	Civilian Labor Force-16 Years and Older ³ <u>Older</u>
2010	486,040	15,695	32,292*	37.30*	7.60%	162,890	3.06*	914.50	94,656	89.90*	258,000
2009	491,818	15,882	32,292	37.30	7.20%	160,251	3.06	925.30	95,213	89.90	258,900
2008	491,035	15,580	31,728	37.30	4.90%	160,093	3.11	923.90	96,236	89.70	261,300
2007	489,255	16,030	32,764	37.00	3.90%	159,888	2.93	920.50	97,054	89.80	259,000
2006	485,295	14,208	29,278	37.40	4.00%	158,729	2.94	913.10	98,122	89.80	257,500
2005	479,578	14,673	30,596	36.90	4.20%	156,987	3.02	902.30	98,382	89.80	253,000
2004	472,425	13,195	27,931	36.30	4.60%	154,909	2.93	888.90	98,194	90.20	250,100
2003	466,837	13,640	29,217	37.10	4.80%	152,903	2.86	878.30	97,719	90.40	246,500
2002	458,897	12,750	27,785	36.70	4.60%	150,280	2.92	863.40	96,453	91.00	243,100

* Prior year amounts were used due to the information not being available for the current year.

1. LIPA Population Surveys 1999-2009 (except 2010-2011 - U.S. Census Bureau)
2. Calculated using other statistics charts.
3. New York State Department of Labor Non-Seasonally Adjusted
4. American Community Survey 2005-2009
5. New York State Department of Education website
6. For 2011, Miller Business Resources Center at the Middle Country Public Library

TOWN OF BROOKHAVEN
Principal Employers
Current Year and Nine Years Ago

2011

<u>Rank</u>	<u>Name</u>	<u>Headquarters</u>	<u>Type of Business</u>	<u>Number of Employees</u>	<u>Percentage of Total Town's Employment</u>
1	State University at Stony Brook	Stony Brook	College/University	13,000	5.56%
2	Stony Brook University Medical Center	Stony Brook	Medical Center	5,000	2.14%
3	Sachem Central School District	Holbrook	School System	3,229	1.38%
4	Brookhaven National Laboratory	Upton	Laboratory	3,000	1.28%
5	John T. Mather Hospital	Port Jefferson	Hospital	2,322	0.99%
6	Eastern Suffolk BOCES	Patchogue	Education	2,000	0.86%
7	Brookhaven Memorial Hospital	E. Patchogue	Hospital	1,670	0.71%
8	Three Village Central School District	East Setauket	School System	1,650	0.71%
9	William Floyd Central School District	Mastic Beach	School System	1,650	0.71%
10	St. Charles Hospital	Port Jefferson	Hospital	<u>1,564</u>	<u>0.67%</u>
Total				<u>35,085</u>	<u>15.01%</u>

2002

<u>Rank</u>	<u>Name</u>	<u>Headquarters</u>	<u>Type of Business</u>	<u>Number of Employees</u>	<u>Percentage of Total Town's Employment</u>
1	State University at Stony Brook	Stony Brook	College/University	11,500	N/A
2	Internal Revenue Service	Holstville	Government	3,219	N/A
3	Brookhaven National Laboratory	Upton	Laboratory	3,000	N/A
4	Brookhaven Memorial Hospital	E. Patchogue	Hospital	1,900	N/A
5	John T. Mather Hospital	Port Jefferson	Hospital	1,800	N/A
6	Sachem Central School District	Holbrook	School System	1,704	N/A
7	St. Charles Hospital	Port Jefferson	Hospital	1,500	N/A
8	Symbol Technology	Holbrook	Communications	1,500	N/A
9	Bell Atlantic	Patchogue	Utility Company	1,370	N/A
10	Three Village Central School District	East Setauket	School System	<u>1,316</u>	<u>N/A</u>
Total				<u>28,809</u>	<u>N/A</u>

Source: Official Statements dated September 22, 2011 and October 24, 2002 and NYS Department of Labor Website

Note: Information percentage of total Town Employment is not available for 2002.

TOWN OF BROOKHAVEN
 Full-Time Equivalent Town Government Employees By Function
 Last Ten Years

Function:	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Full-Time Equivalent Employees as of <u>December 31,</u>										
General government support	257	263	277	284	271	250	239	228	N/A	N/A
Public Safety	120	229	242	199	193	185	207	191	N/A	N/A
Health	5	5	-	-	-	-	-	-	N/A	N/A
Transportation	273	259	295	298	293	295	291	285	N/A	N/A
Economic assistance and opportunity	5	4	4	5	6	5	5	5	N/A	N/A
Culture and recreation	158	211	182	186	182	166	174	169	N/A	N/A
Home and community service	237	270	287	288	286	278	284	274	N/A	N/A
Total	<u>1,055</u>	<u>1,241</u>	<u>1,287</u>	<u>1,260</u>	<u>1,231</u>	<u>1,179</u>	<u>1,200</u>	<u>1,152</u>	<u>1,194</u>	<u>1,158</u>

Source: Office of the Commissioner of Finance

N/A - Information not available by function due to system conversion.

TOWN OF BROOKHAVEN
Operating Indicators By Function
Last Ten Years

Function	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Government Support:										
Town Clerk:										
>	3,762	3,867	3,953	3,938	4,130	4,036	3,856	3,772	3,990	3,987
	2,165	2,010	2,036	2,320	2,401	2,451	2,444	2,550	2,577	2,708
	2,708	2,669	2,680	2,787	2,626	2,678	2,650	2,641	2,663	2,669
	6,577	7,488	8,156	8,599	9,135	9,120	10,298	10,330	11,171	11,070
	1,586	1,907	1,881	1,930	2,334	2,372	2,536	2,832	3,392	3,221
	9,049	7,185	6,623	5,889	6,679	5,751	3,748	2,783	2,627	2,981
	145	209	158	96	103	120	120	113	112	143
	154	141	132	107	132	123	80	91	82	102
	810	786	728	747	732	775	781	787	803	797
>>	214	237	100	-	-	-	-	-	-	-
Public Safety:										
Building:										
	6,387	6,245	5,896	5,349	6,239	6,513	7,589	7,887	7,248	7,937
	673	553	406	363	331	294	284	224	281	237
	670	714	854	889	788	427	381	767	779	831
	27,500	27,000	28,000	28,000	27,500	27,000	26,000	27,000	26,500	27,000
	4,560	4,156	4,296	4,423	4,276	4,260	4,940	5,090	5,597	6,193
	1,193	1,168	1,373	1,109	1,065	652	526	529	627	438
Fire Prevention:										
	1,067	1,233	450	1,029	1,039	1,102	1,016	1,005	1,164	1,324
	745	664	749	813	809	766	838	977	1,096	1,199
	1,256	606	623	428	511	638	681	445	667	838
	587	464	575	1,382	1,327	1,388	1,228	804	1,762	1,448
	1,139	1,168	1,012	507	534	481	503	507	538	542
Public Safety:										
Code Enforcement Division:										
	5,517	5,466	4,719	4,834	3,080	5,326	3,884	4,247	7,638	8,990
*	10	23	1	-	-	-	-	-	-	-
**	6,802	4,901	5,615	5,453	6,628	5,976	5,207	5,817	5,692	-
Vehicle Impounds:										
	171	210	276	303	377	314	229	215	260	304
	489	442	449	197	486	453	476	578	601	537
	268	203	337	313	534	328	928	11,254	1,522	1,313
	91	105	117	129	161	368	260	295	163	101
Transportation - Highway and Streets										
	25.28	66.40	90.64	42.42	105.50	98.66	105.02	75.70	63.65	81.88

(Continued)

TOWN OF BROOKHAVEN
Operating Indicators By Function

	Year Ended December 31,									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Culture and Recreation:										
Program Participation:										
+ Adult Softball, # of teams	183	193	187	185	190	211	190	102	N/A	N/A
+ Adult Baseball, # of teams	112	74	15	38	35	30	37	57	N/A	N/A
+ Adult Basketball, # of teams	75	48	68	55	57	61	45	50	N/A	N/A
+ Adult Volleyball, # of teams	23	36	38	36	34	25	28	28	N/A	N/A
+ Bowling, individuals	368	380	368	119	204	102	74	-	N/A	N/A
+ Triathlon, individuals	-	61	87	99	122	74	76	57	N/A	N/A
+ Youth Softball, # of teams	11	31	62	214	51	28	30	29	N/A	N/A
+ Youth Soccer, # of teams	110	138	113	123	76	82	77	83	N/A	N/A
+ Summer Fun Camp, ages K-6	448	784	555	486	603	676	463	677	N/A	N/A
+ St. Michael's Summer Fun, ages K-6	101	93	124	129	114	120	114	108	N/A	N/A
+ Mastic Day Camp, ages K-6	186	125	-	-	-	-	-	-	-	-
+ Special Recreation, handicap	81	64	79	77	89	81	97	114	N/A	N/A
+ Swim Instruction, individuals	1,732	1,496	2,076	2,120	2,273	2,280	2,220	1,986	N/A	N/A
+ Swim Instruction, Brookhaven Aquatic Center	1,432	1,622	-	-	-	-	-	-	-	-
Permits Issued:										
+ Bald Hill, use of building for mtgs.	17	10	26	24	18	20	35	16	N/A	N/A
+ Bleachers, sets of bleachers	13	20	25	28	26	21	25	24	N/A	N/A
+ Buildings, meetings/social events	215	235	219	261	272	232	245	262	N/A	N/A
+ Fields, ball fields	276	308	306	298	302	271	296	293	N/A	N/A
+ Night Fishing, individuals	378	362	409	383	347	311	204	232	N/A	N/A
+ Holsville park, groups of 30+	121	83	148	127	129	164	120	139	N/A	N/A
+ Beaches & Parks, groups of 30+	198	46	160	152	148	130	123	106	N/A	N/A
+ Pools, swim clubs, practice, meets	38	40	52	49	11	40	11	17	N/A	N/A
+ Snowmobile, rental of	50	77	97	107	73	66	67	73	N/A	N/A
Home and Community Services:										
+ Sanitation (in tons):										
+ Refuse collected	1,352,473	1,211,363	963,342	1,115,273	1,208,833	1,126,013	1,182,826	1,186,103	1,137,991	1,159,909
+ Recyclables collected	40,743	39,040	39,343	42,868	39,744	33,844	47,441	49,494	48,747	39,074
+ Transfer Station	184,898	200,894	211,881	215,194	218,701	228,082	230,363	233,103	228,029	216,134
+ Compost	34,914	31,656	3,000	2,000	18,000	8,500	8,500	10,000	11,000	19,000

- N/A - Information not available
- > Same sex marriage licenses available, inception year 2011
- >> Inception year was 2009, ceased in November 2011
- * Inception year is 2008, September - no arrests made in 2008
- ** 511 VTL - Vehicle & Traffic Law - A 511 violation is the seizure of a vehicle being operated by a driver with a suspended license.
 - Road Hazards - vehicles in roadways that pose a safety risk/hazard for normal flow of traffic
- + PAL was given half the program for this season
- ++ No fee for participation in 2004 so no figures available.
- +++ Program new for 2010.
- ^ Sanitation (in tons)
 - Refuse collected - residential waste, ash, C&D, etc.
 - Recyclables collected - paper, cardboard, glass, etc.
 - Transfer Station - from garbage carters and village garbage carters
 - Compost - yard waste

TOWN OF BROOKHAVEN
Capital Asset Statistics By Function
Last Ten Years

Function	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Government:										
Municipal Buildings - Administration	2	2	2	2	2	2	2	2	2	2
Municipal Buildings - Other	4	4	4	4	4	4	4	4	4	4
Preserved Acreage	2,562	2,303	2,146	2,115	1,974	1,245	1,012	707	312	263
Public Safety:										
Animal Shelter	1	1	1	1	1	1	1	1	1	1
Health:										
Number of ambulance districts	9	9	9	9	9	9	9	9	9	9
Transportation:										
Municipal Bldgs. - Administration	1	1	1	1	1	1	1	1	1	1
Municipal Bldgs. - Hwy Barns	13	13	13	13	13	13	13	13	13	13
Number of street lighting districts	1	1	1	1	1	1	1	1	1	1
Streets (miles)	1,748	1,762	1,761	1,751	1,745	1,739	1,735	1,740	1,734	1,726
Streetlights	43,161	42,793	42,549	39,391	39,204	38,698	38,515	37,825	-	-
Traffic signals	493	476	446	440	430	424	419	412	-	-
Culture and recreation:										
Municipal Bldgs. - Administration	3	2	2	2	2	2	2	2	2	2
Municipal Bldgs. - Community Centers	7	7	7	8	8	8	8	8	8	8
Municipal Bldgs. - Historic Houses	10	10	10	10	10	10	10	10	10	10
Municipal Bldgs. - Other - Recreation	76	76	76	76	76	76	76	76	76	76
Municipal Bldgs. - Other - Maintenance	24	24	24	24	24	24	24	24	24	24
Number of park districts	2	2	2	2	2	2	2	2	2	2
Parks acreage	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750
Fishing Piers	20	20	20	20	20	20	20	20	20	20
Boat launching ramps	10	10	10	10	10	10	10	10	10	10
Beaches	15	15	15	15	15	15	15	15	15	15
Marinas	8	8	8	8	8	8	8	8	8	8
Boat basin slips	1,192	1,192	1,192	1,192	1,192	1,192	1,192	N/A	N/A	N/A
Swimming pools	6	6	6	6	6	5	5	5	5	5
Golf courses	2	2	2	2	2	2	1	N/A	N/A	N/A
Tennis courts	5	5	5	5	5	5	5	5	5	5
Rifle ranges	1	1	1	1	1	1	1	1	1	1

(Continued)

TOWN OF BROOKHAVEN
Capital Asset Statistics By Function, Continued

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<u>Year Ended December 31,</u>										
Home and Community Services:										
Municipal Bldgs. - Administration	1	1	1	1	1	1	1	1	1	1
**** Municipal Bldgs. - Other	6	6	6	6	6	6	6	6	6	6
Landfill	1	1	1	1	1	1	1	1	1	1
Transfer Station	1	1	1	1	1	1	1	1	1	1
Compost Facility	1	1	1	1	1	1	1	1	1	1
MRF	1	1	1	1	1	1	1	1	1	1
Jitney buses	26	29	29	30	27	22	12	12	12	12

Source: Division of Information Technology/Geographic Information Systems, Division of Land Management, Department of Public Safety, Highway Department, Department of Parks & Recreation, Sanitation Department, Division of Vehicle Control.

- * Municipal Bldgs. - Other - Sewage Treatment Plant for Town Hall, VC Mechanic Shops, VC Mower Shop
- ** NYS Dept. of Transportation Local Highway Mileage Inventory Reports
- *** Culture & Recreation - Municipal Bldgs. - Other - Recreation - Includes, but not limited to Ferry Terminal, Cottage
- *** Culture & Recreation - Municipal Bldgs. - Other - Maintenance - Includes, but not limited to Garages, Maintenance Barns, Sheds, Pump Houses, Storage.
- **** Sanitation - Municipal Bldgs. - Other - Includes, but not limited to Mechanic Shop, Gas Generation, Hazmat, Scale Houses