

**TOWN OF ISLIP**  
**STATE TRANSPORTATION SINGLE AUDIT REPORT**  
Year Ended December 31, 2010

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND CONTROLS OVER STATE  
TRANSPORTATION ASSISTANCE EXPENDED BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING  
STANDARDS

Honorable Supervisor and Town Board  
Town of Islip  
Islip, New York

Compliance

We have audited the Town of Islip, New York's compliance with the types of compliance requirements described in the Draft Part 43 of the New York State Codification of Rules and Regulations (NYCRR) that could have a direct and material effect on the state transportation assistance program tested for the year ended December 31, 2010. The program tested is identified in the summary of audit results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to the program tested is the responsibility of the Town of Islip, New York's management. Our responsibility is to express an opinion on the Town of Islip, New York's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Draft Part 43 of NYCRR. Those standards and Draft Part 43 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above, that could have a direct and material effect on the state transportation assistance program tested, occurred. An audit includes examining, on a test basis, evidence about the Town of Islip, New York's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town of Islip, New York's compliance with those requirements.

In our opinion, the Town of Islip, New York complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the state transportation assistance program tested for the year ended December 31, 2010.

Internal Control Over Compliance

The management of the Town of Islip, New York is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to state transportation assistance programs. In planning and performing our audit, we considered the Town of Islip, New York's internal control over compliance with the requirements that could have a direct and material effect on a state transportation assistance program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with Draft Part 43, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Islip, New York's internal control over compliance.

PERSONAL SERVICE. TRUSTED ADVICE. 

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Internal Control Over Compliance (continued)

A *deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state transportation assistance program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of State Transportation Assistance Expended

We have audited the basic financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and aggregate remaining fund information of the Town of Islip, New York as of and for the year ended December 31, 2010, and have issued our report thereon dated September 29, 2011. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town of Islip, New York's basic financial statements. We did not audit the financial statements of the Town of Islip Foreign Trade Zone Authority, and the Islip Resource Recovery Agency, whose statements collectively reflect 97.74%, 92.69% and 99.98%, respectively, of the assets, net assets and revenues of the business-type activities. We did not audit the financial statements of the Town of Islip Community Development Agency and Islip's Housing Development Fund Company, Inc., whose statements collectively reflect 100% of the assets, net assets, and revenues of the discretely presented component units as described in our report on the Town of Islip, New York's basic financial statements. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the business-type activities, and the discretely presented component units, is based solely on the report of the other auditors. The accompanying schedule of state transportation assistance expended is presented for purposes of additional analysis as required by Draft Part 43 of NYCRR, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, Town Board, others within the entity, and New York State Department of Transportation and is not intended to be and should not be used by anyone other than these specified parties.

*A. Bruch, Vignano, Zurek & Co., P.C.*

Hauppauge, New York  
September 29, 2011

**TOWN OF ISLIP**  
SCHEDULE OF STATE TRANSPORTATION ASSISTANCE EXPENDED  
Year Ended December 31, 2010

<u>Program Title</u>	<u>NYSDOT Contract/ Ref. Number</u>	<u>Expenditures</u>
Consolidated Local Street and Highway Improvement Program - Capital Reimbursement Component	CHIPS / 070421	\$ 1,687,751
Airport Improvement Program	Airport / *	345,085
Multi-Modal Program	Multi-Modal / **	<u>591,165</u>
TOTAL		<u>\$ 2,624,001</u>

\* Airport = 904.06, 904.78, 904.79, 904.80, 904.81, 904.82, 904.83, 904.84, 923.20

\*\* Multi-Modal = D026352/OMS156.30A/OMS160.30A, A589, D018180/2011.30/A6, S617, S618

**TOWN OF ISLIP**  
NOTES TO SCHEDULE OF STATE TRANSPORTATION ASSISTANCE EXPENDED  
Year Ended December 31, 2010

**Note A – General**

The accompanying schedule of state transportation assistance expended by the Town of Islip, New York presents the activity of all financial assistance programs provided by the New York State Department of Transportation.

**Note B – Basis of Accounting**

The accompanying schedule of state transportation assistance expended is presented using the accrual basis of accounting.

**Note C – Indirect Costs**

There were no indirect costs associated with any of these programs.

**Note D – Matching Costs**

Matching costs, if any, were provided in accordance with program requirements.

**Note E – Amounts Paid to Subrecipients**

The Town of Islip does not have any subrecipients.

**TOWN OF ISLIP**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR STATE**  
**TRANSPORTATION ASSISTANCE EXPENDED**  
Year Ended December 31, 2010

**SUMMARY OF AUDIT RESULTS:**

Internal control over state transportation assistance expended:

- Material weakness(es) identified None
  
- Significant deficiencies identified that are not considered to be material weakness(es) None

Type of auditors' report on compliance for programs tested: Unqualified

Summary of Audit Findings: None

Identification of State Transportation Assistance Program(s) Tested:

- Consolidated Local Street and Highway Improvement Program – Capital Reimbursement Component (CHIPS)

**COMPLIANCE FINDINGS AND QUESTIONED COSTS:**

No matters were reported.