

SUFFOLK COUNTY

NEW YORK



INDEPENDENT AUDITOR'S REPORT
ON THE BASIC FINANCIAL STATEMENTS AND THE
SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE
TRANSPORTATION ASSISTANCE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009

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COMPTROLLER

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Suffolk County, New York

Basic Financial Statements and the Schedules of Expenditures of
Federal and State Transportation Assistance Awards

Year Ended December 31, 2009

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Report of Independent Auditors

The Members of the Audit Committee
Suffolk County, New York

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Suffolk County, New York (“the County”), as of and for the year ended December 31, 2009, which collectively comprise the County’s basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County’s management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Suffolk County Community College, the Suffolk County Regional Off-Track Betting Corporation, and the Suffolk County Industrial Development Agency, which are included as discretely presented component units. 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 such component units, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States 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. The financial statements of the Suffolk County Regional Off-Track Betting Corporation were not audited in accordance with *Government Auditing Standards*. We were not engaged to perform an audit of the County’s internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Suffolk County, New York, as of December 31, 2009, and the respective changes in financial position

and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and Special Revenue Funds for the year then ended in conformity with U.S. generally accepted accounting principles.

As discussed in Note I. F., the County adopted Governmental Accounting Standards Board Statement No. 51, Accounting and Financial Reporting for Intangible Assets and Statement No. 52, Land and Other Real Estate Held as Investments by Endowments, during 2009. The County adopted Governmental Accounting Standards Board Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Equity Transfers of Assets and Future Revenues and Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations, during 2008.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2010 on our consideration of the County's internal control over financial reporting and 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 the 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.

Management's discussion and analysis and the schedule of funding progress, on pages 3 to 14, and page 81, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this required supplementary information. However, we did not audit the information and express no opinion on it.

Ernst + Young LLP

July 23, 2010

Management's Discussion and Analysis

As management of Suffolk County, New York, we offer readers of Suffolk County's financial statements this narrative overview and analysis of the financial activities of Suffolk County for the fiscal year ended December 31, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3-9 of this report.

Financial Highlights

- The liabilities of Suffolk County exceeded its assets at the close of the most recent fiscal year by \$155,256,553 (deficit). This amount includes \$33,932,420 (restricted net assets) and is net of a deficit of \$1,447,921,057 in unrestricted net assets.
- Suffolk County's total net assets decreased by \$412,267,846.
- As of the close of the current fiscal year, Suffolk County's governmental funds reported combined fund balances of \$630,313,701 a decrease of \$7,851,739, in comparison with the prior year. Approximately 50 percent of this amount, \$314,100,623, is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund deficit for the general fund was \$48,793,854.
- Suffolk County's total bonded debt increased by \$226,837,753 (19.27 percent) during the current fiscal year. The key factor in this increase was that new debt issuances of general obligation bonds exceeded the amounts of the annual payment on general obligation bonds.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Suffolk County's basic financial statements. Suffolk County's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of Suffolk County's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of Suffolk County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Suffolk County is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

Both of the government-wide financial statements distinguish functions of Suffolk County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Suffolk County include general government support, economic assistance and opportunity, public safety, culture and recreation, health, education, home and community services and transportation. The business-type activities of Suffolk County include the John J. Foley Skilled Nursing Facility, the Suffolk Health Plan, Francis S. Gabreski Airport, Regional Economic Development Initiative, and the Suffolk County Ball Park.

The government-wide financial statements include not only Suffolk County itself (known as the primary government), but also a legally separate community college (Suffolk County Community College), a legally separate off-track betting public benefit corporation (Suffolk Regional Off-Track Betting Corporation), and a legally separate industrial development public benefit corporation (Suffolk County Industrial Development Agency) for which Suffolk County is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The Suffolk County Judicial Facilities Agency and Suffolk Tobacco Asset Securitization Corp., although also legally separate, functions for all practical purposes, as a department of Suffolk County, and therefore, has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 16-18 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Suffolk County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Suffolk County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spending resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds

with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Suffolk County maintains 62 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and two special revenue funds (Police District Fund and Suffolk Tobacco Asset Securitization Corp.), and one capital project fund, all of which are considered to be major funds. Data from the other 58 nonmajor governmental funds are combined into a single aggregated presentation. Individual fund data for each of these 58 nonmajor governmental funds is provided in the form of combining statements, which is included with the Combining and Individual Fund Statements and Schedules.

Suffolk County adopts an annual appropriated budget for its general fund and 38 of its special revenue funds. A budgetary comparison statement has been provided for the general fund and one major special revenue fund to demonstrate compliance with the budget. We have also provided budgetary comparison schedules for the 37 nonmajor special revenue funds, which are included with the Combining and Individual Fund Statements and Schedules.

The basic governmental fund financial statements can be found on pages 19-26 of this report.

Proprietary funds. Suffolk County maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Suffolk County uses enterprise funds to account for the Suffolk Health Plan, Suffolk County Ball Park, Francis S. Gabreski Airport, Regional Economic Development Initiative, and the John J. Foley Skilled Nursing Facility.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 28-32 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support Suffolk County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 33-34 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37-77 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents combining and individual fund statements and schedules on nonmajor funds which can be found on pages 103-169 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time, as a useful indicator of a government's financial position. As the following table demonstrates, the County's liabilities exceeded its assets by \$155,256,553 at the close of the most recent fiscal year.

A summary of the County's net assets for 2009 is presented below, together with comparative 2008 information.

	Suffolk County's Net Assets					
	Governmental Activities		Business-type Activities		Totals	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Current and other assets	\$ 1,628,963,238	\$ 1,231,209,964	\$ 3,226,675	\$ 14,101,795	\$ 1,632,189,913	\$ 1,245,311,759
Capital assets	2,238,629,013	2,114,159,386	62,754,059	62,598,643	2,301,383,072	2,176,758,029
<u>Total assets</u>	<u>3,867,592,251</u>	<u>3,345,369,350</u>	<u>65,980,734</u>	<u>76,700,438</u>	<u>3,933,572,985</u>	<u>3,422,069,788</u>
Long term liabilities						
outstanding	3,025,326,119	2,493,544,479	48,045,857	41,658,748	3,073,371,976	2,535,203,227
Other liabilities	1,005,742,318	620,398,144	9,715,244	9,457,124	1,015,457,562	629,855,268
<u>Total liabilities</u>	<u>4,031,068,437</u>	<u>3,113,942,623</u>	<u>57,761,101</u>	<u>51,115,872</u>	<u>4,088,829,538</u>	<u>3,165,058,495</u>
<u>Net assets:</u>						
Invested in capital assets						
net of related debt	1,220,947,584	1,187,734,215	37,784,500	35,526,744	1,258,732,084	1,223,260,959
Restricted	33,932,420	119,206,095	-	771,432	33,932,420	119,977,527
Unrestricted	(1,418,356,190)	(1,075,513,583)	(29,564,867)	(10,713,610)	(1,447,921,057)	(1,086,227,193)
<u>Total net assets</u>	<u>\$ (163,476,186)</u>	<u>\$ 231,426,727</u>	<u>\$ 8,219,633</u>	<u>\$ 25,584,566</u>	<u>\$ (155,256,553)</u>	<u>\$ 257,011,293</u>

Net assets includes, \$1,258,732,084 in capital assets (e.g., land, buildings, machinery, and equipment), reflecting the County's investment in capital assets net of related debt used to acquire those assets that is still outstanding. Suffolk County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Suffolk County'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 cannot be used to liquidate these liabilities.

An additional portion of Suffolk County's net assets, \$33,932,420 represents resources that are subject to external restrictions on how they may be used. The remaining balance is a deficit in unrestricted net assets of \$1,447,921,057 and substantially represents the funding of long-term liabilities as they come due rather than when they are incurred.

Suffolk County's Changes in Net Assets

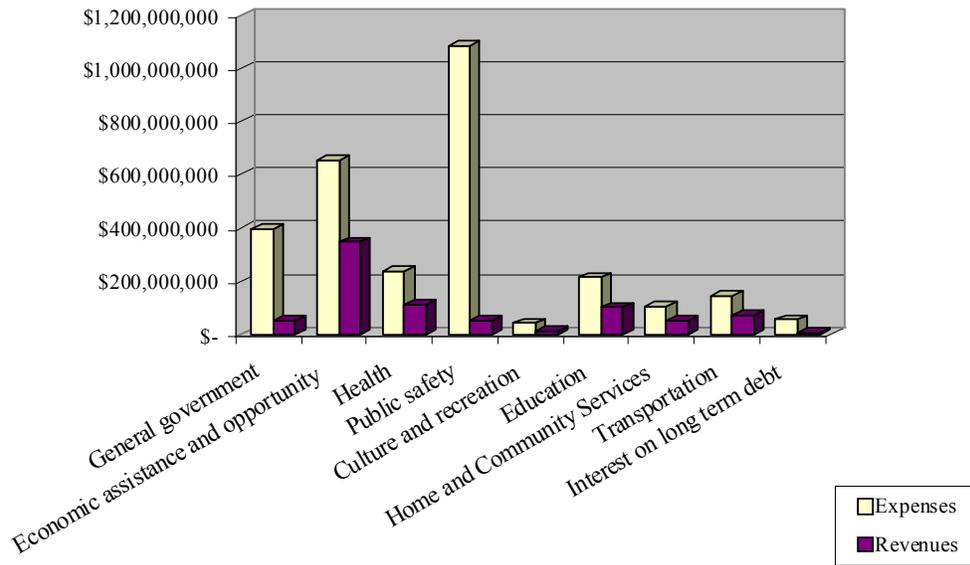
	Governmental Activities		Business-type Activities		Totals	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revenues:						
Program revenues:						
Charges for services	\$204,483,415	\$184,419,649	\$27,865,047	\$75,716,942	\$232,348,462	\$260,136,591
Operating grants and contributions	570,409,347	538,173,269	-	18,754,637	570,409,347	556,927,906
Capital grants and contributions	24,971,937	29,058,511	-	-	24,971,937	29,058,511
General revenues:						
Property taxes	603,184,381	594,613,826	-	-	603,184,381	594,613,826
Sales and use tax	1,070,282,537	1,169,096,220	-	-	1,070,282,537	1,169,096,220
Other, net	67,945,643	71,059,341	844,255	829,238	68,789,898	71,888,579
Total revenues	<u>2,541,277,260</u>	<u>2,586,420,816</u>	<u>28,709,302</u>	<u>95,300,817</u>	<u>2,569,986,562</u>	<u>2,681,721,633</u>
Expenses:						
General government	399,039,811	356,042,292	-	-	399,039,811	356,042,292
Economic assistance and opportunity	658,206,201	672,657,450	-	-	658,206,201	672,657,450
Health	238,910,829	236,028,750	-	-	238,910,829	236,028,750
Public safety	1,086,799,273	1,075,941,533	-	-	1,086,799,273	1,075,941,533
Culture and recreation	40,905,622	40,962,087	-	-	40,905,622	40,962,087
Education	215,779,142	218,326,714	-	-	215,779,142	218,326,714
Home and community services	105,733,334	111,552,055	-	-	105,733,334	111,552,055
Transportation	144,050,016	138,259,270	-	-	144,050,016	138,259,270
Skilled nursing	-	-	33,406,454	45,171,633	33,406,454	45,171,633
Regional Economic Development Initiative	-	-	29,000	29,000	29,000	29,000
Health plan	-	-	836,351	35,598,824	836,351	35,598,824
Ball park	-	-	685,948	716,056	685,948	716,056
Gabreski airport	-	-	2,017,991	1,396,725	2,017,991	1,396,725
Interest on long term debt	55,854,436	43,242,061	-	-	55,854,436	43,242,061
Total expenses	<u>2,945,278,664</u>	<u>2,893,012,212</u>	<u>36,975,744</u>	<u>82,912,238</u>	<u>2,982,254,408</u>	<u>2,975,924,450</u>
Change in net assets before transfers	(404,001,404)	(306,591,396)	(8,266,442)	12,388,579	(412,267,846)	(294,202,817)
Transfers	9,098,491	15,647,361	(9,098,491)	(15,647,361)	-	-
Change in net assets	(394,902,913)	(290,944,035)	(17,364,933)	(3,258,782)	(412,267,846)	(294,202,817)
Net assets - beginning	231,426,727	522,370,762	25,584,566	28,843,348	257,011,293	551,214,110
Net assets - ending	<u>(\$163,476,186)</u>	<u>\$231,426,727</u>	<u>\$8,219,633</u>	<u>\$25,584,566</u>	<u>(\$155,256,553)</u>	<u>\$257,011,293</u>

The County's net assets decreased by \$412,267,846 during the current fiscal year. Key elements of the decrease are as follows:

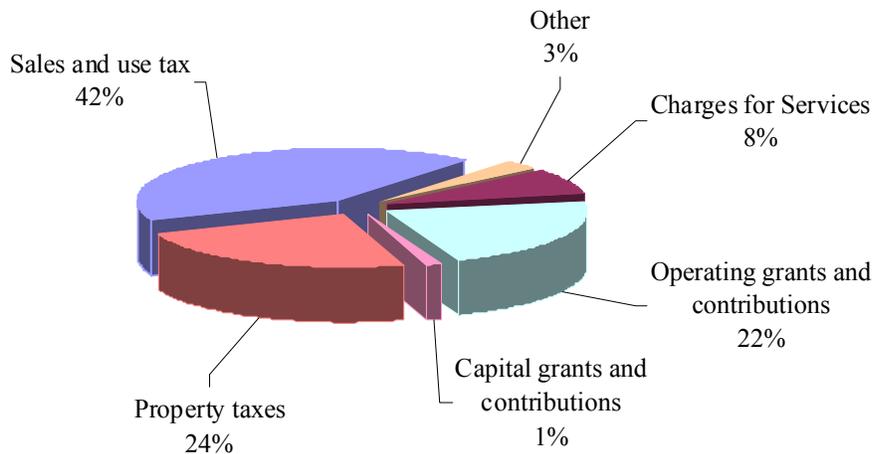
- The liability accrual of \$291 million for post employment benefits, required by GASB 45.
- Sales and use tax revenues decreased by approximately \$99 million from the prior year. The decrease is attributed primarily to the current national economic recession.
- Interest on long term debt increased by approximately \$12 million during the year due to debt interest expense pertaining to STASC.
- An increase in the net expenses of the nursing home and the airport of approximately \$7.5 million and \$1 million, respectively.

Governmental activities. Governmental activities decreased the County's net assets by \$394,902,913. The decrease is attributable to the liability accrual of \$284 million for post employment benefits, interest on long term debt increased by approximately \$12 million, and sales and use tax revenue decreased by approximately \$99 million.

Expenses and Program Revenues-Governmental Activities



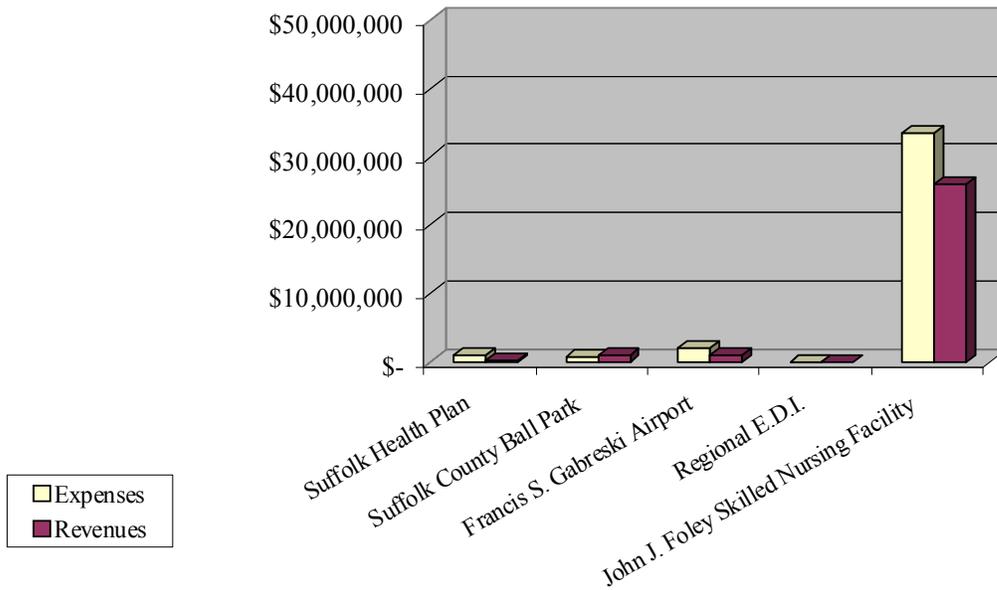
Revenues by Source-Governmental Activities



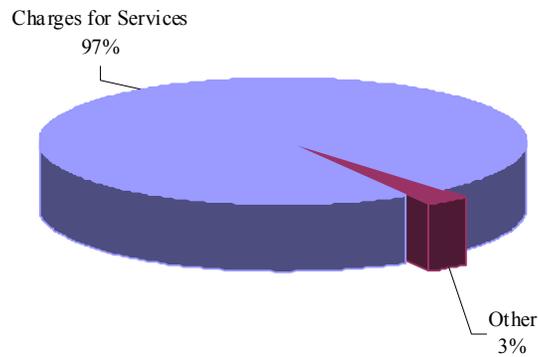
Business-type activities. Business-type activities decreased the County’s net assets by \$17,364,933. The key factors of the decrease are as follows:

- Interfund transfers in the amount of \$9 million consisting of approximately \$4 million in maintenance in lieu of rent and \$5 million in health benefit costs.
- An increase in the net expenses of the nursing home and the airport of approximately \$7.5 million and \$1 million, respectively.

Expenses and Program Revenues-Business-type Activities



Revenues by Source-Business-type Activities



Financial Analysis of the County's Funds

As noted earlier, Suffolk County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Suffolk County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Suffolk County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$630,313,701, a decrease of \$7,851,739 in comparison with the prior year. Of this amount \$314,100,623 constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$263,126,996), 2) to pay debt service (\$23,141,167), 3) to provide a reserve for general liability claims (\$2,270,406), 4) to provide a reserve for employee health claims (\$16,883,256), and 5) to provide a reserve for water quality protection (\$10,791,253).

The general fund is the chief operating fund of Suffolk County. At the end of the current fiscal year, unreserved fund balance of the general fund is a deficit totaling \$48,793,854 while total fund balance is a deficit totaling \$29,487,821.

The fund balance of Suffolk County's general fund decreased by \$71,548,585. The decrease to the general fund balance is primarily attributable to a decrease in sales and use tax revenue and the accounting for the sale of future tobacco settlement revenues to STASC, in accordance with GASB 48.

The police district fund has a total fund deficit of \$13,409,111. The police district total fund balance increased during the current year by \$3,640,261. The increase in fund balance is attributed principally to a decrease in the police district employee benefits expense.

The capital fund has a total fund balance of \$166,111,490. Of this amount \$239,307,576 is reserved to liquidate contracts and purchase orders of the prior year which results in an unreserved deficit totaling \$73,196,086. The capital fund total fund balance increased during the current year by \$61,015,001. The increase is attributed primarily to the issuance of general obligation bonds.

The Suffolk Tobacco Asset Securitization Corporation (STASC) is a blended component unit of the County and had a fund balance of \$221,775,890. The fund balance of STASC decreased by \$3,352,548. The decrease is attributed primarily to an increase in the principal and interest payments made during the year.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets/(deficit) of the Suffolk Health Plan, Suffolk County Ball Park, Francis S. Gabreski Airport, Regional Economic Development Initiative, and John J. Foley Skilled Nursing Facility at the end of the year amounted to \$2,879,916, \$373,630, (\$3,933,453), \$0 and (\$28,884,960), respectively. The Suffolk Health Plan, which sold their membership roster during 2008, had a decrease in net assets for the year of \$3,100,963, whereas the Suffolk County Ball Park had an increase of \$217,431, the Francis S. Gabreski Airport had a decrease of \$3,457,428, The Regional Economic Development Initiative began and closed the year with no net assets, and the John J. Foley Skilled Nursing Facility had a decrease of \$11,023,973.

General Fund Budgetary Highlights

Differences between the original and final amended budget for expenditures resulted in a slight increase of .70 percent, (\$14.8 million increase in appropriations) and can be briefly summarized as follows:

- \$18.2 million decrease to general government support expenditures.
- \$4.9 million increase to economic assistance and opportunity expenditures.
- \$5.1 million increase to health expenditures
- \$23.8 million increase to public safety expenditures including fire rescue and emergency service, police, probation and sheriff.
- \$3.4 million decrease to transportation expenditures.
- \$2.4 million increase in employee benefit expenditures.

Overall during the year, expenditures were less than budgetary estimates, resulting in an actual increase in fund balance that exceeded the final amended budget amount by \$56,463,435.

Capital Asset and Debt Administration

Capital assets. Suffolk County's investment in capital assets for its governmental and business-type activities as of December 31, 2009, amounts to \$2,301,383,072 (net of accumulated depreciation). This investment in capital assets includes land, development rights, buildings, improvements, vehicles and equipment, roads, bridges, and sewer facilities. The total net increase in the County's investment in capital assets for the current fiscal year was 5.73 percent (a 5.89 percent increase for governmental activities and a 0.25 percent increase in business-type activities).

Major capital asset events during the current fiscal year included the following:

- The New York State Commission of Correction has mandated the construction of a new correctional facility in Yaphank. The total cost of constructing the facility is estimated at \$242,706,722. Construction in progress as of the close of the fiscal year reached \$66,593,925. Of this amount \$36,632,858 was spent in 2009.
- Major renovations of the civil court building and courthouse annex are ongoing at the County Civil Court Complex in Riverhead. Construction in progress as of the close of the fiscal year reached \$44,766,828. A total of \$3,174,490 was spent in 2009. These renovations will enable the Supreme Court to relocate to Riverhead from the Cohalan Court Complex in Islip and District Court judges in outlying courts will be permanently relocated to Cohalan.
- Construction of a new 40,000 square foot Fourth Police Precinct is nearing completion at the Hauppauge North County Complex. Construction in progress as of the close of the fiscal year reached \$15,495,722. A total of \$11,886,004 was spent in 2009. The building construction is in accordance with the Green Building Rating System known as Leadership in Energy and Environmental Design (LEED).
- Land was acquired during 2009 pursuant to various land preservation and protection programs at a cost of \$18.3 million. In addition, \$18.1 million was spent for the acquisition of farmland development rights.
- Various road construction projects to strengthen and expand the County's existing roadways began or continued in 2009. Construction in progress as of the close of the fiscal year reached \$84.6 million. In addition, \$14.8 million was transferred to infrastructure upon completion of the construction projects during 2009.

Suffolk County's Capital Assets
(net of depreciation)

	Governmental activities		Business-type activities		Totals	
	2009	2008	2009	2008	2009	2008
Land	\$718,468,419	\$700,160,352	\$22,092,831	\$22,092,831	\$740,561,250	\$722,253,183
Development rights	183,609,123	165,488,988	-	-	183,609,123	165,488,988
Historic buildings	4,607,607	4,607,607	-	-	4,607,607	4,607,607
Buildings	265,815,000	277,458,637	31,505,057	33,532,982	297,320,057	310,991,619
Improvements other than buildings	26,101,639	26,006,596	5,082,185	4,434,272	31,183,824	30,440,868
Vehicles and equipment	100,617,083	106,714,891	1,487,071	744,896	102,104,154	107,459,787
Infrastructure	545,228,562	546,621,220	-	-	545,228,562	546,621,220
Construction in progress	394,181,580	287,101,095	2,586,915	1,793,662	396,768,495	288,894,757
Total	\$2,238,629,013	\$2,114,159,386	\$62,754,059	\$62,598,643	\$2,301,383,072	\$2,176,758,029

Additional information on Suffolk County's capital assets can be found in note III.C., on pages 55-58 of this report.

Long-term debt. At the end of the current year, Suffolk County had total bonded debt outstanding of \$1,404,278,552. The general obligation bonds are backed by the full faith and credit of the County. STASC issued series 2008 asset-backed bonds that are not backed by the full faith and credit of the County.

**Suffolk County's Outstanding Debt
Bonds**

	Governmental activities		Business-type activities		Totals	
	2009	2008	2009	2008	2009	2008
General obligation debt	\$967,590,212	\$739,930,152	\$9,871,618	\$8,668,037	\$977,461,830	\$748,598,189
Advance refunding debt	170,936,241	177,638,982	17,026,777	19,175,294	187,963,018	196,814,276
STASC	238,853,704	232,028,334	-	-	238,853,704	232,028,334
Total bonds payable	<u>\$1,377,380,157</u>	<u>\$1,149,597,468</u>	<u>\$26,898,395</u>	<u>\$27,843,331</u>	<u>\$1,404,278,552</u>	<u>\$1,177,440,799</u>

Suffolk County's total bonded debt increased by \$226,837,753 (19.27 percent) during the current fiscal year.

Suffolk County maintains an "AA" rating from Standard & Poor's, an "AA" rating from Fitch and an "Aa2" rating from Moody's for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7 percent of the average full valuation of taxable real estate of the County for the most recent five-year period. The current debt limitation for Suffolk County is \$20,312,491,421 which is significantly in excess of Suffolk County's outstanding general obligation debt. The County has \$534,752,000 in bonds authorized, but un-issued.

Additional information on Suffolk County's long-term debt can be found in note III.G., on pages 64-70 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Suffolk County is currently 7.3 percent, which is an increase from a rate of 4.9 percent a year ago. This compares favorably to the state's average unemployment rate of 8.4 percent and the national average rate of 9.3 percent.
- The vacancy rate of office properties located in the County over the past three years is 13.8, 15.7 and 19.9 percent for years 2007, 2008, and 2009, respectively.
- Inflationary trends in the region and nationally were not significant in 2009. The annual 2009 NY metro area regional Consumer Price Index (CPI) was .4 percent, whereas the U.S. city annual CPI was -.4 percent.

All of these factors were considered in preparing the County's budget for the 2010 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund decreased to a deficit of \$48,793,854 (GAAP basis), and on the budgetary basis decreased to \$39,912,730. The County has appropriated the full amount of the unreserved general fund balance (budgetary basis) for spending in the 2010 fiscal year budget.

It is intended that the use of available fund balance will deter the need for significant property tax rate increases during the 2010 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Comptroller, H. Lee Dennison Building, 100 Veterans Memorial Highway, P.O. Box 6100, Hauppauge, N.Y. 11788-0099.

BASIC FINANCIAL STATEMENTS

SUFFOLK COUNTY, NEW YORK
Statement of Net Assets
December 31, 2009

	Primary Government			Component Units
	Governmental Activities	Business - Type Activities	Totals	
Assets				
Current assets:				
Cash and cash equivalents	\$ 827,257,562	\$ 4,071,612	\$ 831,329,174	\$ 47,473,946
Investments	158,860,518	3,115,337	161,975,855	26,452,189
Property tax receivable, net of allowance for estimated uncollectibles of \$ 12,996,315	181,296,798	-	181,296,798	-
Accounts receivable, net	-	-	-	4,547,224
Due from:				
New York State and federal sources:				
Programs of assistance	84,409,824	-	84,409,824	-
Grants-in-aid	110,861,014	-	110,861,014	-
Sales tax	112,551,687	-	112,551,687	-
Other	-	-	-	3,784,798
Towns	104,919,480	-	104,919,480	-
Component units	3,555,211	-	3,555,211	-
Internal balances	19,615,774	(19,615,774)	-	-
Other receivables	21,874,371	15,052,010	36,926,381	2,365,465
Prepays	11,734	-	11,734	-
Total current assets	<u>1,625,213,973</u>	<u>2,623,185</u>	<u>1,627,837,158</u>	<u>84,623,622</u>
Noncurrent assets:				
Restricted:				
Cash and cash equivalents	-	252,844	252,844	7,633,076
Other receivables	-	310,564	310,564	-
Deferred bond issuance cost	3,749,265	40,082	3,789,347	-
Capital assets:				
Nondepreciable	1,300,866,729	24,679,746	1,325,546,475	8,843,167
Depreciable, net	937,762,284	38,074,313	975,836,597	124,590,268
Total noncurrent assets	<u>2,242,378,278</u>	<u>63,357,549</u>	<u>2,305,735,827</u>	<u>141,066,511</u>
Total assets	<u>3,867,592,251</u>	<u>65,980,734</u>	<u>3,933,572,985</u>	<u>225,690,133</u>

(Continued)

SUFFOLK COUNTY, NEW YORK
Statement of Net Assets
December 31, 2009

	Primary Government			Component Units
	Governmental Activities	Business - Type Activities	Totals	
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 347,929,733	\$ 6,905,337	\$ 354,835,070	\$ 29,102,209
Contract retainage payable	8,163,894	-	8,163,894	-
Accrued interest payable	10,033,042	-	10,033,042	-
Notes payable	480,537,214	-	480,537,214	-
Due to:				
Component units	1,736	-	1,736	-
Primary government	-	-	-	5,050,979
Other unearned revenue, restricted	11,807,251	-	11,807,251	25,414,750
Accumulated vacation and sick leave	17,919,581	96,550	18,016,131	-
Estimated liability for claims	32,447,724	-	32,447,724	-
Obligations under capital leases	423,244	-	423,244	-
Long-term obligations	96,478,899	2,713,357	99,192,256	7,194,117
Total current liabilities	<u>1,005,742,318</u>	<u>9,715,244</u>	<u>1,015,457,562</u>	<u>66,762,055</u>
Noncurrent liabilities:				
Funds held in trust	-	292,207	292,207	-
Accumulated vacation and sick leave	376,508,147	2,028,612	378,536,759	25,547,525
Estimated liability for claims	495,562,817	-	495,562,817	-
Obligations under capital leases	3,293,897	-	3,293,897	-
Long-term obligations	1,280,901,258	24,185,038	1,305,086,296	109,077,895
Obligation for postemployment benefits other than pensions	869,060,000	21,540,000	890,600,000	79,613,111
Total noncurrent liabilities	<u>3,025,326,119</u>	<u>48,045,857</u>	<u>3,073,371,976</u>	<u>214,238,531</u>
Total liabilities	<u>4,031,068,437</u>	<u>57,761,101</u>	<u>4,088,829,538</u>	<u>281,000,586</u>
Net Assets				
Invested in capital assets, net of related debt	1,220,947,584	37,784,500	1,258,732,084	25,437,600
Restricted for:				
Capital projects	-	-	-	10,891,305
Bonded debt	23,141,167	-	23,141,167	-
Water quality protection	10,791,253	-	10,791,253	-
Unrestricted (deficit)	(1,418,356,190)	(29,564,867)	(1,447,921,057)	(91,639,358)
Total net assets	<u>\$ (163,476,186)</u>	<u>\$ 8,219,633</u>	<u>\$ (155,256,553)</u>	<u>\$ (55,310,453)</u>

The notes to the financial statements are an integral part of this statement.

SUFFOLK COUNTY, NEW YORK
Statement of Activities
For the Year Ended December 31, 2009

	Net (Expenses) Revenue and Changes in Net Assets							
	Program Revenues			Primary Government				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Units
Functions/Programs								
Primary Government:								
Governmental activities:								
General government support	\$ 399,039,811	\$ 39,657,878	\$ 12,316,817	\$ -	\$ (347,065,116)	\$ -	\$ (347,065,116)	\$ -
Economic assistance and opportunity	658,206,201	26,356,209	321,134,595	154,362	(310,561,035)	-	(310,561,035)	-
Health	238,910,829	29,317,792	81,075,760	-	(128,517,277)	-	(128,517,277)	-
Public safety	1,086,799,273	30,511,316	20,203,715	101,003	(1,035,983,239)	-	(1,035,983,239)	-
Culture and recreation	40,905,622	10,724,136	1,341,022	107,622	(28,732,842)	-	(28,732,842)	-
Education	215,779,142	3,850,824	96,716,430	1,467,477	(113,744,411)	-	(113,744,411)	-
Home and community services	105,733,334	40,698,918	8,928,558	63,630	(56,042,228)	-	(56,042,228)	-
Transportation	144,050,016	18,775,085	28,692,450	23,077,843	(73,504,638)	-	(73,504,638)	-
Interest on long-term debt	55,854,436	4,591,257	-	-	(51,263,179)	-	(51,263,179)	-
Total governmental activities	2,945,278,684	204,483,415	570,409,347	24,971,937	(2,145,413,965)	-	(2,145,413,965)	-
Business-type activities:								
John J. Foley Skilled Nursing Facility	33,406,454	25,892,271	-	-	-	(7,514,183)	(7,514,183)	-
Regional Economic Develop. Initiative	29,000	-	-	-	-	(29,000)	(29,000)	-
Suffolk Health Plan	836,351	151,471	-	-	(684,880)	-	(684,880)	-
Suffolk County Ball Park	685,948	903,052	-	-	-	217,104	217,104	-
Francis S. Gabreski Airport	2,017,991	918,253	-	-	-	(1,099,738)	(1,099,738)	-
Total business-type activities	36,975,744	27,865,047	-	-	-	(9,110,697)	(9,110,697)	-
Total primary government	2,982,254,408	232,348,462	570,409,347	24,971,937	(2,145,413,965)	(9,110,697)	(2,154,524,662)	\$ -
Component units:								
Suffolk County Community College	\$ 226,498,416	\$ 73,814,713	\$ 77,182,630	\$ -	\$ -	\$ -	\$ -	\$ (75,501,073)
Suffolk Regional Off-Track Betting Corp	42,846,368	37,872,009	-	-	-	-	-	(4,974,359)
Suffolk County Industrial Development	820,383	900,050	-	-	-	-	-	79,667
Total Component units	\$ 270,165,167	\$ 112,586,772	\$ 77,182,630	\$ -	\$ -	\$ -	\$ -	\$ (80,395,765)
General Revenues:								
Taxes:								
Real property taxes					\$ 603,184,381	\$ -	\$ 603,184,381	\$ -
Sales and use tax					1,070,282,537	-	1,070,282,537	-
Payment from primary government					-	-	-	45,416,403
Grants and contributions not restricted to specific programs					-	-	-	14,116,098
Interest on investments					19,955,025	55,674	20,010,699	610,604
Miscellaneous					47,990,618	788,581	48,779,199	269,750
Transfer					9,098,491	(9,098,491)	-	-
Total General revenues, special items, and transfers					1,750,511,052	(8,254,236)	1,742,256,816	60,412,855
Change in net assets					(394,902,913)	(17,364,933)	(412,267,846)	(19,982,910)
Net Assets at beginning of year					231,426,727	25,584,566	257,011,293	(35,327,543)
Net assets at end of year					\$ (163,476,186)	\$ 8,219,633	\$ (155,256,553)	\$ (55,310,453)

The notes to the financial statements are an integral part of this statement.

SUFFOLK COUNTY, NEW YORK
Balance Sheet
Governmental Funds
December 31, 2009

	General	Police District	Capital	Suffolk Tobacco Asset Securitization Corp.	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 341,210,760	\$ 143,169	\$ 221,513,440	\$ 473,178	\$ 263,917,015	\$ 827,257,562
Investments	135,050,240	5,050,047	-	18,760,231	-	158,860,518
Property tax receivable, net of allowance for estimated uncollectibles of \$ 12,996,315	181,296,798	-	-	-	-	181,296,798
Due from:						
New York State and federal sources:						
Programs of assistance	71,315,951	-	-	-	13,093,873	84,409,824
Grants-in-aid	100,786,622	778,409	7,684,425	-	1,611,558	110,861,014
Sales tax	106,628,821	-	-	-	5,922,866	112,551,687
Towns	104,919,480	-	-	-	-	104,919,480
Other funds	65,272,143	53,032,853	3,180,793	202,556,639	158,209,347	482,251,775
Component units	3,555,211	-	-	-	-	3,555,211
Other receivables	18,702,572	90,379	-	-	3,009,287	21,802,238
Total assets	\$ 1,128,738,598	\$ 59,094,857	\$ 232,378,658	\$ 221,790,048	\$ 445,763,946	\$ 2,087,766,107

	General	Police District	Capital	Suffolk Tobacco Asset Securitization Corp.	Nonmajor Governmental Funds	Total Governmental Funds
Liabilities and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities	\$ 204,181,732	\$ 60,453,273	\$ 33,922,955	\$ 14,158	\$ 24,429,090	\$ 323,001,208
Contract retainage payable	62,814	-	6,039,592	-	2,061,488	8,163,894
Notes payable	463,000,000	-	17,537,214	-	-	480,537,214
Due to:						
Other funds	309,704,881	11,835,848	7,673,894	-	133,421,378	462,636,001
Component units	1,736	-	-	-	-	1,736
Deferred tax revenue	159,712,003	-	-	-	-	159,712,003
Other deferred revenue	21,563,253	214,847	1,093,513	-	528,737	23,400,350
Total liabilities	1,158,226,419	72,503,968	66,267,168	14,158	160,440,693	1,457,452,406

Fund balances:						
Reserved for:						
Encumbrances	152,371	-	239,307,576	-	23,667,049	263,126,996
Bonded debt	-	-	-	19,191,859	3,949,308	23,141,167
General liability claims	2,270,406	-	-	-	-	2,270,406
Employee health claims	16,883,256	-	-	-	-	16,883,256
Water quality protection	-	-	-	-	10,791,253	10,791,253
Unreserved	(48,793,854)	(13,409,111)	(73,196,086)	202,584,031	-	67,184,980
Unreserved, reported in nonmajor:						
Special revenue funds	-	-	-	-	226,134,978	226,134,978
Capital project funds	-	-	-	-	20,780,665	20,780,665
Total fund balances	(29,487,821)	(13,409,111)	166,111,490	221,775,890	285,323,253	630,313,701
Total liabilities and fund balances	\$ 1,128,738,598	\$ 59,094,857	\$ 232,378,658	\$ 221,790,048	\$ 445,763,946	\$ 2,087,766,107

The notes to the financial statements are an integral part of this statement.

SUFFOLK COUNTY, NEW YORK
Reconciliation of the Balance Sheet
To the Statement of Net Assets
December 31, 2009

Amounts reported for governmental activities in the Statement of Net Assets are different from the amounts reported in the Balance Sheet of the Governmental Funds because of the following:

Fund balances: total from governmental funds		\$ 630,313,701
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:		2,238,629,013
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred:		3,749,265
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Accrued Liabilities	\$ (24,928,525)	
Accumulated vacation and sick leave	(394,427,728)	
Estimated liability for claims	(528,010,541)	
Obligations under capital leases-long term	(3,717,141)	
Interest Payables	(10,033,042)	
Long-term obligations	(1,377,608,550)	
Amortization of deferred amount	(1,011,444)	
Amortization of premium	1,239,837	
Obligation for postemployment benefits other than pensions	<u>(869,060,000)</u>	
Total long-term liabilities		(3,207,557,134)
Certain revenues are earned but not collected at year-end and therefore are reported as deferred revenue in the governmental funds balance sheets.		171,305,102
Certain expenditures are considered prepaid to match expenses with the period for which it relates		11,734
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		72,133
Net assets of governmental activities		<u><u>\$ (163,476,186)</u></u>

The notes to the financial statements are an integral part of this statement.

SUFFOLK COUNTY, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

For the Year Ended December 31, 2009

	General	Police District	Capital	Suffolk Tobacco Asset Securitization Corp.	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Real property taxes	\$ 65,988,181	\$ 451,219,786	\$ -	\$ -	\$ 63,840,016	\$ 581,047,983
Sales and use tax	939,994,489	66,136,402	-	-	64,151,646	1,070,282,537
New York State aid	283,426,486	1,063,373	4,845,585	-	23,492,490	312,827,934
Federal aid	203,336,604	530,635	19,615,994	-	35,856,928	259,340,161
Licenses, permits, fines, fees, etc.	133,277,056	1,832,305	-	-	62,036,519	197,145,880
Interest on investments	16,676,661	302,755	-	865,597	2,110,012	19,965,025
Miscellaneous	53,633,589	867,924	4,641,550	23,313,551	2,496,927	84,953,541
Total revenues	<u>1,696,333,066</u>	<u>521,953,180</u>	<u>29,103,129</u>	<u>24,179,148</u>	<u>253,984,538</u>	<u>2,525,553,061</u>
Expenditures						
Current:						
General government support	212,804,838	919,795	-	97,431	5,524,309	219,346,373
Economic assistance and opportunity	521,992,960	-	-	-	35,627,238	557,620,198
Health	171,707,397	-	-	-	953,618	172,661,015
Public safety	257,939,445	337,392,233	-	-	13,876,156	609,207,834
Culture and recreation	22,843,460	-	-	-	2,923,961	25,767,421
Education	215,779,142	-	-	-	-	215,779,142
Home and community services	7,331,738	-	-	-	70,747,953	78,079,691
Transportation	90,042,504	-	-	-	10,687,913	100,730,417
Employee benefits	378,240,838	72,659,056	-	-	10,646,540	461,546,434
Debt service:						
Principal	61,902,296	3,055,982	-	1,880,000	9,718,942	76,557,220
Interest and other charges	35,391,553	1,108,635	-	6,282,944	4,062,347	46,845,479
Capital outlay	-	-	246,961,116	-	27,110,201	274,071,317
Total expenditures	<u>1,975,976,171</u>	<u>415,135,701</u>	<u>246,961,116</u>	<u>8,260,375</u>	<u>191,879,178</u>	<u>2,838,212,541</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(279,643,105)</u>	<u>106,817,479</u>	<u>(217,857,987)</u>	<u>15,918,773</u>	<u>62,105,360</u>	<u>(312,659,480)</u>
Other financing sources (uses)						
Refunding bonds issued	15,435,000	-	-	-	-	15,435,000
Premium on refunding bonds issued	1,236,573	-	-	-	-	1,236,573
Payments to refunding bond escrow agent	(16,671,573)	-	-	-	-	(16,671,573)
General obligation bonds issued	3,111,499	-	277,855,045	-	13,440,679	294,407,223
Premium on serial bonds issued	13,501	-	1,230,205	-	58,321	1,302,027
Transfers in	400,673,842	148,316	3,835,429	-	101,149,348	505,806,935
Transfers out	(195,704,322)	(103,325,534)	(4,047,691)	(19,271,321)	(174,359,576)	(496,708,444)
Total other financing sources (uses)	<u>208,094,520</u>	<u>(103,177,218)</u>	<u>278,872,988</u>	<u>(19,271,321)</u>	<u>(59,711,228)</u>	<u>304,807,741</u>
Net change in fund balances	(71,548,585)	3,640,261	61,015,001	(3,352,548)	2,394,132	(7,851,739)
Fund balances (deficiency) at beginning of year	42,060,764	(17,049,372)	105,096,489	225,128,438	282,929,121	638,165,440
Fund balances (deficiency) at end of year	<u>\$ (29,487,821)</u>	<u>\$ (13,409,111)</u>	<u>\$ 166,111,490</u>	<u>\$ 221,775,890</u>	<u>\$ 285,323,253</u>	<u>\$ 630,313,701</u>

The notes to the financial statements are an integral part of this statement.

SUFFOLK COUNTY, NEW YORK
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended December 31, 2009

Amounts reported for governmental activities in the Statement of Activities are different from the amounts reported in the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds because of the following:

Net change in fund balances: total from governmental funds	\$ (7,851,739)
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 as depreciation expense. This is the amount by which capital outlays (\$200,346,818) exceeded depreciation (\$50,608,049) in the current period.	149,738,769
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to decrease net assets.	(16,209,141)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(228,160,987)
Revenues reported in the governmental funds statements and not reported in the Statement of Activities.	20,394,006
Expenses reported in the Statement of Activities that do not require the use of current financial resources are not reported as expenditures in governmental funds.	(312,813,821)
Change in net assets of governmental activities	<u><u>\$ (394,902,913)</u></u>

The notes to the financial statements are an integral part of this statement.

SUFFOLK COUNTY, NEW YORK
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget -</u>
				<u>Positive (Negative)</u>
Revenues				
Real property taxes	\$ 82,383,951	\$ 82,383,951	\$ 65,988,181	\$ (16,395,770)
Sales and use tax	1,064,390,376	1,034,390,376	939,994,489	(94,395,887)
New York State aid	307,177,523	315,857,658	283,426,486	(32,431,172)
Federal aid	169,362,049	185,292,191	203,336,604	18,044,413
Licenses, permits, fines, fees, etc.	139,418,133	139,418,133	133,277,056	(6,141,077)
Interest on investments	10,439,458	10,439,458	10,881,054	441,596
Miscellaneous	45,761,336	46,920,918	58,536,901	11,615,983
Total revenues	<u>1,818,932,826</u>	<u>1,814,702,685</u>	<u>1,695,440,771</u>	<u>(119,261,914)</u>
Expenditures				
Current:				
General government support:				
Audit and control	6,786,724	6,696,724	6,158,790	537,934
Board of elections	16,351,981	15,401,981	12,825,758	2,576,223
Civil service	7,141,223	7,141,223	6,577,018	564,205
County clerk	8,075,755	7,939,022	7,055,883	883,139
County executive	5,237,810	5,135,834	4,514,809	621,025
District attorney	33,588,649	34,009,370	31,666,101	2,343,269
Finance and taxation	4,099,236	4,099,236	3,702,058	397,178
Information Technology Services	16,212,414	16,237,414	14,993,028	1,244,386
Law	13,857,711	14,075,582	13,858,749	216,833
Legal aid society	11,695,175	11,766,468	11,748,775	17,693
Legislative	11,350,891	11,227,867	9,710,294	1,517,573
Public administrator	499,961	499,961	468,173	31,788
Public works	86,086,285	86,504,050	74,856,365	11,647,685
Real property	2,294,303	2,294,303	1,904,070	390,233
Miscellaneous	44,402,100	26,410,065	12,764,967	13,645,098
Total general government support	<u>267,680,218</u>	<u>249,439,100</u>	<u>212,804,838</u>	<u>36,634,262</u>
Economic assistance and opportunity:				
County executive	21,350,149	19,478,461	16,842,875	2,635,586
Consumer affairs	-	1,674,799	1,512,174	162,625
Economic development	1,782,765	1,785,765	1,591,552	194,213
Labor	7,406,542	7,406,542	7,211,723	194,819
Probation	7,802,364	9,050,942	8,598,576	452,366
Social services	526,272,787	530,099,567	486,236,060	43,863,507
Total economic assistance and opportunity	<u>564,614,607</u>	<u>569,496,076</u>	<u>521,992,960</u>	<u>47,503,116</u>

(Continued)

SUFFOLK COUNTY, NEW YORK
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Health	189,687,354	194,821,997	171,707,397	23,114,600
Public safety:				
Fire rescue and emergency service	10,809,302	12,069,696	8,773,338	3,296,358
Police	80,191,894	82,370,723	73,660,539	8,710,184
Probation	37,717,977	37,214,375	33,441,993	3,772,382
Public works	80,000	80,000	72,336	7,664
Sheriff	122,170,239	143,026,551	141,991,239	1,035,312
Total public safety	<u>250,969,412</u>	<u>274,761,345</u>	<u>257,939,445</u>	<u>16,821,900</u>
Culture and recreation:				
County executive	8,641,135	8,633,007	8,053,147	579,860
Parks	16,688,125	16,695,121	14,562,033	2,133,088
Miscellaneous	240,000	240,000	228,280	11,720
Total culture and recreation	<u>25,569,260</u>	<u>25,568,128</u>	<u>22,843,460</u>	<u>2,724,668</u>
Education:				
Health services	171,690,723	171,690,723	163,127,505	8,563,218
Miscellaneous	51,751,637	52,651,637	52,651,637	-
Total education	<u>223,442,360</u>	<u>224,342,360</u>	<u>215,779,142</u>	<u>8,563,218</u>
Home and community services:				
County executive	1,180,871	1,180,871	995,316	185,555
Environment and Energy	3,379,956	3,389,956	2,977,296	412,660
Law	464,851	464,851	389,193	75,658
Planning	2,273,919	2,273,919	1,958,948	314,971
Public works	935,957	900,077	629,868	270,209
Soil and water conservation	284,536	284,536	271,550	12,986
Miscellaneous	300,000	300,000	109,567	190,433
Total home and community services	<u>8,820,090</u>	<u>8,794,210</u>	<u>7,331,738</u>	<u>1,462,472</u>
Transportation:				
Public works	103,541,916	100,190,647	90,042,504	10,148,143
Employee benefits	408,512,126	410,911,867	385,208,467	25,703,400
Debt service - principal	24,907,681	23,234,288	22,336,792	897,496
Debt service - interest	29,598,771	30,537,580	28,559,807	1,977,773
Total debt service	<u>54,506,452</u>	<u>53,771,868</u>	<u>50,896,599</u>	<u>2,875,269</u>
 Total expenditures	 <u>2,097,343,795</u>	 <u>2,112,097,598</u>	 <u>1,936,546,550</u>	 <u>175,551,048</u>

(Continued)

SUFFOLK COUNTY, NEW YORK
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Excess (deficiency) of revenues over (under) expenditures	(278,410,969)	(297,394,913)	(241,105,779)	56,289,134
Other financing sources (uses)				
Refunding bonds issued	-	-	15,435,000	15,435,000
Premium on refunding bonds issued	-	-	1,236,573	1,236,573
Payments to refunding bond escrow agent	-	-	(16,671,573)	(16,671,573)
Serial bonds issued	-	2,575,000	3,111,499	536,499
Premium on serial bonds issued	-	-	13,501	13,501
Transfers in	385,735,896	416,177,981	397,160,494	(19,017,487)
Transfers out	(213,399,620)	(214,346,110)	(195,704,322)	18,641,788
Total other financing sources (uses)	<u>172,336,276</u>	<u>204,406,871</u>	<u>204,581,172</u>	<u>174,301</u>
Net change in fund balances (budgetary basis)	(106,074,693)	(92,988,042)	(36,524,607)	56,463,435
Fund balances (deficits) at beginning of year (budgetary basis)	<u>107,199,492</u>	<u>95,743,370</u>	<u>95,743,370</u>	<u>-</u>
Fund balances (deficits) at end of year (budgetary basis)	<u>\$ 1,124,799</u>	<u>\$ 2,755,328</u>	<u>\$ 59,218,763</u>	<u>\$ 56,463,435</u>

Reconciliation between the budgetary basis of accounting and GAAP basis:

Fund balance at end of year (budgetary basis)	\$ 59,218,763
Less: accrued pension expense	(30,724,461)
Less: accounting for sale of future revenues to STASC	<u>(57,982,123)</u>
Fund balance at end of year (GAAP basis)	<u>\$ (29,487,821)</u>

The notes to the financial statements are an integral part of this statement.

SUFFOLK COUNTY, NEW YORK
Police District - Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget -</u>
Revenues				
Real property taxes	\$ 451,138,542	\$ 451,138,542	\$ 451,219,786	\$ 81,244
Sales and use tax	69,396,114	66,136,402	66,136,402	-
New York State aid	360,000	1,065,740	1,063,373	(2,367)
Federal aid	10,000	1,480,031	530,635	(949,396)
Licenses, permits, fines, fees, etc.	1,904,437	1,904,437	1,832,305	(72,132)
Interest on investments	110,000	110,000	64,807	(45,193)
Miscellaneous	920,705	920,705	1,069,238	148,533
Total revenues	<u>523,839,798</u>	<u>522,755,857</u>	<u>521,916,546</u>	<u>(839,311)</u>
Expenditures				
Current:				
General government support:				
Miscellaneous	20,455,627	18,343,423	919,795	17,423,628
Public safety:				
Police	340,152,770	339,865,001	337,392,233	2,472,768
Employee benefits	75,578,841	76,063,818	75,963,779	100,039
Debt Service:				
Principal	372,753	1,468,468	1,468,468	-
Interest and other charges	280,612	870,279	870,278	1
Total expenditures	<u>436,840,603</u>	<u>436,610,989</u>	<u>416,614,553</u>	<u>19,996,436</u>
Excess (deficiency) of revenues over (under) expenditures	<u>86,999,195</u>	<u>86,144,868</u>	<u>105,301,993</u>	<u>19,157,125</u>
Other financing sources (uses)				
Transfers in	-	-	4,070	4,070
Transfers out	(105,988,691)	(105,073,118)	(103,325,534)	1,747,584
Total other financing sources (uses)	<u>(105,988,691)</u>	<u>(105,073,118)</u>	<u>(103,321,464)</u>	<u>1,751,654</u>
Net change in fund balances (budgetary basis)	(18,989,496)	(18,928,250)	1,980,529	20,908,779
Fund balances (deficits) at beginning of year (budgetary basis)	<u>18,989,496</u>	<u>21,875,764</u>	<u>21,875,764</u>	<u>-</u>
Fund balances (deficits) at end of year (budgetary basis)	<u>\$ -</u>	<u>\$ 2,947,514</u>	<u>\$ 23,856,293</u>	<u>\$ 20,908,779</u>

Reconciliation between the budgetary basis of accounting and GAAP basis:

Fund balance at end of year (budgetary basis)	\$ 23,856,293
Less: accrued pension expense	(34,390,190)
Less: accounting for sale of future revenues to STASC	(2,875,214)
Fund balance at end of year (GAAP basis)	<u>\$ (13,409,111)</u>

The notes to the financial statements are an integral part of this statement.

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SUFFOLK COUNTY, NEW YORK
Statement of Net Assets
Enterprise Funds
December 31, 2009

	Suffolk Health Plan	Suffolk County Ball Park	Francis S. Gabreski Airport	Regional Economic Development Initiative	John J. Foley Skilled Nursing Facility	Total
Assets						
Current assets:						
Cash and cash equivalents	\$ 1,342,939	382,181	\$ 166,364	29,000	\$ 2,403,972	\$ 4,324,456
Investments	1,915,279	-	-	-	1,200,058	3,115,337
Accounts receivable (net of allowance for doubtful accounts)	227,854	-	-	-	13,650,096	13,877,950
Due from other funds	15,900	-	-	-	3,702,602	3,718,502
Other receivables	326,775	24,236	823,049	-	-	1,174,060
Total current assets	3,828,747	406,417	989,413	29,000	20,956,728	26,210,305
Noncurrent assets:						
Restricted:						
Other receivables	-	-	-	-	310,564	310,564
Deferred bond issuance cost	-	-	-	-	40,082	40,082
Capital assets:						
Nondepreciable	-	2,092,831	22,586,915	-	-	24,679,746
Depreciable, net	-	13,711,668	6,434,907	-	17,927,738	38,074,313
Total noncurrent assets	-	15,804,499	29,021,822	-	18,278,384	63,104,705
Total assets	3,828,747	16,210,916	30,011,235	29,000	39,235,112	89,315,010

(Continued)

SUFFOLK COUNTY, NEW YORK
Statement of Net Assets
Enterprise Funds
December 31, 2009

	Suffolk Health Plan	Suffolk County Ball Park	Francis S. Gabreski Airport	Regional Economic Development Initiative	John J. Foley Skilled Nursing Facility	Total
Liabilities						
Current liabilities:						
Accounts payable	404,187	-	99,391	29,000	2,153,087	2,685,665
Accrued liabilities	-	-	-	-	4,219,672	4,219,672
Due to other funds	544,644	32,788	2,114,638	-	20,642,206	23,334,276
Accumulated vacation and sick leave	-	-	-	-	96,550	96,550
Long-term obligations	-	432,339	314,649	-	1,966,369	2,713,357
Total current liabilities	948,831	465,127	2,528,678	29,000	29,077,884	33,049,520
Noncurrent liabilities:						
Funds held in trust	-	-	-	-	292,207	292,207
Accumulated vacation and sick leave	-	-	-	-	2,028,612	2,028,612
Long-term obligations	-	2,338,600	4,970,859	-	16,875,579	24,185,038
Obligation for postemployment benefits other than pensions	-	-	780,000	-	20,760,000	21,540,000
Total noncurrent liabilities	-	2,338,600	5,750,859	-	39,956,398	48,045,857
Total liabilities	948,831	2,803,727	8,279,537	29,000	69,034,282	81,095,377
Net Assets						
Invested in capital assets, net of related debt	-	13,033,559	25,665,151	-	(914,210)	37,784,500
Unrestricted (deficit)	2,879,916	373,630	(3,933,453)	-	(28,884,960)	(29,564,867)
Total net assets	\$ 2,879,916	\$ 13,407,189	\$ 21,731,698	\$ -	\$ (29,799,170)	\$ 8,219,633

The notes to the financial statements are an integral part of this statement.

SUFFOLK COUNTY, NEW YORK
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Enterprise Funds
For the Year Ended December 31, 2009

	Suffolk Health Plan	Suffolk County Ball Park	Francis S. Gabreski Airport	Regional Economic Development Initiative	John J. Foley Skilled Nursing Facility	Total
Operating revenues						
Net patient revenues	\$ -	\$ -	\$ -	\$ -	\$ 25,892,271	\$ 25,892,271
Licenses, permits, fines, fees, etc.	-	903,052	918,253	-	-	1,821,305
Miscellaneous	151,471	-	6,210	-	782,371	940,052
Total operating revenues	151,471	903,052	924,463	-	26,674,642	28,653,628
Operating expenses						
Medical expenses	836,351	-	-	-	-	836,351
Salaries and wages	-	-	541,882	-	14,828,727	15,370,609
Administrative expenses	-	-	382,014	29,000	6,119,119	6,530,133
Depreciation	-	457,056	239,717	-	1,685,963	2,382,736
Miscellaneous	-	75,582	-	-	-	75,582
Employee benefits	-	-	657,345	-	9,872,722	10,530,067
Debt service interest	-	153,310	173,019	-	899,923	1,226,252
Total operating expenses	836,351	685,948	1,993,977	29,000	33,406,454	36,951,730
Operating income (loss)	(684,880)	217,104	(1,069,514)	(29,000)	(6,731,812)	(8,298,102)
Nonoperating revenues (expenses)						
Interest on investments	36,677	327	7,671	-	10,999	55,674
Loss on sale of capital assets	-	-	(24,014)	-	-	(24,014)
Total nonoperating revenues (expenses)	36,677	327	(16,343)	-	10,999	31,660
Income (loss) before transfers	(648,203)	217,431	(1,085,857)	(29,000)	(6,720,813)	(8,266,442)
Transfers in	-	-	9,178	29,000	3,672,728	3,710,906
Transfers out	(2,452,760)	-	(2,380,749)	-	(7,975,888)	(12,809,397)
Change in net assets	(3,100,963)	217,431	(3,457,428)	-	(11,023,973)	(17,364,933)
Total net assets at beginning of year	5,980,879	13,189,758	25,189,126	-	(18,775,197)	25,584,566
Total net assets at end of year	\$ 2,879,916	\$ 13,407,189	\$ 21,731,698	\$ -	\$ (29,799,170)	\$ 8,219,633

The notes to the financial statements are an integral part of this statement.

SUFFOLK COUNTY, NEW YORK
Statement of Cash Flows
Enterprise Funds
For the Year Ended December 31, 2009

	Suffolk Health Plan	Suffolk County Ball Park	Francis S. Gabreski Airport	Regional Economic Development Initiative	John J. Foley Skilled Nursing Facility	Totals
Cash flows from operating activities						
Receipts from operations	\$ 2,524,682	\$ 907,317	\$ 900,142	-	\$ 22,280,111	\$ 26,612,252
Receipts from other revenue	-	-	9,150	-	782,371	791,521
Payments for medical expenses	(1,489,327)	-	-	-	-	(1,489,327)
Payments to suppliers	-	-	(338,945)	-	(5,920,798)	(6,259,743)
Payments for contractual services	-	(34,500)	(4,410)	(29,000)	-	(67,910)
Miscellaneous expenses	(67,217)	(39,959)	-	-	-	(107,176)
Payments to employees	-	-	(472,583)	-	(7,991,499)	(8,464,082)
Payments for employee benefits	-	-	(10,012)	-	(9,872,722)	(9,882,734)
Net cash provided (used) by operating activities	968,138	832,858	83,342	(29,000)	(722,537)	1,132,801
Cash flows from noncapital financing activities						
Payments from other governments	-	-	-	-	8,876,768	8,876,768
Transfer from other funds	-	105,074	634,852	58,000	3,643,625	4,441,551
Transfer to other funds	(2,515,930)	-	(1,465,402)	-	(7,975,888)	(11,957,220)
Net cash provided (used) by noncapital financing activities	(2,515,930)	105,074	(830,550)	58,000	4,544,505	1,361,099
Cash flows from capital and related financing activities						
Proceeds from capital debt	-	-	1,515,674	-	119,300	1,634,974
Purchase of capital assets	-	-	(1,647,423)	-	(908,213)	(2,555,636)
Principal paid on capital debt	-	(402,768)	(261,050)	-	(1,929,356)	(2,593,174)
Interest paid on capital debt	-	(153,310)	(173,019)	-	(908,172)	(1,234,501)
Net cash provided (used) by capital and related financing activities	-	(556,078)	(565,818)	-	(3,626,441)	(4,748,337)

(Continued)

SUFFOLK COUNTY, NEW YORK
Statement of Cash Flows
Enterprise Funds
For the Year Ended December 31, 2009

	Suffolk Health Plan	Suffolk County Ball Park	Francis S. Gabreski Airport	Regional Economic Development Initiative	John J. Foley Skilled Nursing Facility	Totals
Cash flows from investing activities						
Interest on investments	11,194	327	7,672	-	374,349	393,542
Net cash provided (used) by investing activities	11,194	327	7,672	-	374,349	393,542
Net increase (decrease) in cash and cash equivalents	(1,536,598)	382,181	(1,305,354)	29,000	569,876	(1,860,895)
Cash and cash equivalents at beginning of year	2,879,537	-	1,471,718	-	1,834,096	6,185,351
Cash and cash equivalents at end of year	\$ 1,342,939	\$ 382,181	\$ 166,364	\$ 29,000	\$ 2,403,972	\$ 4,324,456
Reconciliation of operating income (loss) to net cash provided by operating activities						
Operating income (loss)	\$ (684,880)	\$ 217,104	\$ (1,069,514)	\$ (29,000)	\$ (6,731,812)	\$ (8,298,102)
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	-	457,056	239,717	-	1,685,963	2,382,736
Provision for doubtful accounts receivable	-	-	-	-	3,051,950	3,051,950
Other increase (decrease)	-	153,310	173,019	-	925,153	1,251,482
Change in assets and liabilities:						
Receivables, net	2,895,893	4,265	(15,171)	-	(6,684,732)	(3,799,745)
Accounts and other payables	(1,242,875)	1,123	755,291	-	7,030,941	6,544,480
Net cash provided (used) by operating activities	\$ 968,138	\$ 832,858	\$ 83,342	\$ (29,000)	\$ (722,537)	\$ 1,132,801

The notes to the financial statements are an integral part of this statement.

SUFFOLK COUNTY, NEW YORK
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2009

	Private-Purpose Trusts	Agency Funds
Assets		
Cash in banks	\$ -	\$ 32,261,952
Money market funds	1,031,426	60,370,193
Certificates of deposit with financial institutions	-	5,860,314
Cash with fiscal agents	-	208,912
Total cash and cash equivalents	1,031,426	98,701,371
Investments	7,610,689	5,656,872
Total assets	8,642,115	104,358,243
Liabilities		
Accounts payable and accrued liabilities	8,639,103	1,592,415
Agency fund liabilities	-	102,765,828
Total liabilities	8,639,103	\$ 104,358,243
Net Assets		
Held in trust	\$ 3,012	

The notes to the financial statements are an integral part of this statement.

SUFFOLK COUNTY, NEW YORK
Statement of Changes in Fiduciary Net Assets
Private-Purpose Trusts
For the Year Ended December 31, 2009

	Private-Purpose Trusts
Additions	
Investment income:	
Interest	\$ 422
Transfer in	308,311
Other revenue	760,594
Total additions	1,069,327
Deductions	
Administrative and general expenses	1,169,705
Change in net assets	(100,378)
Net assets at beginning of year	103,390
Net assets at end of year	\$ 3,012

The notes to the financial statements are an integral part of this statement.

SUFFOLK COUNTY, NEW YORK
Statement of Net Assets
Component Units
December 31, 2009
With Suffolk County Community College as of August 31, 2009

	<u>Suffolk County Community College</u>	<u>Suffolk Regional Off-Track Betting Corporation</u>	<u>Suffolk County Industrial Development Agency</u>	<u>Total</u>
Assets				
Current assets:				
Cash and cash equivalents	\$ 46,557,041	\$ 874,220	\$ 42,685	\$ 47,473,946
Investments	26,452,189	-	-	26,452,189
Accounts receivable	1,676,471	140,076	-	1,816,547
Students accounts receivable, net	4,547,224	-	-	4,547,224
Due from other governments	3,307,602	477,196	-	3,784,798
Other assets	88,633	448,786	11,499	548,918
Total current assets	<u>82,629,160</u>	<u>1,940,278</u>	<u>54,184</u>	<u>84,623,622</u>
Noncurrent assets:				
Restricted:				
Cash and cash equivalents	1,426,569	959,755	5,246,752	7,633,076
Capital assets:				
Nondepreciable	6,778,235	2,064,932	-	8,843,167
Depreciable, net	113,542,461	11,038,837	8,970	124,590,268
Total noncurrent assets	<u>121,747,265</u>	<u>14,063,524</u>	<u>5,255,722</u>	<u>141,066,511</u>
Total assets	<u>204,376,425</u>	<u>16,003,802</u>	<u>5,309,906</u>	<u>225,690,133</u>
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	15,995,010	5,161,156	4,624	21,160,790
Due to primary government	5,050,979	-	-	5,050,979
Due to other governments	-	1,235,870	-	1,235,870
Deferred revenue	25,414,750	-	-	25,414,750
Other liabilities	1,593,815	5,099,234	12,500	6,705,549
Bonds payable	7,194,117	-	-	7,194,117
Total current liabilities	<u>55,248,671</u>	<u>11,496,260</u>	<u>17,124</u>	<u>66,762,055</u>
Noncurrent liabilities:				
Accumulated vacation and sick leave	24,440,691	1,001,352	105,482	25,547,525
Obligation for postemployment benefits other than pensions	70,562,000	8,269,650	781,461	79,613,111
Bonds payable	109,077,895	-	-	109,077,895
Total noncurrent liabilities	<u>204,080,586</u>	<u>9,271,002</u>	<u>886,943</u>	<u>214,238,531</u>
Total liabilities	<u>259,329,257</u>	<u>20,767,262</u>	<u>904,067</u>	<u>281,000,586</u>
Net Assets				
Invested in capital assets, net of related debt	17,596,236	7,832,394	8,970	25,437,600
Restricted for capital projects	10,891,305	-	-	10,891,305
Unrestricted (deficit)	(83,440,373)	(12,595,854)	4,396,869	(91,639,358)
Total net assets	<u>\$ (54,952,832)</u>	<u>\$ (4,763,460)</u>	<u>\$ 4,405,839</u>	<u>\$ (55,310,453)</u>

The notes to the financial statements are an integral part of this statement.

SUFFOLK COUNTY, NEW YORK
Statement of Activities
Component Units
For the Year Ended December 31, 2009
With Suffolk County Community College as of August 31, 2009

	Suffolk County Community College	Suffolk Regional Off-Track Betting Corporation	Suffolk County Industrial Development Agency	Total
Expenses:				
Program operations	\$ 205,962,057	\$ 24,066,136	\$ 543,868	\$ 230,572,061
Interest on long-term debt	6,085,663	-	-	6,085,663
Other interest	-	-	269,750	269,750
Depreciation and amortization	5,254,693	789,679	6,765	6,051,137
Other expenses	9,196,003	17,990,553	-	27,186,556
Total expenses	<u>226,498,416</u>	<u>42,846,368</u>	<u>820,383</u>	<u>270,165,167</u>
Program revenues:				
Charges for Services	73,814,713	37,872,009	900,050	112,586,772
Operating Grants and Contributions	77,182,630	-	-	77,182,630
Total program revenues	<u>150,997,343</u>	<u>37,872,009</u>	<u>900,050</u>	<u>189,769,402</u>
Net program revenues (expenses)	<u>(75,501,073)</u>	<u>(4,974,359)</u>	<u>79,667</u>	<u>(80,395,765)</u>
General revenues:				
Payments from primary government	45,416,403	-	-	45,416,403
Grants and contributions not restricted to specific programs	14,116,098	-	-	14,116,098
Interest on investments	588,744	-	21,860	610,604
Miscellaneous	-	-	269,750	269,750
Total general revenues	<u>60,121,245</u>	<u>-</u>	<u>291,610</u>	<u>60,412,855</u>
Change in net assets	(15,379,828)	(4,974,359)	371,277	(19,982,910)
Net assets at beginning of year	(37,894,500)	210,899	4,034,562	(33,649,039)
Prior period adjustment	(1,678,504)	-	-	(1,678,504)
Net assets at end of year	<u>\$ (54,952,832)</u>	<u>\$ (4,763,460)</u>	<u>\$ 4,405,839</u>	<u>\$ (55,310,453)</u>

The notes to the financial statements are an integral part of this statement.

I. Summary of significant accounting policies

A. Reporting entity

Suffolk County is a charter form of government governed by an elected 18-member County Legislature and administered by an elected County Executive. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include the County appointing a voting majority of an organization's governing body and (1) the ability of the governing body to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burden on the County. Blended component units, although legally separate entities, are in substance part of the government's operations. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government.

Blended component units

The Suffolk County Judicial Facilities Agency was created in 1999 and is authorized to acquire, build, improve, renovate, extend, rehabilitate, or relocate the John P. Cohalan Court Complex. The Agency entered a tenancy in common agreement with the County of Suffolk, making the Complex available to the County to provide suitable facilities for the State court system within Suffolk County. The Judicial Facilities Agency is reported as a special revenue fund of the primary government. The Suffolk County Judicial Facilities Agency is a blended component unit because it provides services almost exclusively to the County.

On September 14, 2009, Suffolk County issued \$64,900,000 Public Improvement Serial Bonds to fund the acquisition of the John P. Cohalan Court Complex from the Agency. As a result, the tenancy in common agreement between the County and the Agency effectively ended. Therefore, following the County's acquisition of the Court Complex, the Judicial Facilities Agency is no longer classified as a blended component unit.

The Suffolk Tobacco Asset Securitization Corporation (STASC) is a not-for-profit local development corporation organized pursuant to Section 1411 of the Not-For-Profit Corporation Law of the State of New York. The Board of Directors of STASC has three directors, one appointed by the Presiding Office of the County Legislature and two appointed by the County Executive of which one must meet certain requirements of independence. STASC is considered an affiliated organization under GASB Statement No. 39 and accordingly is reported as a special revenue fund of the primary government. Pursuant to a Purchase and Sale Agreement dated as of August 1, 2008 STASC purchased from the County all future right, title and interest of the county under the Master Settlement Agreement and the Consent Decree and Final Judgment. These rights include the County's share of all Tobacco Settlement Revenues' (TSRs). The sale of the TSRs by the County to STASC was simultaneous with the issuance by STASC of Series 2008 Tobacco Asset-Backed Bonds. STASC pledged as security for its Series 2008 Bonds 36% of annual payments through December 31, 2012 and 75% thereafter. All other "unencumbered" TSRs will be conveyed

to the Residual Trust and a Residual Certificate implements the payment to the County of unencumbered TSRs and the net proceeds of Bonds issued by STASC subsequent to the Series 2008 Bonds. The Series 2008 Bonds are not backed by the full faith and credit of the County. The consideration paid by STASC to the County for the acquisition of TSRs consisted of \$206,270,222 in cash of which \$206,243,337 was paid into a revocable trust for the benefit of the County. Complete financial statements for STASC may be obtained at Suffolk Tobacco Asset Securitization Corporation, P.O. Box 6100, 100 Veterans Memorial Highway, Hauppauge, New York 11788-0099

Discretely presented component units

The following component units are entities which are legally separate from the County, but are financially accountable to the County, or whose relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The component units' column of the government-wide financial statements includes financial data of the following major component units.

Suffolk County Community College (the College) was established in 1959 with Suffolk County as the local sponsor under provisions of Article 126 of the State Education Law. The College provides two-year post secondary programs pursuant to regulations prescribed by the State University trustees. Suffolk County, as the local sponsor, and the College duly executed a five-year Sponsor Service Agreement on August 21, 2009 as is permitted and authorized by State and County laws and State University of New York regulations. The County provides one-half of the capital costs and approximately 27% of the operating costs for the College. Bonds that are direct obligations and pledge the full faith and credit of the County are issued by the County for College capital program purposes. A fiscal year ending August 31st is mandated by State Law for the College. The College is included in the County's reporting entity as a component unit because the College is closely related to and financially integrated with the County. The County's financial statements would not be complete without the inclusion of the College.

Suffolk Regional Off-Track Betting Corporation (OTB) was created by the New York State Legislature as a public benefit corporation. The County receives a percentage of wagers placed at OTB location tracks and all net operating profits from OTB. These revenues are recorded in the County's General Fund. The County of Suffolk as 100% shareholder of OTB, appoints the corporation's board, has the ability to impose its will, and is entitled to the corporation's resources.

Suffolk County Industrial Development Agency (IDA) is a public benefit corporation established pursuant to the New York State General Municipal Law. The IDA's purpose is to arrange long term low interest financing with the intent of developing commerce and industry in the County. The County is not liable for any obligations or deficits IDA may incur, nor does it share in any surpluses. A seven member Board of Directors, whose members are appointed by the Suffolk County Legislature, governs the Agency. The Board of Director members can be removed at will by the Suffolk County Legislature. Thereby providing Suffolk County with the ability to impose its will on the IDA.

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2009

Complete financial statements for each of the individual component units may be obtained at the entity's administrative offices:

Suffolk County Community College
533 College Road
Selden, NY 11784

Suffolk Regional Off-Track Betting Corp.
5 Davids Drive
Hauppauge, NY 11788

Suffolk County Industrial Development Agency
H. Lee Dennison Building
Post Office Box 6100
Hauppauge, NY 11788

Related organizations

The County's officials appoint a voting majority of the boards of the following organizations, but the County's accountability for these organizations does not extend beyond making the appointments:

- Suffolk County Water Authority
- Vocational Educational and Extension Board

Accordingly, the financial activities of these organizations have not been included in the accompanying financial statements.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the County (primary government) and its component units. For the most part, the effect of interfund activity has been removed from these statements. Amounts are separated between governmental and business-type activities within the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are

restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements (except that agency funds have no measurement focus). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For the County, available is defined as expected to be received within sixty days of fiscal year-end except for expenditure-driven grant revenues, which are considered available if collected within one year of the fiscal year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales and use tax, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The County reports the following major governmental funds:

The general fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The capital fund accounts for financial resources to be used for the acquisition or construction of major capital facilities.

SUFFOLK COUNTY
Notes to the Financial Statements
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The police district fund accounts for the operations of the Suffolk County Police District, which provides police services to the residents of the five western towns of Suffolk County. The fund is one of 58 special revenue funds.

The Suffolk Tobacco Asset Securitization Corporation is a blended component unit of the County. It is governed by a three member board and was created to issue bonds to securitize a portion of the County's future tobacco settlement revenues.

The County reports the following major proprietary funds:

The John J. Foley Skilled Nursing Facility fund accounts for the activities of the County's nursing home.

During 2008, the County, through a request for an expression of interest, initiated a process that could potentially result in the sale of the Facility's operations to a private party in the future. The facility is under continuous assessment by management and the course of action has not been determined at this time.

The Suffolk Health Plan (SHP) fund accounts for the activities of the County's Medicaid/managed care program. The SHP, beginning in May 1999, enrolled individuals eligible for Child Health Plus, a program sponsored by New York State offering health benefits to children under the age of 19. The SHP provides primary care services and inpatient services to the SHP members.

In October of 2008, the County sold the Suffolk Health Plan's assets which consisted primarily of its membership roster to a private party. The Plan's certificate of authority from NYSDOH limits its activities to those related to the payment of remaining liabilities and other close-out activities.

The Francis S. Gabreski Airport fund, which was established in 2003 through a resolution of the County Legislature, accounts for the activities of the County's airport.

The Suffolk County Ball Park fund accounts for the activities of the County's ball park. The ball park is used, under a long-term operating lease by the Long Island Ducks Professional Baseball Club, L.L.C., a minor league baseball team in the Atlantic league.

The Suffolk County Regional Economic Development Initiative fund was established during 2008 to account for the coordinated activities between the County and certain towns within the County to create Empire Development Zones within the select towns.

Additionally, the County reports the following fiduciary funds:

Agency funds are used to account for assets held by the County as an agent for numerous purposes as follows:

Consumer restitution reserve agency is used to compensate consumers who obtain judgments against home improvements contractors.

SUFFOLK COUNTY
Notes to the Financial Statements
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General agency is used for such purposes as sewer escrow deposits, contractor bill deposits and land management escrow.

Bail agency is used for bail monies posted by sureties on behalf of defendants.

Mortgage tax agency is used for mortgage tax collections by the County Clerk held for semi-annual distributions to towns and villages.

Community preservation agency is used for transfer tax collections by the County Clerk held for monthly distributions to the five east end towns.

Probation peace bonds agency is used for bonds or other security posted by defendants pursuant to NYS Penal Law Section 65.10.

Social services agency is used for various purposes including burial and conservatorship accounts.

Suffolk County Community College agency is used for various purposes including federal and New York State and other source scholarship and grant monies.

Payroll account agency is used to hold payroll related funds prior to distribution for such purposes as federal and state payroll taxes, union dues, flexible contribution benefits and deferred compensation contributions.

Court agency fund is used to hold surplus monies from court actions pending court orders for distribution.

Agency assurance fund is used to hold funds in contingency for claims against County owned land.

The Vanderbilt private-purpose trust fund is used to account for resources legally held in trust for use by a not-for-profit organization responsible for operating a museum on the grounds of the former Vanderbilt estate in Centerport, N.Y. In accordance with the last will and testament of William K. Vanderbilt II, all assets of the trust are permanently restricted. The operations of the museum are allowed to be funded from all but the original principal as determined by historic dollar value of the endowment bequest.

The D. White private-purpose trust fund is used to account for resources legally held in trust for purposes of funding reimbursements to individuals in the Sayville area for certain emergency services pursuant to a trust agreement.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds,

subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and various other charges between the functions of the County. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the John J. Foley Skilled Nursing Facility, Suffolk Health Plan, Francis S. Gabreski Airport, and Suffolk County Ball Park, are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The County's Agency funds maintain, as custodian, investments in the equity and fixed income securities consisting of United States Government Bonds and Notes, corporate and municipal bonds, and equity securities. Investments for the County, as well as for its component units, are reported at fair value.

The County's investment policies are governed by New York State statute. In addition, the County has written investment policies and guidelines that authorize the Treasurer to invest idle funds in:

- Certificates of Deposit issued by a bank or trust company authorized to do business in the County

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2009

- Time deposit accounts in a bank or trust company authorized to do business in the County
- Obligations of New York State
- Obligations of the United States Government
- Repurchase agreements involving the purchase and sale of direct obligations of the United States Government
- Obligations of agencies of the Federal government if principal and interest are guaranteed by the United States Government
- Any securities approved by the Comptroller of New York State

All bank deposits must be either fully (i) insured by the Federal Deposit Insurance Corporation (FDIC), or (ii) collateralized by debt obligations of the United States Government (or its agencies) or New York State. The bank deposits collateralized by debt obligations have fair values that range from 102% to 105% of the deposited amount. Collateral may be maintained either by the County or by a custodial bank with which the County has entered into a custodial agreement.

Investments in repurchase agreements are required by County policy to be collateralized by obligations of the United States Government, which are maintained by a custodial bank designated by the County Treasurer. Written contracts are required for all repurchase agreements, the terms of which may not exceed 30 days. Measures are taken by the County to ensure that the value of such underlying collateral exceeds the value of the related repurchase agreement, including a weekly evaluation of the fair value of such collateral.

2. Receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e. the current portion of interfund loans) or “advances to/from other funds” (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Receivables are reported as assets on the respective fund financial statement of the fund of ownership when a legal right to the asset exists. If the related revenue is not available, deferred revenue is recorded as a liability on the respective fund financial statement.

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2009

Property taxes are levied by the County each December 1 on the full assessed value of all taxable real property. Property tax receivables are recognized on January 1 of the year for which they are levied. Initial responsibility for collecting the County's property tax rests with the ten towns comprising the County.

The towns and school districts receive their entire levy prior to any distribution to the County. The property tax receivable in the County's financial statements represents (i) the aggregate unpaid taxes transferred from the towns' Tax Receivers to the County and (ii) interest and penalties on such unpaid taxes. It is the County's responsibility to collect such unpaid taxes. Tax collections for the years ended December 31, 2009 and 2008 were approximately 95.5 and 95.9 percent respectively, of the tax levy for County purposes. The County recognizes property tax revenue realized from payments actually received against the current year's levy and prior years' levies previously recorded as deferred tax revenues, as well as payments received during the two months of the following year related to both the current and prior years' levies.

Property tax receivables, estimated to be collectible but that have not been collected in the first two months of the next calendar year, are recorded as deferred tax revenue on the County's financial statements.

The following is a summary of the County's property tax calendar for 2009:

Lien date	June 1, 2008
Levy date	December 1, 2008
Tax bills mailed	December 1, 2008
Property taxes recorded	January 1, 2009
First installment payment due	January 10, 2009
Second installment payment due	May 31, 2009
Taxes become overdue	June 1, 2009

3. Inventories and prepaid items

Inventory on hand is not significant and is recorded as an expenditure in the period purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted assets

Restricted assets consist of temporary investments in certificates of deposit and money market funds as well as amounts receivable from New York State and local hospitals in connection with hospital debt.

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2009

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the applicable proprietary fund financial statements and governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an estimated useful life in excess of two years and an initial, individual cost equal to or greater than the capitalization threshold for the particular classification of the asset as follows:

<u>Asset</u>	<u>Threshold</u>
Land	Capitalize All
Buildings	\$100,000
Improvements other than buildings	\$ 5,000
Infrastructure	\$100,000
Equipment and vehicles	\$ 5,000
Historical treasures	\$100,000

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets for business-type activities is included as part of the capitalized value of the assets constructed. Net capitalized interest included in the business-type assets was approximately \$1,850,000 during 2009.

Property, plant, equipment and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	25-50
Improvements other than buildings	20-30
Infrastructure-structures	10-15
Infrastructure-systems	20-65
Equipment-maintenance/utility	15-30
Equipment-office, computer	5-10
Vehicles	4-15

6. Compensated absences

Under terms of multiple union contracts, County employees accumulate earned but unused vacation and sick pay benefits. In the event of termination, employees are reimbursed for accumulated vacation time up to the equivalent of 90 working days for Suffolk County Association of Municipal Employees (SCAME) and 120 working days for Patrolmen's

Benevolent Association (PBA) and Superior Officers Association (SOA) employees. Similarly, unused sick leave will be paid on retirement to the employee, or upon death of the employee to his/her designated beneficiary at the rate of one day to be paid for every two days accumulated, up to a total of 180 days paid for 360 accumulated for SCAME employees and up to a total of 300 days paid for 600 days accumulated for PBA and SOA employees. All vacation pay and vested sick pay are accrued when incurred in the government-wide and proprietary funds financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

7. Long-term obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method or a method that approximates effective interest. Bonds payable is reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

E. New Accounting Pronouncements

The County is in the process of completing the analyses required to estimate the financial statement impact of the following statements:

In June 2008, the GASB issued Statement No. 53 “Accounting and Financial Reporting for Derivative Instruments.” This statement requires that derivatives meeting certain characteristics be reported in the government’s accrual-based financial statements at fair value. Changes in fair value generally should be reported as investment gains or losses. The County is required to adopt GASB Statement No. 53 for its 2010 financial statements. The implementation of this statement is not expected to effect the financial position of the County.

In March 2009, the GASB issued Statement No. 54 “Fund Balance Reporting and Governmental Fund Type Definitions.” This statement is intended to improve the usefulness of information provided to financial report users about fund balance by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. The County is in the process of evaluating the impact of this statement on the financial statements. The County is required to adopt GASB Statement No. 54 for its 2011 financial statements.

In December 2009, the GASB issued Statement No. 57 “OPEB Measurement by Agent Employers and Agent Multiple-Employer Plans.” This statement addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements of employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. The County provides OPEB for all of its employees through a single employer plan. Therefore, GASB Statement No. 57 will not effect the County’s reporting of its OPEB obligations.

In December 2009, the GASB issued Statement No. 58 “Accounting and Financial Reporting for Chapter 9 Bankruptcies.” This statement requires governments to re-measure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms a new payment plan. The County would be required to adopt GASB Statement No. 58 for its 2010 or subsequent financial statements in the event the County was to file for bankruptcy.

F. Adoption of New Accounting Standards

In June 2007, the GASB issued Statement No. 51 “Accounting and Financial Reporting for Intangible Assets.” This statement required that all intangible assets not specifically excluded by scope provisions be classified as capital assets. The County adopted GASB Statement No. 51 in 2009, however, it did not have a material impact for financial reporting purposes.

In November 2007, the GASB issued Statement No. 52 “Land and Other Real Estate Held as Investments by Endowments.” This statement requires that land and other real estate held as investments by endowments be reported at fair value at the reporting date. Any changes recorded in fair value during the period should be reported as investment income. The implementation of this statement did not effect the financial position of the County.

II. Stewardship, compliance, and accountability

A. Budgetary information

Annual budgets are adopted on a budgetary basis for all governmental funds except certain nonmajor special revenue funds (which are not budgeted) and capital funds (which are budgeted through project length budgets). The difference between the County’s budgetary basis of accounting and GAAP is as follows:

- Pension expenditures are budgeted on a cash basis.

SUFFOLK COUNTY
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December 31, 2009

- Interest earned on the revocable trust is not budgeted in the general fund or the police district fund.
- Debt service paid by the revocable trust is not budgeted in the general fund or the police district fund.
- Recognition of deferred revenue from the sale of future tobacco revenues is not budgeted in the general fund or the police district fund.

Governmental funds with legally adopted annual budgets include:

General Fund	Sewer Maintenance and Operation
Police District	Workforce Investment Revenue
Tax Certiorari	Community Development Administration
Public Safety Communications System E-911	Medicaid Compliance Fund
County Road	Tax Stabilization Reserve
Handicapped Parking Education	Assessment Stabilization Reserve
District Court	Southwest Assessment Stabilization Reserve
Hotel/Motel Tax Culture and History	Retirement Contribution Reserve
Building Sanitation Administration	Suffolk County Water Protection
Sewer District # 1	Sewer District # 13
Sewer District # 2	Sewer District # 14
Sewer District # 3	Sewer District # 15
Sewer District # 5	Sewer District # 18
Sewer District # 6	Sewer District # 19
Sewer District # 7	Sewer District # 20
Sewer District # 8	Sewer District # 21
Sewer District # 9	Sewer District # 22
Sewer District # 10	Sewer District # 23
Sewer District # 11	Sewer District # 28
Sewer District # 12	

All annual appropriations lapse at fiscal year end with the exception of capital funds and certain nonmajor special revenue funds. Non-lapsing special revenue funds include:

Electrical Authority Fund	Water Quality Protection Res Fund
Environmental Trust Fund	Assets Forfeiture - Probation
Community Development Fund	Assets Forfeiture - Sheriff
Home Investment Partnership	Assets Forfeiture - Police
Emergency Shelter Grants Program	Assets Forfeiture - District Attorney
Guaranteed Loan Program	New York State Assets Forfeiture
Neighborhood Stabilization	DWI Asset Seizure
Homeless Prevention	

The County's procedures for establishing the budgetary data reflected in the financial statements are as follows:

- (i) Prior to September 19, the County Executive submits proposed operating budgets to the County Legislature for the general and budgeted special revenue funds for the fiscal year commencing on the following January 1. The operating budgets include proposed expenditures and the means of financing them.

SUFFOLK COUNTY
Notes to the Financial Statements
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- (ii) Public hearings are conducted at locations throughout the County to obtain taxpayer comments on the proposed budgets.
- (iii) The budgets are legally enacted either by (a) passage of a legislative resolution prior to November 10 or (b) automatically based on provisions in the County Charter if no resolution is passed by November 10.
- (iv) Total expenditures of each department within the general and special revenue funds may not legally exceed budgeted amounts for such departments after the adoption of the budget by the County Legislature unless approved by the County Legislature. Thus, the level of budgetary control is exerted at the departmental level. However, the County Executive is authorized to transfer certain budgeted amounts: \$100,000 or ten percent of any unencumbered budgeted free balance, whichever is greater, without approval of the County Legislature. During 2009, General Fund supplementary appropriations were authorized and aggregated approximately \$14,753,803.

B. Excess of expenditures over appropriations

For the year ended December 31, 2009, there were no expenditures that exceeded appropriations.

C. Deficit fund equity

The following funds have deficit fund balances at December 31, 2009:

GENERAL FUND	\$ 29,487,821
SPECIAL REVENUE FUNDS:	
• County Road Fund	\$ 1,390,224
• Electrical Authority Fund	280,582
• District Court Fund	1,353,487
• Sewer District #2	114,542
• Workforce Investment Revenue	555,575
• Community Development Administration	1,245,326
• Community Development	171,527
• Homeless Prevention	229
• Medicaid Compliance Fund	968,754
• Police District	13,409,111
PROPRIETARY FUNDS:	
• John J. Foley Skilled Nursing Facility	\$ 29,799,170

The County plans to eliminate the deficits listed above through prospective tax levies or other methods.

III. Detailed notes on all funds

A. Deposits and investments

At year end, Suffolk County's bank balance in all financial institutions was \$947,097,106. The entire bank balance was either covered by federal depository insurance or by collateral held by the County's agent in the County's name.

The bank balances for OTB, IDA and Suffolk County Community College, discretely presented component units, were \$324,597, \$5,421,200 and \$45,399,756, respectively. The entire bank balance for each of these component units, was covered either by federal depository insurance or by collateral held by the component unit's agent in its name.

Interest Rate Risk – The County limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Operating fund investment maturities are limited to 12 months or less. Reserve fund investment maturities are limited to 20 months or less. Repurchase agreement maturities are limited to 30 days or less. Furthermore, the County's investment policy authorizes the investment of funds not required for immediate expenditure for terms not to exceed its projected cash flow needs.

Credit Risk – The County limits its investment choices as a means of managing its exposure to credit risk. As authorized by General Municipal Law, Section II, Suffolk County authorizes the County Treasurer to invest monies not required for immediate expenditure for terms not to exceed the County's cash flow needs in the following types of investments:

Special time deposit accounts;

Certificate of deposit;

Obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America;

Obligations of New York State;

Obligations issued pursuant to LFL Section 24.00 or 25.00 (with approval of the State Comptroller) by any municipality school district or district corporation other than Suffolk County;

Participation in a cooperative investment program with another authorized governmental entity pursuant to Article 5-G of the General Municipal Law where such a program meets all the requirements set forth in the Office of the State Comptroller Opinion No. 88-46 and the specific investment program has been authorized by the County Legislature.

Concentration of Credit Risk – The County limits the amount the County may invest in any one issuer as follows:

- No more than 25% of invested monies shall be invested in obligations of the State of New York;
- No more than 15% of invested monies shall be invested in obligations pursuant to LFL Section 24.00 or 25.00;
- No more than 15% of invested monies exclusive of fiduciary funds shall be invested in obligations issued by any one approved cooperative investment program.

Investments

The County's investment consists of all securities maintained in a revocable trust. This trust consists primarily of United States Treasury securities, which are not subject to credit risk, held by the Trustee for the benefit of Suffolk County. The trust was funded from the proceeds of STASC 2008 series bonds. At December 31, 2009 the fair value of this trust was \$141,300,345 and consisted of 7 Treasury Strips bearing 0.000% interest maturing from November 15, 2010 through August 15, 2013, and 26 Treasury Notes bearing interest ranging from 2.125% to 5.000% and maturing from January 31, 2010 through July 31, 2013.

The County's agency funds investments in corporate and municipal bonds totaled \$20,842 and were rated Aa3 by Moody's Investors Service, AA by Standard & Poor's Rating Services, and AA- by Fitch, Inc. The County's agency funds invested in cooperative investment programs totaled \$5,636,030 and were rated AAAM by Standard & Poor's.

STASC – The County's formal investment policy as described above does not apply to the Suffolk Tobacco Asset Securitization Corporation (STASC). STASC's cash and cash equivalents consist of demand deposits and money market accounts. Investments consist of a repurchase agreement and are stated at the contract value.

Custodial Credit Risk – Deposits – Custodial credit risk for deposits exists when, in the event of the failure of a depository financial institution, STASC may be unable to recover deposits, or recover collateral securities that are in possession of an outside agency. At December 31, 2009, STASC deposits with a financial institution were \$473,178. Of these balances \$47,550 was insured by the Federal Deposit Insurance Corporation and \$425,628 consisted of a temporary investment in Dreyfus Treasury & Agency Cash Management, and is uncollateralized.

Custodial Credit Risk – Investments – Custodial credit risk for investments exists when, in the event of the failure of the counterparty, STASC will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. STASC's ability to invest is restricted by the Indenture. STASC's Liquidity Reserve Account is invested in a Repurchase Agreement with Bayerische Landesbank. Bayerische Landesbank is authorized to invest in various securities as set forth in the Investment Repurchase

SUFFOLK COUNTY
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Agreement dated August 21, 2008. STASC's share of investments in this repurchase agreement was \$18,760,231 at December 31, 2009, is due to mature on June 1, 2048, and earns interest at 4.614% annually. The Repurchase Agreement is fully collateralized by debt obligations having fair values that range from 100% to 102% of the deposited amount held by a custodial bank.

Vanderbilt Private-Purpose Trust – The County's formal investment policy as described above does not apply to the Vanderbilt Private-Purpose Trust (Vanderbilt Trust). The Suffolk County Legislature has fiduciary responsibility for the Vanderbilt Trust. Suffolk County Resolution No. 1266-2007 provides that until modified current investment guidelines, permitting a 50/50 split between fixed securities and equities (within a 5 – 10% range of the 50/50 split as determined by market conditions) shall remain in effect.

At year-end, investments of the Vanderbilt Private-Purpose Trust were as follows:

<u>Investment by Type</u>	<u>Fair Value</u>
Fixed securities:	
United State's government bonds and notes	\$ 78,398
Corporate and municipal bonds	7,532,291
Total investments	<u>\$ 7,610,689</u>

Component Units

At August 31, 2009, Suffolk County Community College's investment balances were as follows:

<u>Investment by Type</u>	<u>Fair Value</u>
Corporate securities	\$ 6,199,338
Government obligations	17,536,681
Mutual funds	2,716,170
Total investments	<u>\$ 26,452,189</u>

SUFFOLK COUNTY
Notes to the Financial Statements
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B. Receivables

Receivables at December 31, 2009 were as follows:

	Governmental Funds					Total Governmental Receivables
	General	Police District	Capital	STASC	Other Governmental	
Receivables:						
Property tax	\$ 194,293,113	\$ -	\$ -	\$ -	\$ -	\$ 194,293,113
Sales tax	106,628,821	-	-	-	5,922,866	112,551,687
Other funds	68,827,354	53,032,853	3,180,793	202,556,639	158,209,347	485,806,986
Intergovernmental accounts	277,022,053	778,409	7,684,425	-	14,705,431	300,190,318
Other	18,702,572	90,379	-	-	3,009,287	21,802,238
Total receivables	665,473,913	53,901,641	10,865,218	202,556,639	181,846,931	1,114,644,342
Allowance for doubtful accounts	(12,996,315)	-	-	-	-	(12,996,315)
Receivables, net	<u>\$ 652,477,598</u>	<u>\$ 53,901,641</u>	<u>\$ 10,865,218</u>	<u>\$ 202,556,639</u>	<u>\$ 181,846,931</u>	<u>\$ 1,101,648,027</u>

	Enterprise Funds					Total Enterprise Receivables
	Suffolk Health Plan	Suffolk County Ball Park	Francis S. Gabreski Airport	Regional Economic Dev Initiative	John J. Foley Skilled Nursing Facility	
Receivables:						
Accounts	\$ 227,854	\$ -	\$ -	\$ -	\$ 23,590,096	\$ 23,817,950
Other	342,675	24,236	823,049	-	3,702,602	4,892,562
Total receivables	570,529	24,236	823,049	-	27,292,698	28,710,512
Allowance for doubtful accounts	-	-	-	-	(9,940,000)	(9,940,000)
Receivables, net	<u>\$ 570,529</u>	<u>\$ 24,236</u>	<u>\$ 823,049</u>	<u>\$ -</u>	<u>\$ 17,352,698</u>	<u>\$ 18,770,512</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent property taxes receivable (general fund)	\$ 159,712,003	\$ -
New York State Department of Health:		
Mental health and alcohol advances for County programs (general fund)	-	7,997,699
Federal and State government receivables (general fund)	11,593,098	-
Tobacco settlement receipts (general fund)	-	254,664
Stop DWI (general and police district fund)	-	830,314
Hospital mortgages (general fund)	-	1,102,325
Restricted borrowing - interest (capital)	-	1,093,513
Restricted borrowing - interest (nonmajor)	-	528,737
Total deferred/unearned revenue for governmental funds	<u>\$ 171,305,101</u>	<u>\$ 11,807,252</u>

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C. Capital Assets

Capital asset activity for the year ended December 31, 2009 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 700,160,352	\$ 18,310,767	\$ (2,700)	\$ 718,468,419
Development rights	165,488,988	18,120,135	-	183,609,123
Historic buildings	4,607,607	-	-	4,607,607
Construction in progress	287,101,095	142,172,297	(35,091,812)	394,181,580
Total capital assets, not being depreciated	1,157,358,042	178,603,199	(35,094,512)	1,300,866,729
Capital assets, being depreciated:				
Buildings	623,215,352	6,718,958	(9,114,222)	620,820,088
Improvements other than buildings	42,734,555	1,677,677	-	44,412,232
Vehicles and equipment	272,831,943	15,230,097	(7,311,068)	280,750,972
Infrastructure	904,516,799	17,458,296	-	921,975,095
Total capital assets, being depreciated	1,843,298,649	41,085,028	(16,425,290)	1,867,958,387
Less accumulated depreciation for:				
Buildings	(345,756,715)	(9,273,315)	24,942	(355,005,088)
Improvements other than buildings	(16,727,959)	(1,582,634)	-	(18,310,593)
Vehicles and equipment	(166,117,052)	(20,901,146)	6,884,309	(180,133,889)
Infrastructure	(357,895,579)	(18,850,954)	-	(376,746,533)
Total accumulated depreciation	(886,497,305)	(50,608,049)	6,909,251	(930,196,103)
Total capital assets, being depreciated, net	956,801,344	(9,523,021)	(9,516,039)	937,762,284
Governmental activities capital assets, net	<u>\$ 2,114,159,386</u>	<u>\$ 169,080,178</u>	<u>\$ (44,610,551)</u>	<u>\$ 2,238,629,013</u>

SUFFOLK COUNTY
Notes to the Financial Statements
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	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 22,092,831	\$ -	\$ -	\$ 22,092,831
Construction in progress	1,793,662	1,647,423	(854,170)	2,586,915
Total capital assets, not being depreciated	23,886,493	1,647,423	(854,170)	24,679,746
Capital assets, being depreciated:				
Buildings	58,244,313	-	(27,924)	58,216,389
Improvements other than buildings	5,645,301	854,170	-	6,499,471
Vehicles and equipment	3,610,840	914,744	-	4,525,584
Total capital assets, being depreciated	67,500,454	1,768,914	(27,924)	69,241,444
Less accumulated depreciation for:				
Buildings	(24,711,331)	(2,003,910)	3,909	(26,711,332)
Improvements other than buildings	(1,211,029)	(206,257)	-	(1,417,286)
Vehicles and equipment	(2,865,944)	(172,569)	-	(3,038,513)
Total accumulated depreciation	(28,788,304)	(2,382,736)	3,909	(31,167,131)
Total capital assets, being depreciated, net	38,712,150	(613,822)	(24,015)	38,074,313
Business-type activities capital assets, net	<u>\$ 62,598,643</u>	<u>\$ 1,033,601</u>	<u>\$ (878,185)</u>	<u>\$ 62,754,059</u>

Depreciation expense and amortization for the year ended December 31, 2009 was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government support	\$ 14,140,389
Economic assistance and opportunity	183,092
Health	1,964,407
Public safety	8,667,151
Culture and recreation	2,124,772
Education	-
Home and community services	9,193,091
Transportation	12,926,696
Legislative	128,563
Judicial	1,279,888
Total depreciation expense-governmental activities	<u>\$ 50,608,049</u>
Business-type activities:	
Suffolk County Ball Park	\$ 457,056
Francis S. Gabreski Airport	239,717
John J. Foley Skilled Nursing Facility	1,685,963
Total depreciation expense-business-type activities	<u>\$ 2,382,736</u>

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Construction commitments

The County has a number of active construction project commitments at December 31, 2009. Active projects for which amounts spent as of December 31, 2009 exceed \$10,000,000 include 24 projects. The total spent as of December 31, 2009 for these projects amounts to approximately \$701 million. Remaining commitments for these projects amount to approximately \$356 million.

Discretely presented component units

Capital asset activity for Suffolk County Community College (College) for the year ended August 31, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 4,948,118	\$ -	\$ -	\$ 4,948,118
Construction in progress	1,449,844	1,693,431	(1,313,158)	1,830,117
Total capital assets, not being depreciated	6,397,962	1,693,431	(1,313,158)	6,778,235
Capital assets, being depreciated:				
Buildings	146,630,110	5,025,685	(4,854)	151,650,941
Improvements other than buildings	9,951,310	922,779	-	10,874,089
Vehicles and equipment	11,400,278	6,209,074	(140,663)	17,468,689
Infrastructure	5,466,784	680,250	-	6,147,034
Total capital assets, being depreciated	173,448,482	12,837,788	(145,517)	186,140,753
Less accumulated depreciation for:				
Buildings	(51,453,086)	(3,748,457)	455	(55,201,088)
Improvements other than buildings	(7,400,568)	(363,034)	-	(7,763,602)
Vehicles and equipment	(1,647,018)	(962,559)	13,053	(2,596,524)
Infrastructure	(6,770,453)	(270,123)	3,498	(7,037,078)
Total accumulated depreciation	(67,271,125)	(5,344,173)	17,006	(72,598,292)
Total capital assets, being depreciated, net	106,177,357	7,493,615	(128,511)	113,542,461
College capital assets, net	<u>\$112,575,319</u>	<u>\$ 9,187,046</u>	<u>\$ (1,441,669)</u>	<u>\$120,320,696</u>

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Capital asset activity for the Suffolk County Industrial Development Agency (IDA) for the year ended December 31, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Total capital assets, not being depreciated	-	-	-	-
Capital assets, being depreciated:				
Vehicles and equipment	60,902	1,800	(2,672)	60,030
Total capital assets, being depreciated	60,902	1,800	(2,672)	60,030
Less accumulated depreciation for:				
Vehicles and equipment	(46,967)	(6,765)	2,672	(51,060)
Total accumulated depreciation	(46,967)	(6,765)	2,672	(51,060)
Total capital assets, being depreciated, net	13,935	(4,965)	-	8,970
IDA capital assets, net	<u>\$ 13,935</u>	<u>\$ (4,965)</u>	<u>\$ -</u>	<u>\$ 8,970</u>

Capital asset activity for the Suffolk Regional Off-Track Betting Corporation (OTB) for the year ended December 31, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,058,343	\$ -	\$ -	\$ 2,058,343
Construction in progress	1,434	5,155	-	6,589
Total capital assets, not being depreciated	2,059,777	5,155	-	2,064,932
Capital assets, being depreciated:				
Building & leasehold improvements	14,141,064	11,829	(13,003)	14,139,890
Vehicles and equipment	3,260,452	65,793	(153,576)	3,172,669
Total capital assets, being depreciated	17,401,516	77,622	(166,579)	17,312,559
Less accumulated depreciation:	(5,618,184)	(789,998)	134,460	(6,273,722)
Total capital assets, being depreciated, net	11,783,332	(712,376)	(32,119)	11,038,837
OTB capital assets, net	<u>\$ 13,843,109</u>	<u>\$ (707,221)</u>	<u>\$ (32,119)</u>	<u>\$ 13,103,769</u>

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D. Payables and accrued liabilities

Payables and accrued liabilities at December 31, 2009, were as follows:

	Other Governments	Salaries	Vouchers	Other	Total
Governmental activities:					
General	\$ 1,641,641	\$ 53,955,038	\$ 84,570,574	\$ 64,014,479	\$ 204,181,732
Police district	1,954	52,922,594	7,233,409	295,316	60,453,273
Capital	-	-	25,918,887	8,004,068	33,922,955
STASC	14,158	-	-	-	14,158
Other governmental	-	4,770,678	14,573,757	5,084,655	24,429,090
Total governmental activities	<u>\$ 1,657,753</u>	<u>\$ 111,648,310</u>	<u>\$ 132,296,627</u>	<u>\$ 77,398,518</u>	<u>\$ 323,001,208</u>
Business-type activities:					
Suffolk Health Plan	\$ -	\$ -	\$ 404,187	\$ -	\$ 404,187
Suffolk County Ball Park	-	-	-	-	-
Francis S. Grabeski Airport	-	36,035	63,356	-	99,391
Regional Economic Development Initiative	-	-	29,000	-	29,000
John J. Foley Skilled Nursing Facility	-	292,554	1,387,803	4,692,402	6,372,759
Total business-type activities	<u>\$ -</u>	<u>\$ 328,589</u>	<u>\$ 1,884,346</u>	<u>\$ 4,692,402</u>	<u>\$ 6,905,337</u>

E. Interfund balances and transfers

The composition of interfund balances as of December 31, 2009 is as follows:

Due to general fund from:	
Police	\$ 3,374,129
Capital	7,673,894
Nonmajor gov't funds	33,387,671
Suffolk Health Plan	485,667
Francis S. Gabreski Airport	1,275,079
John J. Foley Skilled Nursing Facility	19,042,915
Suffolk County Ball Park	32,788
Total due to general fund from other funds	<u>\$ 65,272,143</u>
Due to police fund from:	
General	\$ 53,006,076
Nonmajor gov't funds	26,777
Total due to police fund from other funds	<u>\$ 53,032,853</u>
Due to capital fund from:	
General	\$ 489,991
Nonmajor gov't funds	2,690,802
Total due to capital fund from other funds	<u>\$ 3,180,793</u>

(Continued)

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Notes to the Financial Statements
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Due to STASC from:	
General	\$ 193,032,363
Police	7,925,261
John J. Foley Skilled Nursing Facility	1,599,015
Total due to STASC from other funds	<u>\$ 202,556,639</u>
Due to nonmajor governmental funds from:	
General	\$ 59,516,924
Police	536,458
Nonmajor gov't funds	97,316,129
Francis S. Gabreski Airport	839,559
John J. Foley Skilled Nursing Facility	277
Total due to nonmajor gov't funds from other funds	<u>\$ 158,209,347</u>
Due to John J. Foley Skilled Nursing Facility from:	
General fund	\$ 3,643,625
Suffolk Health Plan	58,977
Total due to skilled nursing facility from other funds	<u>\$ 3,702,602</u>
Due to Suffolk Health Plan from:	
General fund	\$ 15,900
Total due to Suffolk Health Plan from other funds:	<u>\$ 15,900</u>

These balances resulted from the time lag between the dates that transactions are recorded in the accounting system, and payments between funds are made. All of the interfund balances are expected to be liquidated within one year.

Individual fund transfers for the year ended December 31, 2009 were as follows:

Transfers to general fund from:	
General fund	\$ 176,533,086
Police fund	97,267,264
Capital fund	4,019,048
STASC	19,097,972
Nonmajor governmental funds	91,270,864
Suffolk Health Plan	2,452,760
Francis S. Gabreski Airport	2,056,961
John J. Foley Skilled Nursing Facility	7,975,887
Total transfers to general fund	<u>\$ 400,673,842</u>
Transfers to police fund from:	
Capital fund	\$ 4,070
STASC	144,246
Total transfers to police fund	<u>\$ 148,316</u>
Transfers to capital fund from:	
General fund	\$ 414,627
Nonmajor governmental funds	3,420,802
Total transfers to capital fund	<u>\$ 3,835,429</u>

(Continued)

SUFFOLK COUNTY
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Transfers to nonmajor governmental funds from:	
General fund	\$ 15,083,984
Police fund	6,058,270
Capital fund	15,395
Nonmajor governmental funds	79,667,911
Francis S. Gabreski Airport	323,788
Total transfers to nonmajor governmental funds	<u>\$ 101,149,348</u>

Transfers to Francis S. Gabreski Airport from:	
Capital fund	\$ 9,178
Total transfers to Francis S. Gabreski Airport	<u>\$ 9,178</u>

Transfers to Regional Economic Development Initiative from:	
General fund	\$ 29,000
Total transfers to Regional Economic Development Initiative	<u>\$ 29,000</u>

Transfers to John J. Foley Skilled Nursing Facility from:	
General fund	\$ 3,643,625
STASC	29,103
Total transfers to John J. Foley Skilled Nursing Facility	<u>\$ 3,672,728</u>

Transfers are used to: (1) move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and (2) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

F. Leases

Operating Leases

The County is required to make rental payments under various operating leases for office space, vehicles and equipment. Certain leases require the County to pay executory costs such as real estate taxes, insurance, maintenance and utility costs, in addition to the minimum rental payments.

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The following schedule sets forth future minimum lease payments required under non-cancelable operating leases which have remaining terms in excess of one year as of December 31, 2009:

<u>Years Ending December 31</u>	<u>Amount</u>
2010	\$ 19,160,416
2011	18,023,426
2012	16,788,682
2013	16,351,282
2014	12,545,090
2015-2019	55,248,451
2020-2024	50,155,548
Thereafter	29,607,002
Total	<u>\$ 217,879,897</u>

Rent expenditures for the year ended December 31, 2009 approximated \$17,413,459.

Capital Leases

The Suffolk County Judicial Facilities Agency (the “Agency”), a public benefit corporation, was created in 1999. Shortly thereafter the Agency issued \$131,275,000 Service Agreement Revenue Bonds, Series 1999 (John P. Cohalan Court Complex) (“the Series 1999 Bonds”) the proceeds of which were used to defease the Dormitory Authority State of New York (the “Authority”) Series 1991 A Bonds.

In addition, the County issued \$30,595,000 Public Improvement (Serial) Bonds, 1999 Series B to provide proceeds in an amount sufficient to defease the Authority’s Series 1991 B Bonds (As of April 15, 2001 all Series 1991 B Bonds were called). As a result of these transactions, which closed on September 8, 1999, the County and the Agency each acquired title to a portion of the Cohalan Court Complex thereby eliminating the Authority’s interest in the property. The Agency has leased its portion of the Cohalan Court Complex to the County under an agreement, whereby the County operates and maintains the Cohalan Court Complex and pays all costs, including a service fee to the Agency, thereof, during the term of the lease.

Pursuant to the Service Agreement between the Agency and the County, the County shall pay a service fee to the Agency on each service fee payment date in an amount sufficient to cover administrative expenses, alteration costs, and debt service on indebtedness then becoming due, including the Serial 1999 Bonds of the Agency.

As a result of the above transactions, the County obtained a total annual debt service savings of \$31,435,714, representing a present value savings of \$18,392,377, which amounted to a 14.016% present value savings when calculated as a percentage of refunded bonds.

On September 14, 2009, the County issued \$64,900,000 Public Improvement Serial Bonds for the purpose of funding the acquisition of the Agency’s title to a portion of the Cohalan Court Complex, thereby eliminating the Agency’s interest in the property and effectively

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terminating the capital lease. The County's carrying amount of the lease obligation at September 14, 2009 was \$73,960,001. In accordance with generally accepted accounting principles the difference between the purchase price (\$64,900,000) and the carrying amount of the lease obligation (\$73,960,001) which amounts to \$9,060,001 was recorded by the County as a reduction to the carrying amount of the Cohalan Court Complex.

The County also entered into a sale – leaseback agreement, dated February 1, 1994, with the IDA. The County is leasing the Southwest Sewer District facility to the IDA and the IDA is required to lease the facility back to the County upon the terms and conditions set forth in the Agreement. This lease terminated on February 1, 2009. During the year ended December 31, 2009, the County's payments pursuant to this lease agreement were \$11,059,750 and have been included in general government support expenditures of the General Fund.

In early March of 1998, Suffolk County entered into a twenty-year lease agreement, terminating in the year 2018, for a 31,000 square foot building that was constructed on a County owned parcel of land. This building is being used to house the Suffolk County Police Department's Seventh Precinct. At the termination of the lease, the title of the building will pass to the County, thereby qualifying it as a capital lease. Annual lease payments are \$492,900, totaling \$9,858,000 for the term of the lease.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, were as follows:

Years Ending December 31	Seventh Precinct
2010	\$ 492,900
2011	492,900
2012	492,900
2013	492,900
2014	492,900
2015-2018	1,560,850
Total minimum lease payments	4,025,350
Less: Imputed interest	308,209
Present value of future minimum lease payments	\$ 3,717,141

Assets acquired from the aforementioned capital lease are recorded on the County's financial statements in the amount of \$5,544,000, which represents net book value as of December 31, 2009.

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G. Long-term debt

General Obligation Bonds

Primary Government

The County issues general obligation bonds to provide funds for the acquisition of land and equipment and to construct buildings and equipment. General obligation bonds have been issued for both governmental and business-type activities. The original amount of general obligation bonds issued in prior years was \$2,039,105,041. During the year, general obligation bonds totaling \$297,344,224 were issued.

General obligation bonds are direct obligations and pledge the full faith and credit of the County. These bonds generally are issued as 15 to 20 year serial bonds with varying amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	0.50 - 9.0%	\$ 967,590,212
Governmental activities-refunding	2.75 - 6.0%	170,936,241
Business-type activities	2.50 - 5.5%	9,871,618
Business-type activities-refunding	3.00 - 5.0%	17,026,777
		<u>\$ 1,165,424,848</u>

As of December 31, 2009, approximately \$41,343 of general obligation bonds under governmental-type activities remains outstanding related to capital improvement loans made by the County to several hospitals. The hospitals reimburse the County for interest and principal payments on such debt through a mortgage financing agreement between the hospitals and the County. During 2009, the County paid \$10,554 in interest and principal on this debt and received reimbursements of \$316,257. The County has recorded receivable and related deferred revenue of \$1,102,325, which represents future principal payments to be received from the hospitals at December 31, 2009.

Additionally, \$18,841,948 of general obligation bonds under business-type activities and business-type activities-refunding above relates to the construction and renovation of the John J. Foley Skilled Nursing Facility. The proceeds for such bonds were transferred to the Nursing Facility and accounted for as contributed capital to the enterprise fund. Also, \$8,056,447 of general obligation bonds under business-type activities above relates to the Ball Park and Gabreski Airport and has been accounted for in the respective enterprise funds.

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Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending December 31	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2010	\$ 94,414,594	\$ 47,016,701	\$ 2,714,447	\$ 1,202,392
2011	87,957,876	42,370,525	2,795,259	1,063,568
2012	85,413,553	39,035,114	2,638,100	949,963
2013	83,949,455	35,643,202	2,591,299	831,319
2014	79,228,404	32,326,606	2,380,350	726,351
2015-2019	330,699,751	115,784,797	9,827,992	2,104,537
2020-2024	233,784,406	57,480,914	3,149,344	555,385
2025-2029	140,425,635	12,411,966	1,009,033	69,199
	<u>1,135,873,674</u>	<u>382,069,825</u>	<u>27,105,824</u>	<u>7,502,714</u>
Deferred charge on refunding:	(8,275,990)	-	(1,276,220)	-
Premium on refunding:	<u>10,928,769</u>	<u>-</u>	<u>1,068,791</u>	<u>-</u>
Total	<u>\$1,138,526,453</u>	<u>\$ 382,069,825</u>	<u>\$ 26,898,395</u>	<u>\$ 7,502,714</u>

Component Units

Suffolk County Community College

General obligation bonds are issued by the County to finance a portion of Suffolk County Community College's construction projects. The original amount of general obligation bonds issued in prior years was \$89,239,494. During the year, general obligation bonds totaling \$2,874,212 were issued.

The bonds are direct obligations, and pledge the full faith and credit, of the County. The bonds are issued as 10 to 30-year serial bonds with varying amounts of principal maturing each year. General obligation bonds currently outstanding amounted to \$41,388,805 at August 31, 2009 and such serial bonds were issued with interest rates that ranged from 3.0% to 10.1%.

Pursuant to New York State Education Law, the State of New York is required to pay a one-half share of Suffolk County Community College capital construction cost. In order to effectuate this obligation, the College has entered into financing agreements with the Dormitory Authority of the State of New York (the "Authority") for the purpose of financing New York State's requirement. In connection with new capital project authorizations the Authority issues special obligation bonds payable from amounts to be appropriated each year by the State pursuant to a provision of the State Education Law, and from funds in the Debt Service Reserve Fund held by its Trustee. The amounts to be appropriated annually are assigned under the agreement from the County to the Authority. The Authority has no taxing power. Under the Constitution of the State of New York, the availability of funds to make annual payments is subject to annual appropriations made by the State Legislature. The provision of the State Education Law citing that the State shall make this appropriation does not constitute a legally enforceable obligation of the State and the State is not legally

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required to appropriate the funds. The bonds are not a debt of the State and the State is not liable for them.

In addition to the amounts appropriated annually by the State, each agreement provides for specific payments to the Authority by the County for the County's pro rata share of the total amount required in each bond year.

The aggregate amount due the Authority under the agreement in each bond year (the "Annual Payment") is equal to debt service on the bonds plus certain administrative and other expenses of the Authority.

No revenues or assets of the College or the County have been pledged or will be available to pay debt service on the bonds. However, the County has not pledged its full faith and credit to the payment of principal and interest on the bonds.

The Authority does not and will not have title to, a lien on, or a security interest in any of the projects being financed by the bonds or in other property of the County or the College. Authority obligation bonds currently outstanding amounted to \$74,130,529 at August 31, 2009 and such bonds were issued with interest rates that range from 2.0% to 6.5%.

Annual principal and interest requirements to service all College debt outstanding as of August 31, 2009 are as follows:

	Authority	General Obligations	Total Principal	Interest	Total
Year ending August 31:					
2010	\$ 2,739,626	\$ 4,454,491	\$ 7,194,117	\$ 5,727,208	\$ 12,921,325
2011	2,526,457	4,526,531	7,052,988	5,340,884	12,393,872
2012	2,901,313	4,020,809	6,922,122	5,017,120	11,939,242
2013	3,110,518	3,619,939	6,730,457	4,697,735	11,428,192
2014	3,199,432	3,165,776	6,365,208	4,376,836	10,742,044
2015-2019	16,826,925	13,921,235	30,748,160	17,491,301	48,239,461
2020-2024	20,790,432	6,664,835	27,455,267	10,106,931	37,562,198
2025-2029	15,477,338	1,015,189	16,492,527	4,128,625	20,621,152
2030-2034	5,153,826	-	5,153,826	1,070,088	6,223,914
2035-2039	1,404,662	-	1,404,662	104,122	1,508,784
	\$ 74,130,529	\$ 41,388,805	\$ 115,519,334	\$ 58,060,850	\$ 173,580,184
Less: Deferred Loss			(2,440,209)		
Plus: Unamortized Premium			3,192,887		
			\$ 116,272,012		

Suffolk County Industrial Development Agency

On February 24, 1994, the IDA issued Suffolk County Southwest Sewer System Revenue Bonds for the benefit of Suffolk County. This issue was followed by additional issuances in 1999 and 2003. These bonds and the related lease receivable are recorded in the accounts of the IDA. The bonds are not secured by property or a debt obligation of Suffolk County. Suffolk County leased to the IDA, pursuant to an IDA lease agreement, the entirety of the

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sewage system of the Suffolk County Southwest Sewer District, and agreed with the IDA, pursuant to an operation and maintenance agreement, to operate and maintain such sewer system and agreed, pursuant to a service agreement to make payments, subject to the IDA providing sewer service to the County, in an amount sufficient to permit the IDA to pay debt service on the revenue bonds.

Final maturity of Suffolk County Southwest Sewer System Revenue Bonds occurred on February 1, 2009 and were fully paid.

Advance refundings

On September 3, 2009 the County issued \$15,435,000 in general obligation refunding bonds with an average interest rate of 4.60 percent to advance refund \$15,960,000 of outstanding general obligation bonds with an average interest rate of 4.07 percent. The net proceeds of \$16,671,573 (after payment of \$153,682 in underwriting fees, insurance and other issuance costs) were used to purchase State and Local Government Series securities in the total amount of \$16,520,172. Those securities together with the balance of the proceeds, \$151,401 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the various refunded bonds. As a result, the various refunded bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$711,573. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through 2016, using a method that approximates effective interest. The County completed the advance refunding to reduce its total debt service payments over the next 7 years by \$1,623,988 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$1,547,178.

In prior years, the County defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust with an escrow agent 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 County's financial statements. On December 31, 2009, \$181,605,000 of bonds outstanding are considered defeased.

STASC Tobacco Settlement Asset-Backed Bonds

Tobacco Settlement Asset-Backed Bonds Series 2008 (Series 2008 Bonds) issued in 2008 for the purchase of future rights to TSRs are secured by a pledge of revenues to be derived from TSR receipts after the deduction there from of the amount necessary to pay all operating charges and to fund the required revenue percentage to the Residual Trust, as required by the Indenture Agreement. At December 31, 2009, projected principal and interest to expected maturity dates totaled \$629,568,136. These expected maturity dates are based on projected TSRs and are subject to change due to several factors that might affect this revenue. Additional TSRs have been pledged to the period 2048 to ensure that sufficient amounts of revenue will be received to pay the outstanding debt obligation. Principal and interest paid

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on these bonds in 2009 totaled \$8,162,944. Interest on the Series 2008 Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code.

Pledged revenues consist of a portion of the TSRs equal to 36% of future annual payments through December 31, 2012, and 75% thereafter and like percentages of any lump sum payments in lieu of such annual payments. Pledged revenue received in 2009 amounted to \$7,728,928, or 95 percent of total principal and interest payments made during the year.

Payments with respect to the Series 2008 Bonds are dependent upon receipts of TSRs. The Series 2008 Bonds are special obligations of the STASC payable solely from Pledged Revenues, the Liquidity Reserve Account, and other Funds and Accounts under the Indenture. The STASC has no other assets available for the payment of the Series 2008 Bonds.

The amount of TSRs received is dependent on many factors, including future domestic cigarette consumption, the financial capability of the Participating Manufacturers (the "PMs") and litigation affecting the MSA and related legislation, enforcement of state legislation related to the MSA and the tobacco industry. Payments by the PMs under the MSA are subject to certain adjustments, which may be material.

Bonds outstanding at December 31, 2009, are as follows:

Description	Original Date Issued	Original Amount	Interest Rate	Expected Maturity Date	Maturity Date	Amount Outstanding
2008A	8/21/2008	\$ 9,765,000	4.000 - 5.000%	6/1/2018	6/1/2018	\$ 9,765,000
2008B (2028)	8/21/2008	40,045,000	5.375%	6/1/2021	6/1/2028	38,165,000
2008B (2048)	8/21/2008	62,295,000	6.000%	6/1/2035	6/1/2048	62,295,000
2008C	8/21/2008	107,671,781	6.625%	6/1/2032	6/1/2044	107,671,781
2008D	8/24/2008	13,375,082	8.000%	6/1/2040	6/1/2048	13,375,082
Total						<u>\$ 231,271,863</u>

The following table summarizes the STASC's estimated future debt service requirements as of December 31, 2009 based on future projected TSRs:

	Principal	Interest	Total Principal and Interest
2010	\$ 2,220,000	\$ 6,180,938	\$ 8,400,938
2011	2,435,000	6,073,056	8,508,056
2012	2,645,000	5,954,603	8,599,603
2013	2,150,000	15,263,416	17,413,416
2014-2018	17,880,000	74,116,447	91,996,447
2019-2023	35,324,993	70,816,807	106,141,800
2024-2028	47,318,984	64,967,982	112,286,966
2029-2033	80,797,804	38,726,059	119,523,863
2034-2038	37,869,858	89,162,092	127,031,950
2039-2040	2,630,224	27,034,873	29,665,097
	<u>231,271,863</u>	<u>\$ 398,296,273</u>	<u>\$ 629,568,136</u>
Accreted Interest	11,506,991		
Unamortized Discount	(3,925,150)		
Total	<u>\$ 238,853,704</u>		

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A summary of changes in long-term liabilities for the year ended December 31, 2009 is as follows:

	Balance 1/1/2009	Increases	Reductions	Balance 12/31/2009	Non-current Liabilities due within one year
Tobacco securitization bonds	\$ 232,028,334	\$ 8,549,675	\$ (1,724,305)	\$ 238,853,704	\$ 2,064,305

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2009 was as follows:

Governmental activities	Beginning Balance	Additions	Reductions	Ending Balance	Due within one Year
Bonds payable:					
General obligation debt	\$ 739,930,152	\$ 295,709,250	\$ 68,049,190	\$ 967,590,212	\$ 68,707,799
Advanced refunding debt	175,436,492	15,435,000	22,588,030	168,283,462	26,079,252
Plus (minus) deferred amounts					
For unamortized Premium or Discounts on refundings	2,202,490	1,236,573	786,284	2,652,779	(372,457)
STASC bonds	233,151,863	-	1,880,000	231,271,863	2,220,000
Plus accreted interest	2,957,316	8,549,675	-	11,506,991	-
Less unamortized deferred discount	4,080,845	-	155,695	3,925,150	155,695
Total bonds payable	1,149,597,468	320,930,498	93,147,809	1,377,380,157	96,478,899
Compensated absences	351,084,529	59,200,778	15,857,579	394,427,728	17,919,581
Claims and judgements	458,961,754	103,854,698	34,805,911	528,010,541	32,447,724
Other postemployment benefits other than pensions	585,494,000	361,966,000	78,400,000	869,060,000	-
Capital leases	92,432,013	-	88,714,872	3,717,141	423,244
Governmental activity Long-term liabilities	<u>\$ 2,637,569,764</u>	<u>\$ 845,951,974</u>	<u>\$ 310,926,171</u>	<u>\$ 3,172,595,567</u>	<u>\$ 147,269,448</u>

Business-type activities

Bonds payable:					
Francis S. Gabreski Airport	\$ 4,031,820	\$ 1,515,674	\$ 261,986	\$ 5,285,508	\$ 314,649
John J. Foley Skilled Nursing Facility	20,639,115	119,300	1,916,467	18,841,948	1,966,369
Suffolk County Ball Park	3,172,396	-	401,457	2,770,939	432,339
Total bonds payable	27,843,331	1,634,974	2,579,910	26,898,395	2,713,357
Compensated absences	1,600,828	623,103	98,769	2,125,162	96,550
Other postemployment benefits other than pensions	15,016,000	8,464,000	1,940,000	21,540,000	-
Business-type activity Long-term liabilities	<u>\$ 44,460,159</u>	<u>\$ 10,722,077</u>	<u>\$ 4,618,679</u>	<u>\$ 50,563,557</u>	<u>\$ 2,809,907</u>

(Continued)

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Component units	Beginning Balance	Additions	Reductions	Ending Balance	Due within one Year
County general obligation bonds (Comm. College)	\$43,682,955	\$3,427,097	\$4,968,569	\$42,141,483	\$4,454,491
Dormitory Authority	76,716,718	-	2,586,189	74,130,529	2,739,626
Southwest sewer system revenue bonds	10,790,000	-	10,790,000	-	-
Total bonds payable	131,189,673	3,427,097	18,344,758	116,272,012	7,194,117
Compensated absences	24,817,335	2,184,701	1,454,511	25,547,525	-
Other postemployment benefits other than pensions	52,451,418	36,476,300	9,314,607	79,613,111	-
Component units Long-term liabilities	\$208,458,426	\$42,088,098	\$29,113,876	\$221,432,648	\$7,194,117

The general fund or applicable special revenue fund are the governmental funds that generally have been used in prior years to liquidate compensated absences and claims and judgments.

H. Short-term debt

Short-term debt activity for the year ended December 31, 2009 was as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance
Tax anticipation notes	\$ -	\$ 660,000,000	\$ 310,000,000	\$ 350,000,000
Delinquent tax anticipation notes	85,000,000	113,000,000	85,000,000	113,000,000
Public improvement bond anticipation notes	-	17,537,214	-	17,537,214
Governmental activities short-term debt	\$ 85,000,000	\$ 790,537,214	\$ 395,000,000	\$ 480,537,214

Suffolk County issues tax anticipation and delinquent tax anticipation notes in advance of property tax collections, depositing the proceeds in its general fund. These notes are necessary to provide sufficient operating cash prior to and following that period of the year of significant property tax collection activity (June through August).

Public improvement bond anticipation notes were issued by Suffolk County to provide financing for numerous capital projects.

IV. Other information

A. Risk management

The County is exposed to various risks of loss related to torts; malpractice, theft of, damage to, and destruction of assets; and errors or omissions. The County established a risk management program in 1975 to account for and finance insured risks of loss. All funds of the County, including the College (discretely presented component unit), participate in the risk management program. Self-insurance activities are recorded in the general fund. This

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risk management program is operated solely by and for the benefit of the Suffolk County government. Current risk retention per incident for liability is \$3,000,000 and insurance coverage per incident is limited to \$25,000,000. Current risk retention per incident for property loss is \$1,000,000 and insurance coverage per incident is limited to \$300,000,000. The County has purchased special lines of coverage for claims related to foster care, advanced life support systems, aviation, marine and fidelity coverage.

Liabilities for unpaid claims are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of payouts), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example, from salvage or subrogation, are another component of the claims liability estimate. Settlements have not exceeded coverages for each of the past three fiscal years. Changes in the balances of claims liabilities during the past two years are as follows:

	Year ended 12/31/2008	Year ended 12/31/2009
Unpaid claims, beginning of fiscal year	\$ 441,811,823	\$ 458,961,754
Incurred claims (including IBNRs)	45,066,577	50,442,602
Changes in the estimate for claims of prior years	2,172,889	53,412,095
Claim payments	30,089,535	34,805,910
Unpaid claims, end of fiscal year	<u>\$ 458,961,754</u>	<u>\$ 528,010,541</u>

B. Subsequent events

On May 27, 2010, Suffolk County issued \$96,205,000 public improvement serial bonds and \$15,225,000 bond anticipation notes. The proceeds of the bonds will be used to provide additional original or original project financing for numerous public improvement projects. The interest rate on the bonds ranges from 2.00 to 4.00 percent. Bonds mature in varying amounts on February 1 of years 2011 through 2028. The proceeds of the notes will be used to provide additional original or original project financing for specific road projects. The interest rate on the note is 1.50 percent. The notes mature on May 27, 2011.

C. Contingent liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally, the federal 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.

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D. Other postemployment benefits

The County provides post-employment health benefits for all of its employees through a single employer defined benefit healthcare plan. Effective January 1, 2007 the County adopted the accounting provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement establishes guidelines for reporting costs associated with “other postemployment benefits” (OPEB). OPEB costs are actuarially calculated based on plan benefits (other than pensions), that current and retired employees have accrued as a result of their respective years of employment service.

Plan description. The County’s post-employment retirement healthcare benefit plan provides health benefits to all retired Suffolk County employees, their spouses, and some eligible dependents. The Plan is a comprehensive health benefits plan which pays for hospital services, doctor expenses and other medical related necessities which include prescription drugs, and mental health/substance abuse services, subject to provisions and limitations. The County administers the Plan through its Labor/Management Committee and Employee Benefits Unit and has the authority to establish and amend the benefits provisions offered. The Plan is not a separate entity or trust and does not issue stand alone financial statements.

Funding policy. Retiree health care coverage is non-contributory. The County reimburses eligible employees and spouses for the monthly Part B premium (\$96.40 per month for 2009). Eligible spouses who already receive Part B reimbursement from another employer are not eligible for the County’s reimbursement. The County contributes 100% of the cost of retirees healthcare benefit on a pay-as-you-go basis, which amounted to \$80.34 million for 2009.

Annual OPEB cost and net OPEB obligation. The County’s annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 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 of thirty years. For 2009, the County’s annual OPEB cost (expense) of \$380.28 million was equal to the ARC. The following table shows the components of the County’s annual OPEB cost for the year, the amount actually contributed to the Plan and changes in the County’s net OPEB obligation to the Plan (dollar amounts in millions):

Annual Required Contribution	\$ 380.28
Contributions Made	80.34
Increase in net OPEB	<u>299.94</u>
Interest on net OPEB obligation	27.02
Adjustment to annual required contribution	<u>(36.87)</u>
Net OPEB obligation - beginning of year	<u>600.51</u>
Net OPEB obligation - end of year	<u><u>\$ 890.60</u></u>

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The County's annual OPEB cost, the percentage of annual OPEB cost, contributed to the Plan, and the net OPEB obligation for 2007, 2008, and 2009 were as follows (dollar amounts in millions):

Fiscal Year <u>Ended</u>	Annual <u>OPEB Cost</u>	Percentage of Annual OPEB <u>Cost Contributed</u>	Net OPEB <u>Obligation</u>
12/31/2007	\$386.80	21.4%	\$303.93
12/31/2008	\$393.81	24.7%	\$600.51
12/31/2009	\$370.43	21.7%	\$890.60

Funded status and funding progress. As of December 31, 2009, actuarial accrued liability for benefits was \$4.170 billion and was equal to the unfunded actuarial accrued liability (UAAL). The covered payroll (annual payroll of active employees covered by the Plan) was \$859.34 million and the ratio of UAAL to the covered payroll was 485%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial methods and assumptions. 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 of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2009, actuarial valuation, the projected unit credit method was used. The actuarial assumptions include a 4.5% discount rate and an annual healthcare cost trend rate of 9.75% for medical and prescription drugs grading down to a rate of 4.5 after nine years. The UAAL is being amortized as a level dollar amount over thirty years based on an open group. The remaining amortization period at December 31, 2009 was twenty eight years.

E. Employee retirement systems and pension plans

Pension Plans – primary government

The County participates in the New York State & Local Employees Retirement System (ERS) and the New York State Local Police and Fire Retirement System (PFRS, collectively,

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2009

the “Systems”). PFRS covers sworn personnel of the Police Department. Substantially all other County employees are covered by ERS.

Plans description. The ERS and PFRS are cost-sharing multiple-employer defined benefit pension plans administered by the Comptroller of the State of New York pursuant to the New York State Retirement and Social Security Law (NYSRSSL). ERS and PFRS provide retirement, disability, and death benefits to plan members and their beneficiaries. NYSRSSL authorizes the Comptroller to adopt and amend rules and regulations for the administration of the Systems. The Systems issue a publicly available financial report that includes the applicable financial statements and required supplementary information. The report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12244-0001

Funding policy. The contribution requirements of the plan for employees varies based on date of employment and years of credited service. Prior to October 1, 2000, the Systems were non-contributory except for employees who joined the Systems after July 27, 1976 who were required to contribute three percent of their salary. Effective October 1, 2000, the Systems are non-contributory for employees who have been a member of the System for at least ten years or have ten years of credited service. Those employees who have not been a member for ten years or do not have ten years of service contribute three percent of their salary. The three percent employee contribution discontinues when the employee reaches either the tenth anniversary or ten years of service credit, whichever occurs earlier. Under the authority of the NYSRSSL, the State Comptroller shall certify annually the rates, expressed as proportions of contributions, required to be made by employers to the pension accumulation fund. The required contribution rate is determined on an actuarial basis. The County’s contributions to ERS and PFRS for 2009, 2008, and 2007 were as follows (dollars in thousands):

Year	ERS		PFRS	
	Required	Made	Required	Made
2009	\$ 42,098	\$ -	\$ 53,851	\$ -
2008	48,860	48,508	58,062	57,776
2007	51,279	49,915	59,145	58,921

The County’s contributions made to the ERS and PFRS are based on billings from the Systems. The differences between the required contribution and the contribution made is reflected on the December 31, 2009 Statement of Net Assets and Balance Sheet as an accrued liability.

On May 14, 2003, New York State enacted legislation, which reformed the ERS and PFRS billing methodology. The new method set minimum annual contributions of 4.5 percent, and changed the billing cycle so that the calculation of the annual required contribution over and above the minimum is based on the value of the pension fund on the prior April 1. The legislation also provided for a one-time financing of pension costs. Additionally, the legislation also allowed the County to bond, over five years, for outstanding early retirement

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2009

incentive costs. As a result, the County sold \$22,950,000 in pension bonds on December 4, 2003. The bond proceeds coupled with 2003 budgeted appropriations was used to pay off the 2002 retirement incentive.

During its 2004 Session, the New York State Legislature enacted Pension Relief (Chapter 260, Laws of 2004). The pension payments date for all local governments was changed from December 15 to February 1, effective immediately. Thus the anticipated December 15, 2004 pension payment date was changed to February 1, 2005. The legislation also provided the ability to amortize or bond a portion of the billing for the next two years. Furthermore, the legislation provided that local governments can establish a retirement contribution reserve fund for the purpose of financing retirement contributions in the future. The County has established and funded a Retirement Contribution Reserve Fund. At December 31, 2009 the fund balance of the Retirement Contribution Reserve Fund is \$105,587.

Deferred compensation

All permanent County employees and elected officials may participate in a deferred compensation program designated as an Internal Revenue Code Section 457 plan. This program enables employees to contribute a portion of their salary, on a tax deferred basis, to group variable annuity contracts. Effective January 1, 1999, all amounts, property, and rights held for the purposes of the Plan are held for the exclusive benefit of the Plan's participants and their beneficiaries, as permitted by Internal Revenue Code §457 (b) (6) & (g).

The County has no liability for making contributions to the deferred compensation program. The County remits deferred compensation amounts withheld from employees' salaries to an outside fiduciary agent who administers the program and invests program assets as instructed by each of the participants.

Pension Plans – Suffolk County Community College, a discretely presented component unit

New York State & Local Employee Retirement System (ERS)

Plan description. The College participates in the ERS. The plan's description is disclosed above under primary government pension plans.

Funding policy. The plan's funding policy is also disclosed above under primary government pension plans. The College's contributions to the ERS for 2009, 2008, and 2007 were \$2,084,000, \$2,393,000, and \$2,800,000, respectively, and were equal to the required contributions for each year.

New York State Teachers' Retirement System (TRS)

Plan description. The College participates in the TRS, a cost-sharing multiple-employer, defined benefit pension plan administered by the New York State Teachers' Retirement Board. TRS provides retirement, disability, withdrawal and death benefits to plan members and their beneficiaries. State Education Law and the Retirement and Social Security Law of the State of New York authorizes TRS to provide benefits. TRS issues a publicly available

financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

Funding policy. TRS plan members who joined the system on or before July 27, 1976 are not required to contribute. Those joining after July 27, 1976 are required to contribute 3% of their annual salary. Employers are required to contribute to the TRS at an actuarially determined rate. For the fiscal year ended June 30, 2009, the rate of contribution was 7.63% of annual covered payroll. Rates applicable to the fiscal years ended June 30, 2008 and 2007 were 8.73% and 8.60%, respectively. The College's contributions to TRS for 2009, 2008 and 2007 were \$1,653,000, \$1,883,000, and \$1,993,000, respectively, and were equal to the required contributions for each year.

Teachers Insurance and Annuity Association and the College Retirement Equities Fund (TIAA-CREF)

Plan description and funding requirements. The TIAA-CREF is a financial service provider to faculty and staff of America's education and research communities. Substantially all College employees not enrolled in the two above plans are members of the defined contribution plan of TIAA-CREF. The TIAA-CREF plan is available to full-time College faculty and administrators. The College funds its pension costs to TIAA-CREF biweekly. Pursuant to State law, for those employees hired prior to July 26, 1976, the College contribution is 12% on the first \$16,500 of salary and 15% on amounts above. For those employees hired between July 27, 1976 and June 30, 1992, the College contribution is 9% on the first \$16,500 of salary and 12% on amounts above. For those employees hired after July 1, 1992, the contribution is 8% of salary for the first seven years and 10% thereafter. The College's contributions to TIAA-CREF for 2009, 2008, and 2007 were \$4,400,000, \$4,150,000, and \$4,103,000, respectively, and were equal to the required contributions for each year.

F. Employee benefits

In accordance with Collective Bargaining Agreements between the County and various unions that represent the majority of County employees, the County is required to make annual periodic contribution payments to various Benefit Funds. These Benefit Funds were established by the execution of an Agreement and Declaration of Trust between the County, the Unions and the Trustees of the various Benefit Funds. The Benefit Funds provide certain benefits such as optical, dental, prescription drug, and legal services in accordance with plans determined by the Trustees of the Benefit Funds. Benefits are provided to County employees who are members of the various unions. Certain benefits are also provided at the discretion of the Benefit Fund Trustees to former employees who are retired and to eligible dependents. Benefit Fund Trustees have full authority to establish benefit eligibility requirements and benefit plans.

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2009

During 2009, the County made contribution payments in the following amounts to the indicated Benefit Funds:

Suffolk County Municipal Employees Benefit Fund	\$ 11,536,518
Suffolk County Police Benevolent Association Benefit Fund	4,231,037
Suffolk County Police Benevolent Association Legal Fund	100
Suffolk County Police Superior Officers Association Benefit Fund	<u>128,852</u>
Total	<u><u>\$ 15,896,507</u></u>

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REQUIRED SUPPLEMENTARY INFORMATION

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SUFFOLK COUNTY, NEW YORK

Schedule of Funding Progress

Post-Employment Retirement Healthcare Benefit Plan
(In Millions)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Level Dollar (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Accrued Percentage of Covered Payroll (b-a)/c
December 31, 2007	-	\$3,930.00	\$3,930.00	0%	\$852.20	461%
December 31, 2008	-	\$4,292.92	\$4,292.92	0%	\$891.20	482%
December 31, 2009	-	\$4,170.34	\$4,170.34	0%	\$859.34	485%

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SUPPLEMENTAL SCHEDULES

Report of Independent Auditors on the Schedule of Expenditures of Federal and State Transportation Assistance Awards

The Members of the Audit Committee
Suffolk County, New York

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Suffolk County, New York (“the County”), as of and for the year ended December 31, 2009, and have issued our report thereon dated July 23, 2010. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County’s basic financial statements. The accompanying schedules of expenditures of federal awards and state transportation assistance awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the Preliminary Draft Part 43 of the New York State Codification of Rules and Regulations, and are 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.

A handwritten signature in black ink that reads 'Ernst & Young LLP'.

July 23, 2010, except for Note 6, the date
of which is January 31, 2011

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (Restated)

Year Ended December 31, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal/ Pass-Through Grantor's Number	2009 Amount Provided to Subrecipients	2009 Expenditures
<u>U.S. Department of Agriculture</u>				
Direct Program:				
Natural Resource Conservation Service – Environmental Quality Incentives Program	10.912	68-2C31-0-087	\$ –	\$ 2,227
SNAP Cluster				
Passed Through:				
NYS Office of Temporary and Disability Assistance:				
ARRA – State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	18000	–	156,465
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	18000	150,703	9,658,772
NYS Department of Social Services:				
Supplemental Nutrition Assistance (Food Stamp Program) (Note 3) – Nonmonetary assistance	10.551	18000	–	110,704,204
Total – SNAP Cluster			150,703	120,519,441
NYS Department of Health – Bureau of Nutrition:				
Special Supplemental Nutrition (Food) Program for:				
Women, Infants and Children 2008 (WIC)	10.557	C012653	–	1,919,842
Women, Infants and Children 2009 (WIC)	10.557	C012653	–	659,394
Special Supplemental Nutrition Program for Women, Infant and Children: Special Formula and Food Checks (Note 3) – Nonmonetary assistance	10.557	F012342	–	15,391,406
Child Nutrition Cluster				
Passed Through:				
NYS Department of Education:				
School Breakfast Program	10.553	N/A	–	47,165
National School Lunch Program	10.555	N/A	–	67,327
Total – Child Nutrition Cluster			–	114,492
Total – U.S. Department of Agriculture			150,703	138,606,802
<u>U.S. Department of Housing and Urban Development</u>				
Direct Programs:				
Emergency Shelter Grants Program	14.231	N/A	115,478	129,306
Home Investment Partnerships Program	14.239	N/A	761,279	3,002,410
ARRA – Homelessness Prevention and Rapid Re-housing Grant	14.257	N/A	75,255	75,483
CDBG – Entitlement Grants Cluster				
Community Development Block and Entitlement Grants	14.218	N/A	3,328,626	3,699,034
Community Development Block and Entitlement Grants- NSPI	14.218	N/A	1,779,654	2,015,611
ARRA – Community Development Block Grant ARRA Entitlements Grants	14.253	N/A	237,495	244,585
Total – CDBG – Entitlement Grants Cluster			5,345,775	5,959,230
Passed Through:				
NYS Office of Temporary & Disability Assistance:				
Shelter Plus Care	14.238	18000	73,226	73,226
Total – U.S. Department of Housing and Urban Development			6,371,013	9,239,655

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (Restated) (continued)

Year Ended December 31, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal/ Pass-Through Grantor's Number	2009 Amount Provided to Subrecipients	2009 Expenditures
<u>U.S. Department of the Interior</u>				
Passed Through:				
NYS Environmental Facilities Corporation:				
Clean Vessel Act	15.616	N/A	\$ –	\$ 3,099
Total – U.S. Department of the Interior			–	3,099
<u>U.S. Department of Justice</u>				
Direct Programs:				
Federal Forfeiture and Joint Operation Task Force Funds:				
Federal Forfeiture Funds (Police)	16.000	N/A	–	652,530
Federal Forfeiture Funds (District Attorney)	16.000	N/A	–	879,729
Federal Forfeiture Funds (Sheriff)	16.000	N/A	–	8,093
Federal Forfeiture Funds (Probation)	16.000	N/A	–	18,379
Joint Terrorism Task Force 2008	16.000	66F-NY-266217	–	10,289
Joint Terrorism Task Force 2009	16.000	N/A	–	3,251
Long Island Joint Firearms Task Force 2008	16.000	09-NY-334-AFF	–	16,536
Long Island Joint Firearms Task Force 2009	16.000	N/A	–	16,000
Criminal Intelligence Bureau (USDA 2009)	16.000	N/A	–	10,389
Organized Crime Drug Enforcement Task Force – 2008	16.000	NY-NYE-580	–	26,148
Organized Crime Drug Enforcement Task Force – 2009	16.000	NY-NYE-580	–	7,931
Organized Crime Drug Enforcement – CRUZ Control	16.000	NY-NYE-602	–	4,641
DEA Task Force 2008	16.000	N/A	–	23,637
DEA Task Force 2009	16.000	N/A	–	11,387
US Marshals/Regional Fugitive Task Force 2008	16.000	FATF-09-0028	–	34,935
US Marshals/Regional Fugitive Task Force 2009	16.000	FATF-10-0035	–	13,331
State Criminal Alien Assistance Program:				
ICE – Joint Operations Task Force – US Customs	16.606	N/A	–	15,788
ICE – Joint Operations Task Force – US Customs – SLOT	16.606	N/A	–	9,631
Services for Trafficking Victims – Human Trafficking Task Force	16.320	VTBX0013	–	16,631
Edward Byrne Memorial State and Local Law Enforcement				
Computer Crimes Initiative & ID Theft	16.580	DD-BX-K081	–	207,938
852-COPS	16.580	DD-BX-0376	–	31,382
SMART 2007 – Sex Offender	16.580	DD-BX-0057	–	186,994
Human Trafficking Task Force Supplemental	16.580	VT-BX-0009	–	149,091
Grants to Encourage Arrest Policies and Enforcement of Protection				
Orders – Suffolk County Orders of Protection Enforcement	16.590	WEAX0016	266,529	354,667
Public Safety Partnership and Community Policing Grant:				
COPS 2004 Technology	16.710	CKWX0130	–	77,166
Edward Byrne Memorial Justice Assistance Grant Program:				
JAG – Criminal Justice System Improvement Project 2005	16.738	DJ-BX-0812	–	16,967
JAG – Criminal Justice System Improvement Project 2006	16.738	DJ-BX-0768	–	18,200
JAG – Day Reporting	16.738	DJ-BX-0812	–	51,564
JAG – Jail Data Management System Improvement Project	16.738	DJ-BX-0768	–	6,863
JAG – Criminal Justice Coordinating Council – Justice				
Assistance	16.738	DJ-BX-0765	–	15,320
JAG – Elderly Abuse	16.738	DD-BX-0458	–	154,915
JAG – Jail Reentry Program	16.738	DJ-BX-0765	–	81,588
JAG – Law Enforcement Diver Program	16.738	DJ-BX-0765	–	11,496
Forensic DNA Backlog Reduction Program:				
DNA Forensic Backlog Reduction 2008	16.743	DN-BX-K094	–	99,034

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (Restated) (continued)

Year Ended December 31, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal/ Pass-Through Grantor's Number	2009 Amount Provided to Subrecipients	2009 Expenditures
<u>U.S. Department of Justice (continued)</u>				
Passed Through:				
NYS Division of Criminal Justice:				
Juvenile Accountability Block Grants:				
Juvenile Accountability Incentive 2008	16.523	C612003	\$ -	\$ 41,168
Juvenile Accountability Incentive 2009	16.523	C612012	-	15,427
National Institute of Justice Research, Evaluation and Development Project:				
Paul Coverdale Forensic Science Crime Lab 2007	16.560	N/A	-	4,373
Paul Coverdale Forensic Science Crime Lab 2008	16.560	N/A	-	36,830
Paul Coverdale NFSI – Tox Lab Improvement 2008	16.560	N/A	-	36,645
Edward Byrne Memorial Formula Grant Program:				
Automation Caseload Explorer Expansion	16.579	NC04912730	-	4,706
JAG Bellport Task Force 09	16.579	BJ07845635	-	99,675
JAG Gang Task Force 09 – 1st precinct	16.579	BJ06828135	-	36,271
2nd Pct Community Support 2008	16.579	BJ06885533	-	4,023
2nd Pct Community Support Supplemental 2008	16.579	BJ07885534	-	20,000
2nd Pct Community Support 2009	16.579	BJ08632019	-	905
Violence Against Women Formula Grant – STOP Violence Against Women 2008	16.588	VW08543643	84,345	93,085
Edward Byrne Memorial Justice Assistance Grant Program-				
Family Abuse Prevention Program	16.738	BJ07925730	-	100,000
Legal Aid Society Sex Offender Program 2007	16.738	BJ05886232	-	78,100
Legal Aid Society Sex Offender Program 2008	16.738	BJ05886233	-	50,420
ARRA – Edward Byrne Memorial Justice Assistance Grant (JAG) Program – Rockefeller Drug Law Reform Program	16.803	C523143	-	44,789
Passed Through:				
Office of Juvenile Justice & Delinquency Prevention:				
Community Capacity Development Office:				
Wyandanch Weed and Seed III	16.595	WSQX0209	-	20,892
Wyandanch Weed and Seed II	16.595	WSQX0209	-	6,850
State Criminal Alien Assistance Program – Incarceration of Illegal Aliens	16.606	APBX1112	-	2,559,573
NYS Unified Court System:				
Comprehensive Approaches to Sex Offender Management Grant – Sex Offense Court & Offender Management	16.203	2006-WP-BX-0006	-	97,031
L.I. Drug Enforcement Administration:				
Federal Forfeiture and Joint Operation Task Force Funds – L.I.				
Drug Enforcement Task Force 2008 – 2009	16.000	N/A	-	80,004
Federal Forfeiture and Joint Operation Task Force Funds – L.I.				
Drug Enforcement Task Force 2009 – 2010	16.000	N/A	-	20,309
Total – U.S. Department of Justice			350,874	6,693,517

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (Restated) (continued)

Year Ended December 31, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal/ Pass-Through Grantor's Number	2009 Amount Provided to Subrecipients	2009 Expenditures
<u>U.S. Department of Labor</u>				
Direct Program:				
Homeless Veterans Reintegration Project – Veterans Stand Down	17.805	18805-09-60-5-36	– \$	2,765
Passed Through:				
NYS Department of Labor:				
Trade Adjustment Assistance	17.245	N/A	–	59,588
Work Incentive Grants – Disability Program Navigator	17.266	N/A	45,542	46,802
Rehabilitation Services – Vocational Rehabilitation Grants to States	84.126	N/A	13,130	15,580
WIA Cluster				
NYS Department of Labor:				
Workforce Investment Act:				
WIA – Adult Program	17.258	N/A	–	1,251,697
WIA – Adult Program – Statewide Activities Incentive Grant	17.258	N/A	–	67,488
WIA – Adult Program – Admin	17.258	N/A	–	117,034
WIA – Adult Program – Statewide Activities Transportation Assistance	17.258	N/A	–	6,250
ARRA- WIA – Adult Program	17.258	AA-17139-08-55-A-36	–	705,501
ARRA- WIA – Adult Program –Statewide Activities Technology Purchase	17.258	AA-17139-08-55-A-36	–	11,034
ARRA- WIA – Adult Program –Admin	17.258	AA-17139-08-55-A-36	–	4,562
WIA – Adult Program – Supplemental Allocations	17.258	N/A	–	140,399
WIA – Youth Activities	17.259	N/A	–	1,531,119
WIA – Youth Activities- Admin	17.259	N/A	–	137,545
ARRA- WIA – Youth Activities	17.259	AA-17139-08-55-A-36	–	2,109,856
ARRA- WIA – Youth Activities– Statewide Activities Technology Purchase	17.259	AA-17139-08-55-A-36	–	27,642
ARRA- WIA – Youth Activities– Admin	17.259	AA-17139-08-55-A-36	–	71,304
WIA – Dislocated Worker	17.260	N/A	–	2,094,202
WIA – Dislocated Worker- Admin	17.260	N/A	–	195,945
WIA – Dislocated Worker – Statewide Activities Funds- E-Learning	17.260	N/A	–	27,690
WIA – Dislocated Worker – Adult Activity	17.260	N/A	–	200,000
ARRA- WIA – Dislocated Worker	17.260	AA-17139-08-55-A-36	–	2,162,435
ARRA- WIA – Dislocated Worker– Statewide Activities Technology Purchase	17.260	AA-17139-08-55-A-36	–	11,183
ARRA- WIA – Dislocated Worker - Admin	17.260	AA-17139-08-55-A-36	–	22,919
WIA – Dislocated Worker Supplemental	17.260	N/A	–	391,482
WIA – Dislocated Worker Supplemental- Admin	17.260	N/A	–	41,030

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (Restated) (continued)

Year Ended December 31, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal/ Pass-Through Grantor's Number	2009 Amount Provided to Subrecipients	2009 Expenditures
<u>U.S. Department of Labor (continued)</u>				
ARRA- WIA – Dislocated Worker Supplemental	17.260	AA-17139-08- 55-A-36	\$ –	\$ 267,798
ARRA- WIA – Dislocated Worker Supplemental – Admin	17.260	AA-17139-08- 55-A-36	–	21,905
WIA – Dislocated Worker – NEG	17.260	N/A	–	80,600
Total – WIA Cluster			–	11,698,620
Total – U.S. Department of Labor			58,672	11,823,355
<u>U.S. Department of Transportation</u>				
Direct Program:				
Federal Transit Cluster:				
Federal Transit Capital Investment Grants	20.500	N/A	–	1,247,017
Federal Transit Formula Grants – Operating Assistance	20.507	N/A	–	3,977,484
Total – Federal Transit Cluster			–	5,224,501
Passed Through:				
NYS Aviation Division:				
Airport Improvement Program	20.106	N/A	–	276,008
Passed Through:				
NYS Department of Transportation:				
Highway Planning and Construction:				
Federal Transit Metropolitan Planning	20.505	D000646	–	120,803
Highway Planning and Construction Cluster				
Highway Planning and Construction (DPW-Variou	20.205	Various	–	17,159,360
ARRA- Highway Planning and Construction	20.205	Various	–	793
Highway Planning and Construction (Hybrid Vehicles)	20.205	N/A	–	577,242
Sub Regional Transportation Planning	20.205	D000646	–	262,821
LIE/HOV Express Bus Demo Project	20.205	C005011	–	529,113
Dedicated Traffic Enforcement 2008	20.205	D030427	–	1,516
LIE HOV Lane Enforcement Program	20.205	N/A	–	439,698
Recreational Trails Program	20.219	N/A	–	29,750
Total – Highway Planning and Construction Cluster			–	19,000,293
Highway Safety Cluster –				
State and Community Highway Safety – NYS Governor's Traffic Safety Committee:				
Aggressive Driving and Speed Enforcement 2008	20.600	PT5200521	–	139,907
Motorcycle Safety Enforcement 2009	20.600	MC-5200641	–	25,254
S.T.O.P.P.E.D Traffic Safety Initiative	20.600	N/A	–	15,494
Occupant Protection:				
Child Passenger Safety	20.602	PT5200571	–	7,519
Buckle Up New York 2008	20.602	PT-5200591	–	54,268
Buckle Up New York 2009	20.602	00452-(052)	–	31,031
Total – Highway Safety Cluster			–	273,473
Total – U.S. Department of Transportation			–	24,895,078

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (Restated) (continued)

Year Ended December 31, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal/ Pass-Through Grantor's Number	2009 Amount Provided to Subrecipients	2009 Expenditures
<u>U.S. Department of Treasury</u>				
Direct Programs:				
Federal Forfeiture and Enhanced Prosecution Funds:				
Federal Forfeiture Funds (Police)	21.000	N/A	\$ -	\$ 1,269,102
Federal Forfeiture Funds (District Attorney)	21.000	N/A	-	23,501
Federal Forfeiture Funds (Sheriff)	21.000	N/A	-	170,701
EL Dorado – Joint Terrorism Task Force 2008	21.000	N/A	-	15,103
EL Dorado – Joint Terrorism Task Force 2009	21.000	N/A	-	7,862
Suffolk Treasury Enhanced Prosecution Program 2008	21.000	N/A	-	74,531
Suffolk Treasury Enhanced Prosecution Program 2009	21.000	N/A	-	443
Total – U.S. Department of Treasury			-	1,561,243
<u>U.S. Environmental Protection Agency</u>				
Direct Programs:				
National Estuary Program FY 01	66.456	CE992002-09	-	20,000
National Estuary Program FY 02	66.456	CE992002-10	8,998	84,255
National Estuary Program FY 03	66.456	CE992002-11	17,880	48,141
National Estuary Program FY 04	66.456	CE992002-12	44,681	73,615
National Estuary Program FY 05	66.456	CE992002-13	36,000	46,360
National Estuary Program FY 06	66.456	CE992002-14	2,918	111,104
National Estuary Program FY 07	66.456	CE992002-15	-	38,384
National Estuary Program FY 08	66.456	CE992002-16	-	2,638
National Estuary Program FY 09	66.456	CE992002-17	-	14,715
Passed Through:				
NYS Department of Environmental Conservation:				
Water Quality Management Planning 2008	66.454	C006137	-	14,541
Water Quality Management Planning 2009	66.454	C006137	-	110,429
NYS Department of Health:				
Beach Monitoring 2008	66.472	C021903	-	133,476
Beach Monitoring 2009	66.472	C021903	-	31,521
Beach Monitoring – Bathing Beach Water Sanitary Survey	66.472	T023284	-	31,858
Total – U.S. Environmental Protection Agency			110,477	761,037
<u>U.S. Department of Education</u>				
Passed Through:				
NYS Department of Health – Special Education – Grants for Infants and Families:				
Child Find 2008	84.181	C021824	-	250,768
Child Find 2009	84.181	C021824	-	84,935
Early Intervention Admin 2008	84.181	C021824	-	583,717
Early Intervention Admin 2009	84.181	C021824	-	174,908
Total – U.S. Department of Education			-	1,094,328

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (Restated) (continued)

Year Ended December 31, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal/ Pass-Through Grantor's Number	2009 Amount Provided to Subrecipients	2009 Expenditures
<u>U.S. Department of Health and Human Services</u>				
Direct Programs:				
Grants to Provide Outpatient Early Invention Services for HIV Disease:				
Ryan White Title III – HIV Early Intervention	93.918	C6H76HA3619	\$ 213,393	\$ 408,070
Ryan White Title III – HIV Early Intervention	93.918	N/A	–	148,016
Passed Through:				
National Association of County & City Health Officials Medical Reserve Corps Small Grant Program – 2009	93.008	MRCSG061101-01	–	5,000
Total – National Association of County & City Health Officials			–	5,000
Passed Through:				
NYS Office for the Aging:				
Long Term Care Ombudsman Services for Older Individuals (Title VII)	93.042	N/A	85,722	85,722
Disease Prevention and Health Promotion Services (Title IIID)	93.043	N/A	20,151	29,014
National Family Caregiver Support – Care Giver Training (Title IIIE)	93.052	N/A	74,272	490,690
Medicare Enrollment Assistance Program	93.071	N/A	–	5,203
Low Energy Home Energy Assistance – Weatherization Referral and Packaging Pilot (WRAP)	93.568	N/A	67,234	151,473
Centers for Medicare and Medicaid Services – Health Insurance Information and Counseling Assistance (HIICAP)	93.779	N/A	–	30,747
Aging Cluster				
Grants for Supportive Services and Senior Centers (Title IIIB)	93.044	N/A	716,879	1,298,270
Nutritional Services for the Elderly , Part C-1 (Title IIIC-1)	93.045	N/A	1,267,270	1,468,578
Nutritional Services for the Elderly, Part C-2 (Title IIIC-2)	93.045	N/A	692,349	832,593
HHS Nutrition Services Incentive Program (NSIP)	93.053	N/A	457,652	465,749
ARRA – Nutritional Services for the Elderly, Part C-2 (Title IIIC-2)	93.705	N/A	106,931	106,931
ARRA – Nutritional Services for the Elderly, Part C-1 (Title IIIC-1)	93.707	N/A	208,970	217,293
Total – Aging Cluster			3,450,051	4,389,414
HIV Cluster – Nassau-Suffolk Health Systems Agency:				
HIV Emergency Relief Project Grants-				
Ryan White Title I AIDS Dentistry Grants 2008	93.914	UW8072	–	20,914
Ryan White Title I AIDS Dentistry Grants 2009	93.914	UW9072	–	134,188
Ryan White HIV PreRelease Services to Inmates 2008	93.914	UW7726	3,453	16,542
Ryan White HIV PreRelease Services to Inmates 2009	93.914	UW8726	35,669	60,265
Ryan White Part A, Minority Aids Initiative 2008	93.914	N/A	19,226	47,957
Ryan White Part A, Minority Aids Initiative 2009	93.914	N/A	8,681	20,154
Total – HIV Cluster			67,029	300,020

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (Restated) (continued)

Year Ended December 31, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal/ Pass-Through Grantor's Number	2009 Amount Provided to Subrecipients	2009 Expenditures
Passed Through:				
NYS Department of Health – Family and Local Health:				
Mammography Inspection 2008	93.000	C022070	\$ –	\$ 32,802
Mammography Inspection 2009	93.000	C022070	–	13,870
Childhood Lead Poisoning Prevention 2008	93.197	C021149	–	56,073
Childhood Lead Poisoning Prevention 2009	93.197	C021149	–	111,151
Medical Assistance Program:				
Community Health Worker Program 2008	93.778	C021380	100,874	100,905
Community Health Worker Program 2009	93.778	C021380	115,792	126,194
Maternal and Child Health Services Block Grant:				
Children with Special Health Care Needs 2008	93.994	C021581	–	68,034
Children with Special Health Care Needs 2009	93.994	C024645	–	21,310
School Based Health Care Needs 2008	93.994	C022481	3,872	3,872
School Based Health Care Needs 2009	93.994	C022481	103,909	103,909
School Health Program – Medicaid	93.994	P013169	–	86,096
School Health Program – Child Health Plus	93.994	P013169	–	10,902
School Health Program – Third Party Insurance	93.994	P013169	–	52,097
School Health Program – Boces	93.994	P013169	–	92,354
School Health Program – NYS HCRA	93.994	P013169	–	53,800
School Health Program – NYS COLA	93.994	P013169	–	7,004
School Health Program – NYS LEGIS. Grants	93.994	P013169	–	11,615
Total School Health Program			–	313,868
NYS Department of Health – Communicable Disease Control:				
Project Grants and Cooperative Agreements for Tuberculosis Control				
Immunization Grants:				
Immunization Action Plan 2008	93.268	C023273	–	65,336
Immunization Action Plan 2009	93.268	C023273	–	182,646
Refugee and Entrant Assistance – Refugee Health Assessment	93.566	C020287	–	5,522
Preventative Health and Health Services Block Grant:				
Linkage of Migrant Health Services 2008	93.991	C023005	–	4,839
Linkage of Migrant Health Services 2009	93.991	C023005	–	20,066
Lyme Disease Education 2008	93.991	C020174	–	4,940
NYS Department of Health – Reproductive Health:				
Family Planning Services:				
Reproductive Health Program – Family Planning	93.217	C019953	–	1,532,120
Reproductive Health Program – Medicaid	93.217	P014743	–	156,633
Reproductive Health Program – Third Party Insurance	93.217	P014743	–	15,330
Reproductive Health Program – Patient Fees	93.217	P014743	–	112,500
Reproductive Health Program – Family Planning Extension	93.217	P014743	–	855,250
Total Reproductive Health Program			–	2,671,833
Passed Through:				
NYS Department of Health – Health Research Inc.:				
Bioterrorism Training and Curriculum Development Program:				
Bioterrorism Preparedness 2008	93.996	C1618-08	–	739,892
Cities Readiness Bioterrorism Preparedness 2008	93.996	N/A	–	115,031

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (Restated) (continued)

Year Ended December 31, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal/ Pass-Through Grantor's Number	2009 Amount Provided to Subrecipients	2009 Expenditures
Passed Through (continued):				
HIV Care Formula Grants:				
Ryan White Title II – HIV Primary Care 2008	93.917	C-2237-05	\$ 44,168	\$ 71,214
Ryan White Title II – HIV Primary Care 2009	93.917	C-2237-06	86,801	158,601
Ryan White Title II Primary Care Center – Medicaid	93.917	N/A	–	84,322
NYS Department of Health:				
Alcoholism & Substance Abuse Services:				
Block Grants for Prevention and Treatment of Substance Abuse:				
Halfway House (Community Residential)	93.959	N/A	498,627	498,627
Crisis Center (Medically Monitored)	93.959	N/A	1,441,576	1,441,576
Medically Supervised Outpatient	93.959	N/A	2,155,550	2,155,550
Vocational Rehabilitation Services	93.959	N/A	30,000	48,230
Methodone Maintenance Outpatient	93.959	N/A	–	643,055
Medical Assistance Program – Federal Medicaid Salary Sharing	93.778	N/A	–	36,496
NYS Department of Health – Mental Health:				
Projects for Assistance in Transition from Homelessness:				
Peer Advocacy	93.150	N/A	112,000	112,000
McKinney Homeless	93.150	N/A	161,953	161,953
Medical Assistance Program – Federal Medicaid Salary Sharing	93.778	N/A	–	205,780
Block Grants for Community Mental Health Services:				
Child and Youth Family Support-CMHS	93.958	N/A	176,400	176,400
Case Management- Adult CMHS	93.958	N/A	2,857	2,857
Mentally Ill Chemical Abusers- Integrated Projects	93.958	N/A	378,889	378,889
HBCI – C&F CMHS	93.958	N/A	225,000	225,000
Adult Clinical Infrastructure – SPOE- CMHS	93.958	N/A	294,760	461,125
CSS Transportation – Adult CMHS	93.958	N/A	65,000	65,000
Child & Family Clinical Infrastructure -SPOA – CMHS	93.958	N/A	122,500	122,500
Drop In – Adult CMS	93.958	N/A	62,609	62,609
School Support- Children & Family CMHS	93.958	N/A	80,958	80,958
NYS Department of Health – Medicaid Management:				
Medical Assistance Program – Title XIX	93.778	18000	–	17,967,088
Medical Assistance Program – Title XIX FMAP	93.778	18000	–	17,080,377
ARRA- Medical Assistance Program	93.778	18000	–	7,673,429
NYS Office of Children and Family Services:				
Foster Care Title IV E	93.658	18000	–	10,653,794
ARRA – Foster Care Title IV E	93.658	18000	–	416,240
Adoption Assistance Title IV E	93.659	18000	–	4,577,076
ARRA – Adoption Assistance Title IV E	93.659	18000	–	618,930
Social Services Block Grant	93.667	18000	2,922,281	11,406,609
Chafee Foster Care Independent Living	93.674	18000	233,675	233,675
CCDF Cluster				
Child Care and Development Block Grant	93.575	18000	894,027	30,376,952
ARRA – Child Care and Development Block Grant	93.713	18000	–	348,565
Total – CCDF Cluster			894,027	30,725,517

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (Restated) (continued)

Year Ended December 31, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal/ Pass-Through Grantor's Number	2009 Amount Provided to Subrecipients	2009 Expenditures
NYS Office of Temporary and Disability Assistance:				
TANF Cluster				
Temporary Assistance for Needy Families – TANF	93.558	18000	\$ 460,421	\$ 60,064,075
ARRA- Emergency Contingency Fund for Temporary Assistance for Needy Families State Program	93.714	18000	–	3,353,337
Total – TANF Cluster			460,421	63,417,412
Child Support Enforcement Title IV D	93.563	18000	138,323	7,955,922
ARRA – Child Support Enforcement Title IV D	93.563	18000	–	541,625
Low Income Home Energy Assistance (Note 4)	93.568	18000	–	20,229,994
Total – U.S. Department of Health and Human Services			14,890,674	211,495,892
<u>U.S. Election Assistance Commission</u>				
Passed Through NYS Board of Elections:				
Help America Vote Act Requirements – Voter Education/Poll Worker Training	90.401	N/A	–	493,217
Total – U.S. Election Assistance Commission			–	493,217
<u>U.S. Department of Social Security Administration</u>				
Direct Program:				
Supplemental Security Income – Social Security Administration Incentive Program	96.006	NY0170	–	51,600
Total – U.S. Department of Social Security Administration			–	51,600
<u>U.S. Federal Emergency Management Agency</u>				
Passed Through:				
NY State Division of Military and Naval Affairs:				
Hazard Mitigation Grants:				
Hurricane Mitigation 2007	97.039	N/A	–	4,000
Hurricane Mitigation 2008	97.039	N/A	–	3,996
Emergency Management Performance Grants:				
Emergency Preparedness 2007	97.042	N/A	–	44,303
Emergency Preparedness 2008	97.042	N/A	–	351,079
Emergency Preparedness 2009	97.042	N/A	–	126,856
Total – U.S. Federal Emergency Management Agency			–	530,234
<u>U.S. Department of Homeland Security</u>				
Direct Programs:				
Port Security Research and Development Grant:				
TSA Vehicle Screening Program	97.060	PR2109209		
		MLS268	–	11,123
Operation Knockout	97.060	N/A	–	11,913
Staffing for Adequate Fire & Emergency Response	97.083	EMWFF3869	–	683,590
Passed Through:				
NYS Emergency Management Office:				
Pre-Disaster Mitigation 2005	97.047	PDMCPL02016	178,392	570,552
Citizens Corp Council 2007	97.053	GTET50010	1,200	16,925

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (Restated) (continued)

Year Ended December 31, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal/ Pass-Through Grantor's Number	2009 Amount Provided to Subrecipients	2009 Expenditures
<u>U.S. Department of Homeland Security (continued)</u>				
NYS Office of Homeland Security:				
Interoperable Emergency Communications	97.001	WM09884295	\$ -	\$ 7,500
Urban Area Security Initiative 2005 (UASI)	97.008	WM05884253	-	113,354
Urban Area Security Initiative 2006 (UASI)	97.008	WM06834063	12,766	435,796
Urban Area Security Initiative 2007 (UASI)	97.008	WM07834073	37,323	466,934
Urban Area Security Initiative 2008 (UASI)	97.008	WM07834083	775	266,812
Homeland Security Grant Program – Operation Shield LETPP 2007	97.067	T884272	21,986	21,986
State Homeland Security Planning 2005 (SHSP)	97.073	WM05834050	-	30,372
State Homeland Security Planning 2006 (SHSP)	97.073	WM06834060	17,500	229,352
State Homeland Security Planning 2007 (SHSP)	97.073	WM07834070	-	373,012
State Homeland Security Planning 2008 (SHSP)	97.073	C-834080	-	6,341
State Homeland Security Planning – State Law Enforcement Terrorism Prevention Program (SLETPP)	97.073	WM08834082	-	46,392
Law Enforcement Terrorism Prevention 2006	97.074	WM06834062	-	6,589
Law Enforcement Terrorism Prevention 2007	97.074	WM07834072	-	160,237
Law Enforcement Terrorism Prevention 2007- Bomb Squad	97.074	WM07834071	-	17,852
Buffer Zone Protection Program 2006 (BZZP)	97.078	WM05152866	-	104,389
Total – U.S. Department of Homeland Security			269,942	3,581,021
Total – Expenditures of Federal Awards			\$ 22,202,355	\$ 410,830,078

County of Suffolk, New York

Schedule of Expenditures of State Transportation Assistance Awards

Year Ended December 31, 2009

State Grantor Program Title	State Contract # or CP#	2009 Expenditures
Suffolk County Department of Public Works		
Federal Transit Capital and Operating Assistance Formula Grants – § 5307	K006578	\$ 229,894
Federal Transit Capital and Operating Assistance Formula Grants – § 5307	K006799	408,286
		<u>638,180</u>
State Transportation Operating Assistance (STOA)	STOA	20,862,854
LIE/HOV Express Bus Demo Project	C005011	132,279
		<u>20,995,133</u>
CHIPS - Consolidated Street & Highway Improvement Program		5,617,894
		<u>5,617,894</u>
NYS Aviation Division: Airport Improvement Project Rehab Runway 6-24	5739.11	179
		<u>179</u>
NYS Aviation Services Bureau		
Airport Perimeter Fencing	5721.411	500,000
Runway 33 Threshold Obstruction Removal	5731.41	270,000
		<u>770,000</u>
NYS Department of Transportation: Highway Planning & Construction		
Closed Loop Traffic Signal System	D013802	1,527
Reconstruct CR67 Bridge	D011517	105,933
Reconstruct CR16	D010688	388,433
Reconstruct CR80	D010664	35,608
Reconstruct CR57	D010856	43,128
Reconstruct CR3 Bridge	D010652	107,800
		<u>682,429</u>
Suffolk County Police Department		
Dedicated Traffic Enforcement 2007 – 2008	D030427	505,428
		<u>505,428</u>
Total – Expenditures of State Awards		<u><u>\$ 29,209,243</u></u>

Suffolk County, New York

Notes to Schedules of Expenditures of Federal and State Transportation Assistance Awards (Restated)

Year Ended December 31, 2009

1. Basis of Presentation

The accompanying schedule of expenditures of federal and state transportation assistance awards presents the activity of federal and state financial assistance programs administered by the County of Suffolk, New York (the "County"), a financial reporting entity as defined in Note 1 to the County's basic financial statements. All federal and state transportation financial assistance passed through other government agencies is included in the schedules of expenditures of federal and state awards. The schedule does not include the federal awards of the Suffolk County Community College, as this component unit engaged other auditors to perform an audit in accordance with OMB Circular A-133.

2. Basis of Accounting

The amounts reported as expenditures in the accompanying schedule of expenditures of federal and state transportation assistance awards generally were obtained from the appropriate federal and state financial reports for the applicable program and period, with the exception of the Social Services Block Grant, which was based on the District Reimbursement Ceiling as determined by New York State Department of Social Services. The amounts reported in the financial reports are prepared from records maintained for each program. These records are periodically reconciled to the general ledger, which is the source of the basic financial statements.

3. Nonmonetary Federal Programs

The County is also the recipient of two federal financial assistance programs that do not result in cash receipts or disbursements, termed "nonmonetary programs."

During the year ended December 31, 2009, the County distributed \$110,704,204 worth of food stamps to eligible participants in the Supplemental Nutrition Assistance (Food Stamp) Program (CFDA #10.551).

During the year ended December 31, 2009, the County distributed \$15,391,406 worth of WIC Food Checks and WIC Special Formula Food Instruments to eligible participants in the Special Supplemental Nutrition Program for Women, Infants and Children, WIC (CFDA # 10.557).

Suffolk County, New York

Notes to Schedules of Expenditures of Federal and State Transportation Assistance Awards (Restated) (continued)

4. Low-Income Home Energy Assistance Program

The Low-Income Home Energy Assistance Program (HEAP) total includes \$18,566,694 in payments made by the NYS Comptroller on behalf of the County through the NYS Office of Temporary and Disability Assistance (CFDA #93.568).

5. Subrecipients

Of the federal expenditures presented in the schedule, amounts provided to subrecipients are indicated by each program.

6. Restatement

During 2010, the County determined that certain expenditures that were previously reported under CFDA 93.558 - Temporary Assistance for Needy Family (TANF) program were funded by the American Recovery and Reinvestment Act (ARRA) and should have been reported in the schedule under CFDA 93.714 – Emergency Contingency Fund for TANF instead of CFDA 93.558. Both programs are part of the TANF Cluster. The Schedule of Expenditures of Federal Awards has been restated to make this correction.

Additionally, the County determined that expenditures previously reported as CFDA 14.256 ARRA- Neighborhood Stabilization Program should have been reported as CFDA 14.218 Community Development Block and Entitlement Grants, which is part of the CDBG – Entitlement Grants Cluster. The Schedule of Expenditures of Federal Awards has been restated to make this correction.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Members of the Audit Committee
Suffolk County, New York

We have audited the financial statements of Suffolk County, New York (“the County”), as of and for the year ended December 31, 2009 and have issued our report thereon dated July 23, 2010. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Suffolk County Community College, Suffolk County Regional Off-Track Betting Corporation and the Suffolk County Industrial Development Agency as described in our report on the County’s financial statements. This report does not include the results of the other auditor’s testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Suffolk County Regional Off-Track Betting Corporation audited by other auditors were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County’s internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the audit committee, others within the entity, federal and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Ernst + Young LLP

July 23, 2010

Report on Compliance with Requirements Applicable
to Each Major Program and on Internal Control Over Compliance in
Accordance with OMB Circular A-133 and the Preliminary Draft Part 43
of the New York State Codification of Rules and Regulations

The Members of the Audit Committee
Suffolk County, New York

Compliance

We have audited the compliance of Suffolk County, New York (“the County”) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *Preliminary Draft Part 43 of the New York State Codification of Rules and Regulations* (“NYCRR”) that are applicable to each of its major federal and state transportation assistance programs for the year ended December 31, 2009. The County’s major federal and state transportation assistance programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state transportation assistance programs is the responsibility of the County’s management. Our responsibility is to express an opinion on the County’s compliance based on our audit.

The County’s basic financial statements include the Suffolk County Community College (“the College”), a component unit, which received \$29,465,044 in federal awards which is not included in the schedule during the year ended December 31, 2009. Our audit, described below, did not include the College because this component unit engaged other auditors to perform an audit in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Draft Part 43 of the NYCRR. Those standards, OMB Circular A-133 and Draft Part 43 of the NYCRR 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 a major federal or state transportation assistance program occurred. An audit includes examining, on a test basis, evidence about the County’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 of the County’s compliance with those requirements.

In our opinion, Suffolk County, New York complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state transportation assistance programs for the year ended December 31, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2009-01 and 2009-02.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal and state transportation assistance programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state transportation assistance program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Draft Part 43 of the NYCRR, 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 County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness 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 federal or state 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 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. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2009-01 and 2009-02. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses, and accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the audit committee, others within the entity, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Ernst + Young LLP

August 16, 2010, except for the TANF cluster and
CDBG- Entitlement Grantscluster, the date of which is January 31, 2011

Suffolk County, New York

Schedule of Findings and Questioned Costs (Restated)

Year Ended December 31, 2009

Part I – Summary of Auditor’s Results (Restated)

Financial Statement Section

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? Yes ✓ No

Significant deficiency(ies) identified? Yes ✓ None Reported

Noncompliance material to financial statements noted? Yes ✓ No

Federal Awards Section (Restated)

Internal control over major programs:

Material weakness(es) identified? Yes ✓ No

Significant deficiency(ies) identified? ✓ Yes None Reported

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? ✓ Yes No

Suffolk County, New York

Schedule of Findings and Questioned Costs (Restated)

Year Ended December 31, 2009

Part I – Summary of Auditor’s Results (Restated) (continued)

Federal Awards Section (Restated) (continued)

Identification of major programs:

CFDA No./ Grant No.	Funding Source	Program
10.551, 10.561	U.S. Department of Agriculture	SNAP Cluster
10.557	U.S. Department of Agriculture	Special Supplemental Nutrition Program for Women, Infants and Children
14.218, 14.253	U.S. Department of Housing and Urban Development	CDBG – Entitlement Grants Cluster
16.000	U.S. Department of Justice	Federal Forfeiture and Joint Operation Task Force Funds
17.258, 17.259, 17.260	U.S. Department of Labor	Workforce Investment Act (WIA) Cluster
20.205, 20.219	U.S. Department of Transportation	Highway Planning and Construction Cluster
20.500, 20.507	U.S. Department of Transportation	Federal Transit Cluster
21.000	U.S. Department of the Treasury	Federal Forfeiture and Enhanced Prosecution Funds
90.401	U.S. Election Assistance Commission	Help America Vote Act Requirements Payments
93.044, 93.045, 93.053, 93.705, 93.707	U.S. Department of Health and Human Services	Aging Cluster
93.558, 93.714	U.S. Department of Health and Human Services	TANF Cluster
93.563	U.S. Department of Health and Human Services	Child Support Enforcement Title IV D
93.778	U.S. Department of Health and Human Services	Medical Assistance Program
93.575, 93.713	U.S. Department of Health and Human Services	CCDF Cluster
93.658	U.S. Department of Health and Human Services	Foster Care Title IV E
93.659	U.S. Department of Health and Human Services	Adoption Assistance
93.959	U.S. Department of Health and Human Services	Block Grants for Prevention and Treatment of Substance Abuse

Dollar threshold used to distinguish between Type A and Type B programs:

\$3,000,000

Auditee qualified as low-risk auditee?

 ✓ Yes No

Suffolk County, New York

Schedule of Findings and Questioned Costs (Restated)

Year Ended December 31, 2009

Part I – Summary of Auditor’s Results (Restated) (continued)

State Transportation Assistance Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes ✓ No

Significant deficiency(ies) identified? _____ Yes ✓ None Reported

Type of auditor’s report issued on compliance for major programs: _____ Unqualified

Any audit findings disclosed that are required to be reported in accordance with the preliminary draft Part 43 of the New York State Codification of Rules and Regulations? _____ Yes ✓ No

<u>State Program Numbers</u>	<u>Name of State Program or Cluster</u>
STOA 5721.411	State Transportation Operating Assistance Airport Perimeter Fencing

Dollar threshold used to determine Type A programs: _____ \$876,277

Auditee qualified as low-risk auditee? ✓ Yes _____ No

Suffolk County, New York

Schedule of Findings and Questioned Costs (Restated)

Year Ended December 31, 2009

Part II –Financial Statement Findings

None reported.

Suffolk County, New York

Schedule of Findings and Questioned Costs (Restated)

Year Ended December 31, 2009

Part III – Federal and State Transportation Assistance Award Findings and Questioned Costs (Restated)

Finding 2009-01: Noncompliance with Special Tests and Provisions for Awards with ARRA Funding- Presentation on the Schedule of Expenditures of Federal Awards and Data Collection Form

**U.S. Department of Health and Human Services
CFDA 93.558 and CFDA 93.714 TANF Cluster**

Criteria or Specific Requirement:

To maximize the transparency and accountability of the American Recovery and Reinvestment Act (ARRA) spending required by Congress and in accordance with 2 CFR 176.210 and the A-102 Common Rule provisions, recipients agree to maintain such records that adequately identify the source and application of ARRA funds. Recipients also agree to separately identify on the Schedule of Expenditures of Federal Awards (SEFA) and the Data Collection Form (SF-SAC) required by OMB Circular A-133 expenditures incurred from Federal awards received under ARRA.

Condition:

Subsequent to our issuance of the *Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133* relating to our audit of the Suffolk County's (Suffolk) compliance with the requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2009, it was determined that Suffolk did not appropriately classify an ARRA funded federal program.

For testing purposes, this particular federal program, Catalog of Federal Domestic Assistance ("CFDA") 93.714 ARRA – Emergency Contingency Fund for Temporary Assistance for Needy Families (ARRA TANF), is considered part of a Type A program cluster as the programs comprising the cluster had expenditures over \$3 million. The cluster is made up of CFDA 93.558, Temporary Assistance for Needy Families (TANF) and CFDA 93.714. This entire cluster was omitted from the Type A cluster testing because Suffolk was unaware of the fact that funds were considered expended under ARRA funded CFDA 93.714 during 2009. These funds were reported instead as expended under CFDA 93.558.

Questioned Costs:

None

Cause:

The County did not have adequate controls in place to verify that the CFDA's utilized on the SEFA were accurate.

Effect:

While the total expenditures for the TANF cluster were correct, reclassification of \$3.4 million of expenditures were made between CFDA 93.558 and CFDA 93.714 in order to properly state the SEFA. The inclusion of ARRA expenditures resulted in the need for the TANF cluster to be audited as a major program during 2009 and the reissuance of this report and restatement of the SEFA.

Recommendation:

We recommend that the County continue to enhance its review process over the SEFA preparation. The County should ensure that it receives grant award documents that clearly identify the CFDA number to be utilized for all of its grant awards. These award documents should be reviewed in conjunction with the County's presentation of the SEFA. The County should also consider the establishment of a centralized grants management function.

Views of Responsible Officials and Planned Corrective Action:

The County currently does not have a centralized grants management department with responsibility for the oversight of the County's compliance with the various provisions of the numerous grant awards it receives. We believe that this contributed to a breakdown of internal controls which resulted in the misclassification of awards on the SEFA. To strengthen internal controls over the reporting of federal awards, the Comptroller's Office will be creating a single audit monitoring unit. All departments will be instructed to forward all communications including award letters to this unit so that the SEFA can be properly prepared. The unit will work closely with the various departments to ensure that the departments are familiar with the reporting requirements. In addition to preparing the SEFA, this unit will perform pre-audit functions to ensure the accuracy of information provided by the various departments.

In addition to the procedures being implemented within the Comptroller's Office, the Department of Social Services (DSS) will request that New York Office of Temporary and Disability Assistance (NYS OTDA) Finance issue a summary document at the conclusion of 2010 indicating which programs and CFDA numbers are to be reported as ARRA items. Currently, this information is transmitted in a variety of forms and at different points during the year, including LCMs (Local Commissioner's Memorandums), informal emails from NYS OTDA Finance, and OTDA Finance newsletters emailed to the local DSS. A formal summary document issued by NYS OTDA on all ARRA - required reporting will prevent any items from being erroneously classified. Finally, DSS will assign one employee to review the material prepared for ARRA/Single Audit reporting. These steps will help to ensure that all ARRA funding is correctly reported.

Finding 2009-02 Noncompliance with Reporting Requirements

U.S. Department of Housing and Urban Development CFDA 14.218 Community Development Block Grants/Entitlement Grants

Criteria or Specific Requirement:

In accordance with § ____.310 (b)(3) of OMB Circular A-133, auditees must include on the SEFA the total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.

Condition:

During our testing of this program, we noted while this program had been identified by the County on the SEFA as being funded by ARRA CFDA 14.256 Neighborhood Stabilization Program (NSP), the County had utilized the incorrect CFDA number for this program. In fact, the grant that the County received was not funded by ARRA. This error was due to the fact that this program, the NSP, has been authorized under several different Federal acts. The allocation that the County received, called NSP1, was actually authorized under the Housing and Economic Recovery Act of 2008 (HERA). The appropriate CFDA number for NSP1 is 14.218, which is part of the Community Development Block and Entitlement Grant (CDBG). The Federal government later authorized additional amounts under ARRA, which are known as NSP2, for which the CFDA is 14.256. As the County received NSP1 and not NSP2, CFDA 14.218 should have been utilized on the SEFA instead of CFDA 14.256. As the Department of Housing and Urban Development (HUD) had not identified the applicable CFDA in its award letter to the County, the County mistakenly selected the CFDA number for the program authorized by ARRA, instead of the one authorized under HERA.

Questioned Costs:

None

Cause:

The County did not have adequate controls in place to verify that the CFDA's utilized on the SEFA were accurate.

Effect:

The expenditures previously reported as CFDA 14.256 ARRA- Neighborhood Stabilization Program were reclassified to CFDA 14.218 Community Development Block and Entitlement Grant as part of CDBG Cluster. This correction resulted in the need for additional expenditures to be audited as part of the CDBG cluster for the year ended December 31, 2009 and the reissuance of this report and restatement of the SEFA.

Recommendation:

As also noted in Finding 2009-01 above, we recommend that the County continue to enhance its review process over the SEFA preparation. The County should ensure that it receives grant award documents that clearly identify the CFDA number to be utilized for all of its grant awards. These award documents should be reviewed in conjunction with the County's presentation of the SEFA. The County should consider the establishment of a centralized grants management function.

Views of Responsible Officials and Planned Corrective Action:

As noted in the above finding, the County currently does not have a centralized grants management department with responsibility for the oversight of the County's compliance with the various provisions of the numerous grant awards it receives. We believe that this contributed to a breakdown of internal controls which resulted in the misclassification of awards on the SEFA. To strengthen internal controls over the reporting of federal awards, the Comptroller's Office will be creating a single audit monitoring unit. All departments will be instructed to forward all communications including award letters to this unit so that the SEFA can be properly prepared. The unit will work closely with the various departments to ensure that the departments are familiar with the reporting requirements. In addition to preparing the SEFA, this unit will perform pre-audit functions to ensure the accuracy of information provided by the various departments.

Suffolk County, New York

Summary Schedule of Prior Audit Findings

Year Ended December 31, 2009

There were no prior year findings.