

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, 2010

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COMPTROLLER

Report No.: 2011-10 CPA

Suffolk County, New York

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

Year Ended December 31, 2010

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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, 2010, 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 Regional Off-Track Betting Corporation, the Suffolk County Community College, the Suffolk County Economic Development 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, 2010, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2011 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 83, 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.

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 the 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, to the basic financial statements taken as a whole.

Ernst + Young LLP

June 23, 2011

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, 2010.

Financial Highlights

- The liabilities of Suffolk County exceeded its assets at the close of the most recent fiscal year by \$494,520,526 (deficit). This amount includes \$31,598,908 (restricted net assets) and is net of a deficit of \$1,893,236,473 in unrestricted net assets.
- Suffolk County's total net assets decreased by \$339,263,973.
- As of the close of the current fiscal year, Suffolk County's governmental funds reported combined fund balances of \$480,835,664 a decrease of \$149,478,037, in comparison with the prior year. Approximately 61 percent of this amount, \$295,455,834, 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 \$150,130,314.
- Suffolk County's total bonded debt increased by \$112,682,044 (8.02 percent) during the current fiscal year. The key factor that drove this increase was the issuance of general obligation bonds related to the construction of the County's new, NYS mandated, correctional facility and the acquisition of environmentally sensitive land.

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), a legally separate industrial development public benefit corporation (Suffolk County Industrial Development Agency), and a legally separate not-for-profit local development corporation (Suffolk County Economic Development Corporation) 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 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 63 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 59 nonmajor governmental funds are combined into a single aggregated presentation. Individual fund data for each of these 59 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 42 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 40 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 34-35 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 39-79 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 \$494,520,526 at the close of the most recent fiscal year.

A summary of the County's net assets for 2010 is presented below, together with comparative 2009 information.

	Suffolk County's Net Assets					
	Governmental		Business-type		Totals	
	Activities		Activities			
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current and other assets	\$ 1,581,675,291	\$ 1,628,963,238	\$ (8,119,293)	\$ 3,226,675	\$ 1,573,555,998	\$ 1,632,189,913
Capital assets	2,495,924,341	2,238,629,013	72,704,815	62,754,059	2,568,629,156	2,301,383,072
<u>Total assets</u>	<u>4,077,599,632</u>	<u>3,867,592,251</u>	<u>64,585,522</u>	<u>65,980,734</u>	<u>4,142,185,154</u>	<u>3,933,572,985</u>
Long term liabilities						
outstanding	3,481,713,879	3,025,326,119	53,419,445	48,045,857	3,535,133,324	3,073,371,976
Other liabilities	1,093,572,765	1,005,742,318	7,999,591	9,715,244	1,101,572,356	1,015,457,562
<u>Total liabilities</u>	<u>4,575,286,644</u>	<u>4,031,068,437</u>	<u>61,419,036</u>	<u>57,761,101</u>	<u>4,636,705,680</u>	<u>4,088,829,538</u>
<u>Net assets:</u>						
Invested in capital assets						
net of related debt	1,319,589,476	1,220,947,584	47,527,563	37,784,500	1,367,117,039	1,258,732,084
Restricted	31,598,908	33,932,420	-	-	31,598,908	33,932,420
Unrestricted	(1,848,875,396)	(1,418,356,190)	(44,361,077)	(29,564,867)	(1,893,236,473)	(1,447,921,057)
<u>Total net assets</u>	<u>\$ (497,687,012)</u>	<u>\$ (163,476,186)</u>	<u>\$ 3,166,486</u>	<u>\$ 8,219,633</u>	<u>\$ (494,520,526)</u>	<u>\$ (155,256,553)</u>

Net assets includes, \$1,367,117,039 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, \$31,598,908 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 \$1,893,236,473 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

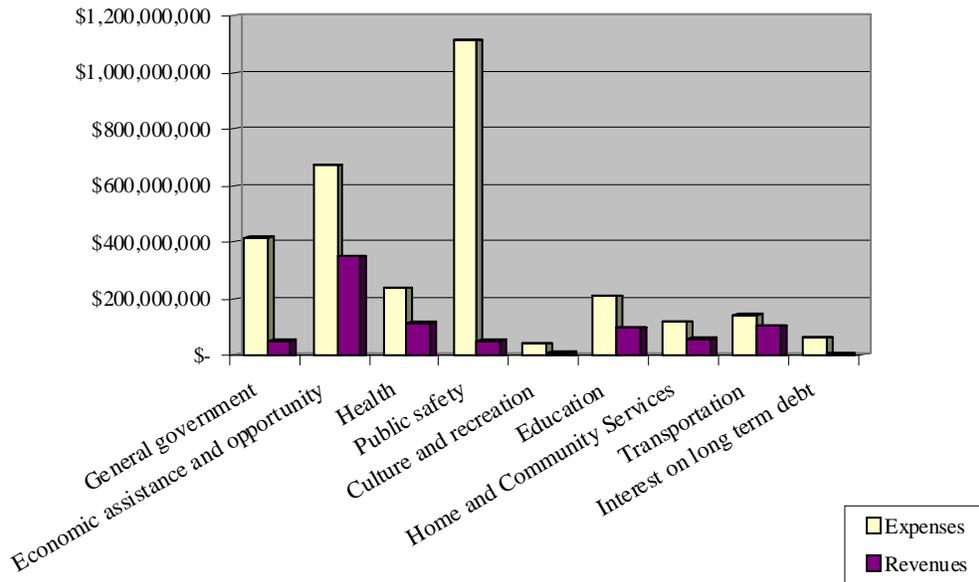
	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$200,557,959	\$204,483,415	\$32,190,198	\$27,865,047	\$232,748,157	\$232,348,462
Operating grants and contributions	574,128,659	570,409,347	-	-	574,128,659	570,409,347
Capital grants and contributions	71,665,294	24,971,937	8,611,912	-	80,277,206	24,971,937
General revenues:						
Property taxes	620,621,616	603,184,381	-	-	620,621,616	603,184,381
Sales and use tax	1,149,509,891	1,070,282,537	-	-	1,149,509,891	1,070,282,537
Other, net	52,597,434	67,945,643	1,024,842	844,255	53,622,276	68,789,898
Total revenues	<u>2,669,080,853</u>	<u>2,541,277,260</u>	<u>41,826,952</u>	<u>28,709,302</u>	<u>2,710,907,805</u>	<u>2,569,986,562</u>
Expenses:						
General government	417,906,611	399,039,811	-	-	417,906,611	399,039,811
Economic assistance and opportunity	673,057,500	658,206,201	-	-	673,057,500	658,206,201
Health	237,064,203	238,910,829	-	-	237,064,203	238,910,829
Public safety	1,112,612,068	1,086,799,273	-	-	1,112,612,068	1,086,799,273
Culture and recreation	40,458,312	40,905,622	-	-	40,458,312	40,905,622
Education	208,098,023	215,779,142	-	-	208,098,023	215,779,142
Home and community services	118,364,351	105,733,334	-	-	118,364,351	105,733,334
Transportation	142,108,191	144,050,016	-	-	142,108,191	144,050,016
Skilled nursing			33,796,079	33,406,454	33,796,079	33,406,454
Regional Economic Development Initiative			29,000	29,000	29,000	29,000
Health plan			-	836,351	-	836,351
Ball park			698,499	685,948	698,499	685,948
Gabreski airport			3,762,241	2,017,991	3,762,241	2,017,991
Interest on long term debt	62,216,700	55,854,436	-	-	62,216,700	55,854,436
Total expenses	<u>3,011,885,959</u>	<u>2,945,278,664</u>	<u>38,285,819</u>	<u>36,975,744</u>	<u>3,050,171,778</u>	<u>2,982,254,408</u>
Change in net assets before transfers	(342,805,106)	(404,001,404)	3,541,133	(8,266,442)	(339,263,973)	(412,267,846)
Transfers	8,594,280	9,098,491	(8,594,280)	(9,098,491)	-	-
Change in net assets	(334,210,826)	(394,902,913)	(5,053,147)	(17,364,933)	(339,263,973)	(412,267,846)
Net assets - beginning	(163,476,186)	231,426,727	8,219,633	25,584,566	(155,256,553)	257,011,293
Net assets - ending	<u>(\$497,687,012)</u>	<u>(\$163,476,186)</u>	<u>\$3,166,486</u>	<u>\$8,219,633</u>	<u>(\$494,520,526)</u>	<u>(\$155,256,553)</u>

The County's net assets decreased by \$339,263,973 during the current fiscal year. Key elements of the decrease are as follows:

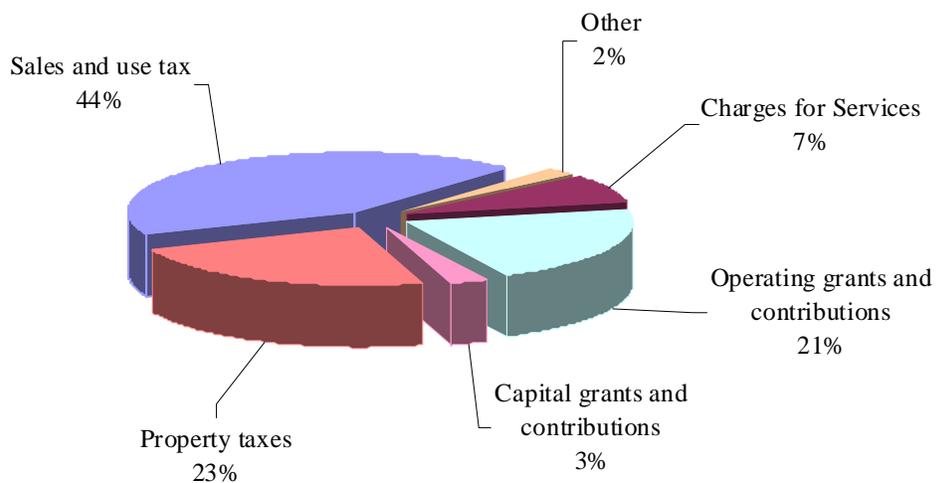
- The liability accrual of \$259 million for post employment benefits, required by GASB 45.
- Estimated liability for claims increased by approximately \$84 million during the year, based on actuarial determined estimates of future worker's compensation settlements.

Governmental activities. Governmental activities decreased the County's net assets by \$334,210,826. The decrease is attributable to the liability accrual of \$253 million for post employment benefits and the accrual of estimated liability for claims in the amount of \$84 million, for future settlements of workers compensation claims.

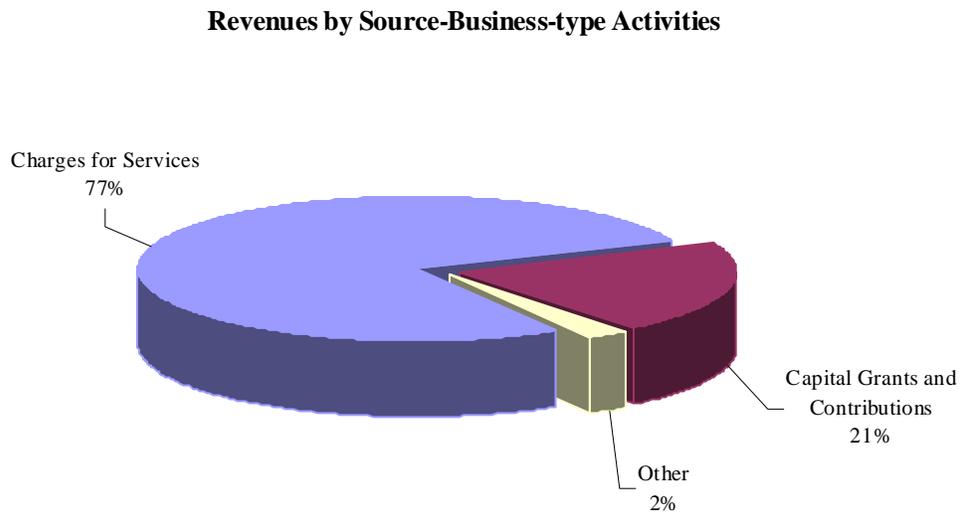
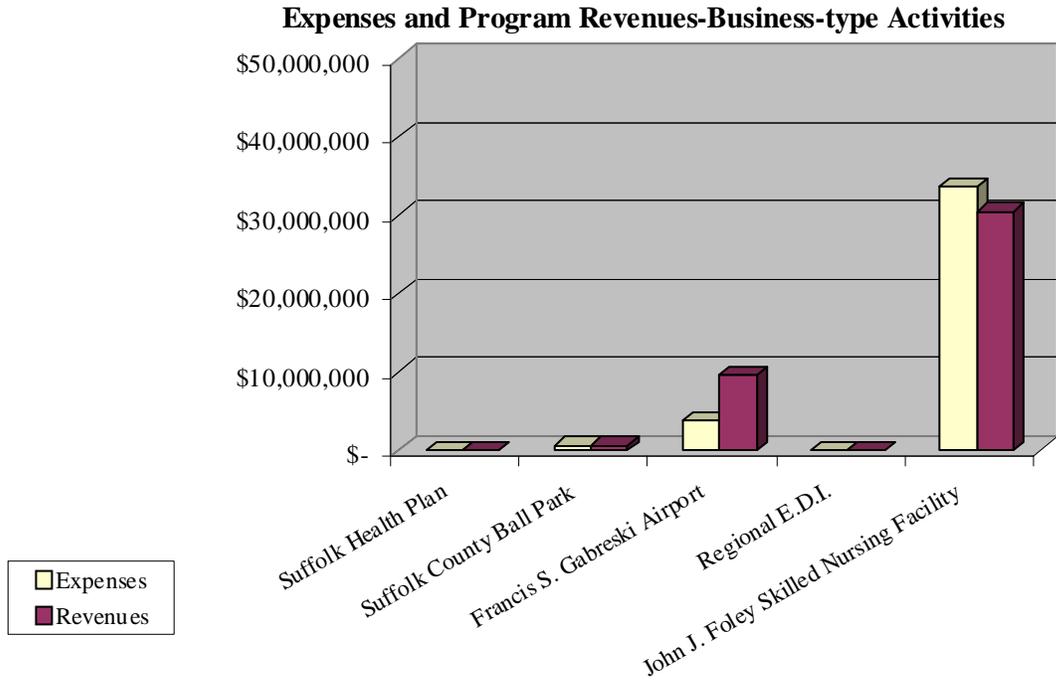
Expenses and Program Revenues-Governmental Activities



Revenues by Source-Governmental Activities



Business-type activities. Business-type activities decreased the County's net assets by \$5,053,147. The key factor of the decrease is the liability accrual of \$6 million for post employment benefits in John J. Foley Skilled Nursing Facility.



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 \$480,835,664, a decrease of \$149,478,037 in comparison with the prior year. Of this amount \$295,455,834 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 (\$133,392,042), 2) to pay debt service (\$25,163,055), 3) to provide a reserve for employee health claims (\$19,382,162), and 4) to provide a reserve for water quality protection (\$7,442,571).

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 \$150,130,314 while total fund balance is a deficit totaling \$130,486,588.

The fund balance of Suffolk County's general fund decreased by \$100,998,767. The decrease to the general fund balance is primarily attributable to the accounting for the sale of future tobacco settlement revenues to STASC, in accordance with GASB 48. Also contributing to the fund balance decline was a decrease in state aid revenue and an increase in NYS pension and economic assistance expenditures.

The police district fund has a total fund deficit of \$36,788,097. The police district total fund balance decreased during the current year by \$23,378,986. The decrease in fund balance is attributed principally to an increase in the public safety expenditures, as a result of the settlement of two collective bargaining agreements; and a decrease in sales and use tax revenues.

The capital fund has a total fund balance of \$103,124,039. Of this amount \$122,349,232 is reserved to liquidate contracts and purchase orders of the prior year which results in an unreserved deficit totaling \$19,225,193. The capital fund total fund balance decreased during the current year by \$62,987,451. The decrease is attributed primarily to an increase in the capital outlay expenditures, related to the construction of the County's new correctional facility, as mandated by the NYS Commission of Corrections; and acquisition of land, through the County's preservation and protection programs.

The Suffolk Tobacco Asset Securitization Corporation (STASC) is a blended component unit of the County and had a fund balance of \$217,580,646. The fund balance of STASC decreased by \$4,195,244. The decrease is attributed primarily to the decrease in tobacco settlement revenues.

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 \$676,534, \$362,270, (\$6,175,664), \$47, and (\$39,224,264), respectively. The Suffolk Health Plan, which sold their membership roster during 2008, had a decrease in net assets for the year of \$2,203,382, whereas the Suffolk County Ball Park had a decrease of \$37,515, Francis S. Gabreski Airport had an increase of \$6,180,989, Regional Economic Development Initiative had an increase in net assets for the year of \$47, and John J. Foley Skilled Nursing Facility had a decrease of \$8,993,286.

General Fund Budgetary Highlights

Differences between the original and final amended budget for expenditures resulted in a slight increase of .70 percent, (\$14.2 million increase in appropriations) and can be briefly summarized as follows:

- \$5.8 million increase to general government support expenditures.
- \$13.1 million increase to economic assistance and opportunity expenditures.
- \$3.1 million decrease to health expenditures
- \$1.5 million decrease to public safety expenditures including fire rescue and emergency service, police, probation and sheriff.

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 \$19,230,689.

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, 2010, amounts to \$2,568,629,156 (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 11.61 percent (an 11.49 percent increase for governmental activities and a 15.86 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 \$131,279,085. Of this amount, \$64,685,160 was spent in 2010.
- Major renovations of the civil court building and courthouse annex are nearing completion at the County Civil Court Complex in Riverhead. The total appropriation for renovations is \$46,395,000. Construction in progress as of the close of the fiscal year reached \$44,866,027. A total of \$99,199 was spent in 2010. 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. The total cost of constructing the precinct is estimated at \$17,500,000. Construction in progress as of the close of the fiscal year reached \$17,122,044. A total of \$1,626,322 was spent in 2010. 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 2010 pursuant to various land preservation and protection programs at a cost of \$46.3 million. In addition, \$31.8 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 2010. Construction in progress as of the close of the fiscal year reached \$141.3 million. In addition, \$11.1 million was transferred to infrastructure upon completion of the construction projects during 2010.

Suffolk County's Capital Assets
(net of depreciation)

	Governmental activities		Business-type activities		Totals	
	2010	2009	2010	2009	2010	2009
Land	\$764,758,670	\$718,468,419	\$22,092,831	\$22,092,831	\$786,851,501	\$740,561,250
Development rights	215,432,741	183,609,123	-	-	215,432,741	183,609,123
Historic buildings	4,607,607	4,607,607	-	-	4,607,607	4,607,607
Buildings	275,066,438	265,815,000	29,936,793	31,505,057	305,003,231	297,320,057
Improvements other than buildings	28,889,897	26,101,639	4,863,462	5,082,185	33,753,359	31,183,824
Vehicles and equipment	136,464,551	100,617,083	1,875,429	1,487,071	138,339,980	102,104,154
Infrastructure	539,499,630	545,228,562	-	-	539,499,630	545,228,562
Construction in progress	531,204,807	394,181,580	13,936,300	2,586,915	545,141,107	396,768,495
Total	\$2,495,924,341	\$2,238,629,013	\$72,704,815	\$62,754,059	\$2,568,629,156	\$2,301,383,072

Additional information on Suffolk County's capital assets can be found in note III.C., on pages 58-61 of this report.

Long-term debt. At the end of the current year, Suffolk County had total bonded debt outstanding of \$1,516,960,596. 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		Business-type		Totals	
	activities		activities			
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
General obligation debt	\$1,099,451,165	\$967,590,212	\$11,471,563	\$9,871,618	\$1,110,922,728	\$977,461,830
Advance refunding debt	144,484,532	170,936,241	15,054,737	17,026,777	159,539,269	187,963,018
STASC	246,498,599	238,853,704	-	-	246,498,599	238,853,704
Total bonds payable	<u>\$1,490,434,296</u>	<u>\$1,377,380,157</u>	<u>\$26,526,300</u>	<u>\$26,898,395</u>	<u>\$1,516,960,596</u>	<u>\$1,404,278,552</u>

Suffolk County's total bonded debt increased by \$112,682,044 (8.02 percent) during the current fiscal year.

Suffolk County maintains an "AA" rating with a negative outlook 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 \$20,573,142,364 which is significantly in excess of Suffolk County's outstanding general obligation debt. The County has \$568,609,000 in bonds authorized, but un-issued.

Additional information on Suffolk County's long-term debt can be found in note III.G., on pages 66-72 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Suffolk County is currently 7.6 percent, which is a slight increase from a rate of 7.4 percent a year ago. This compares favorably to the state's average unemployment rate of 8.6 percent and the national average rate of 9.6 percent.
- The vacancy rate of office properties located in the County over the past three years is 15.7, 19.9 and 20.3 percent for years 2008, 2009 and 2010, respectively.
- During 2010 inflationary trends in the region reflected the national indices. The annual 2010 NY metro area regional Consumer Price Index (CPI) was 1.7 percent, whereas the U.S. city annual CPI was 1.6 percent.

All of these factors were considered in preparing the County's budget for the 2011 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund decreased to a deficit of \$150,130,314 (GAAP basis), and on the budgetary basis decreased to a deficit of \$11,918,618. The County has reduced appropriations in the full amount of the unreserved general fund deficit (budgetary basis) in the 2011 fiscal year budget.

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, 2010

	Primary Government			Component Units
	Governmental Activities	Business - Type Activities	Totals	
Assets				
Current assets:				
Cash and cash equivalents	\$ 688,622,138	\$ 1,426,756	\$ 690,048,894	\$ 56,351,366
Investments	113,602,324	877,309	114,479,633	10,643,446
Property tax receivable, net of allowance for estimated uncollectibles of \$ 13,432,178	195,955,016	-	195,955,016	-
Accounts receivable, net	-	-	-	5,884,831
Due from:				
New York State and federal sources:				
Programs of assistance	84,499,334	-	84,499,334	-
Grants-in-aid	168,717,674	-	168,717,674	-
Sales tax	133,957,867	-	133,957,867	-
Other	-	-	-	2,191,594
Towns	131,713,936	-	131,713,936	-
Component units	8,477,410	-	8,477,410	-
Internal balances	23,670,567	(23,670,567)	-	-
Other receivables	28,999,718	12,119,885	41,119,603	3,846,973
Prepays	11,756	-	11,756	-
Total current assets	1,578,227,740	(9,246,617)	1,568,981,123	78,918,210
Noncurrent assets:				
Restricted:				
Cash and cash equivalents	-	599,508	599,508	1,357,007
Investments	-	-	-	13,732,167
Other receivables	-	491,831	491,831	1,582,538
Deferred bond issuance cost	3,447,551	35,985	3,483,536	-
Capital assets:				
Nondepreciable	1,516,003,825	36,029,131	1,552,032,956	15,097,925
Depreciable, net	979,920,516	36,675,684	1,016,596,200	122,173,186
Other	-	-	-	147,629
Total noncurrent assets	2,499,371,892	73,832,139	2,573,204,031	154,090,452
Total assets	4,077,599,632	64,585,522	4,142,185,154	233,008,662

(Continued)

SUFFOLK COUNTY, NEW YORK
Statement of Net Assets
December 31, 2010

	Primary Government			Component Units
	Governmental Activities	Business - Type Activities	Totals	
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 364,499,076	\$ 5,008,638	\$ 369,507,714	\$ 29,757,243
Contract retainage payable	12,027,828	-	12,027,828	-
Accrued interest payable	10,082,213	-	10,082,213	-
Notes payable	539,224,970	-	539,224,970	-
Due to:				
Component units	4,347	-	4,347	-
Primary government	-	-	-	3,815,931
Other unearned revenue, restricted	11,800,062	-	11,800,062	24,256,816
Current portion of noncurrent liabilities:				
Accumulated vacation and sick leave	20,239,291	90,270	20,329,561	2,989,740
Estimated liability for claims	33,837,182	-	33,837,182	-
Obligations under capital leases	431,787	-	431,787	-
Mortgage payable	-	-	-	193,326
Long-term obligations	101,426,009	2,900,683	104,326,692	6,922,460
Total current liabilities	<u>1,093,572,765</u>	<u>7,999,591</u>	<u>1,101,572,356</u>	<u>67,935,516</u>
Noncurrent liabilities:				
Funds held in trust	-	495,580	495,580	-
Accumulated vacation and sick leave	389,729,595	1,738,248	391,467,843	27,303,230
Estimated liability for claims	578,433,887	-	578,433,887	-
Obligations under capital leases	2,862,110	-	2,862,110	-
Mortgage payable	-	-	-	5,547,058
Long-term obligations	1,389,008,287	23,625,617	1,412,633,904	105,820,972
Obligation for postemployment benefits other than pensions	1,121,680,000	27,560,000	1,149,240,000	103,504,278
Total noncurrent liabilities	<u>3,481,713,879</u>	<u>53,419,445</u>	<u>3,535,133,324</u>	<u>242,175,538</u>
Total liabilities	<u>4,575,286,644</u>	<u>61,419,036</u>	<u>4,636,705,680</u>	<u>310,111,054</u>
Net Assets				
Invested in capital assets, net of related debt	1,319,589,476	47,527,563	1,367,117,039	28,022,340
Restricted for:				
Capital projects	-	-	-	10,217,209
Bonded debt	24,156,337	-	24,156,337	-
Water quality protection	7,442,571	-	7,442,571	-
Unrestricted (deficit)	(1,848,875,396)	(44,361,077)	(1,893,236,473)	(115,341,941)
Total net assets	<u>\$ (497,687,012)</u>	<u>\$ 3,166,486</u>	<u>\$ (494,520,526)</u>	<u>\$ (77,102,392)</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, 2010

Functions/Programs	Net (Expenses) Revenue and Changes in Net Assets						Component Units
	Program Revenues			Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Primary Government:							
Governmental activities:							
General government support	\$ 417,906,611	\$ 41,408,393	\$ 10,911,436	\$ 783,638	\$ (364,803,144)	\$ -	\$ (364,803,144)
Economic assistance and opportunity	673,057,500	25,013,865	323,107,073	120,091	(324,816,471)	-	(324,816,471)
Health	237,064,203	29,401,644	86,982,312	105,230	(120,575,017)	-	(120,575,017)
Public safety	1,112,612,068	31,553,533	18,215,612	1,151,697	(1,061,691,226)	-	(1,061,691,226)
Culture and recreation	40,458,312	9,873,738	1,024,850	11,032	(29,548,692)	-	(29,548,692)
Education	208,098,023	3,143,326	93,271,209	2,338,254	(109,345,234)	-	(109,345,234)
Home and community services	118,364,351	36,269,303	14,907,624	7,263,159	(59,924,265)	-	(59,924,265)
Transportation	142,108,191	19,516,841	25,708,543	59,892,193	(36,990,614)	-	(36,990,614)
Interest on long-term debt	62,216,700	4,377,316	-	-	(57,839,384)	-	(57,839,384)
Total governmental activities	<u>3,011,885,959</u>	<u>200,557,959</u>	<u>574,128,659</u>	<u>71,665,294</u>	<u>(2,165,534,047)</u>	<u>-</u>	<u>(2,165,534,047)</u>
Business-type activities:							
John J. Foley Skilled Nursing Facility	33,796,079	30,514,681	-	-	-	(3,281,398)	(3,281,398)
Regional Economic Develop. Initiative	29,000	-	-	-	-	(29,000)	(29,000)
Suffolk Health Plan	-	33,826	-	-	-	33,826	33,826
Suffolk County Ball Park	698,499	658,049	-	-	-	(40,450)	(40,450)
Francis S. Gabreski Airport	3,762,241	983,642	-	8,611,912	-	5,833,313	5,833,313
Total business-type activities	<u>38,285,819</u>	<u>32,190,198</u>	<u>-</u>	<u>8,611,912</u>	<u>-</u>	<u>2,516,291</u>	<u>2,516,291</u>
Total primary government	<u>\$ 3,050,171,778</u>	<u>\$ 232,748,157</u>	<u>\$ 574,128,659</u>	<u>\$ 80,277,206</u>	<u>\$ (2,165,534,047)</u>	<u>\$ 2,516,291</u>	<u>\$ (2,163,017,756)</u>
Component units:							
Suffolk County Community College	\$ 221,459,026	\$ 78,162,835	\$ 5,840,428	\$ -	\$ -	\$ -	\$ (137,455,763)
Suffolk Regional Off-Track Betting Corp	38,976,980	34,366,126	-	-	-	-	(4,610,854)
Suffolk County Industrial Development	637,395	397,096	-	-	-	-	(240,299)
Suffolk County Economic Development	123,871	154,212	-	-	-	-	30,341
Total Component units	<u>\$ 261,197,272</u>	<u>\$ 113,080,269</u>	<u>\$ 5,840,428</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (142,276,575)</u>
General Revenues:							
Taxes:							
Real property taxes					\$ 620,621,616	\$ -	\$ 620,621,616
Sales and use tax					1,149,509,891	-	1,149,509,891
Payment from primary government					-	-	45,371,917
Grants and contributions not restricted to specific programs					17,535,504	44,445	17,579,949
Interest on investments					35,061,930	980,397	36,042,327
Miscellaneous					8,594,280	(8,594,280)	-
Transfer					1,831,323,221	(7,569,438)	1,823,753,783
Total General revenues, special items, and transfers					<u>(334,210,826)</u>	<u>(5,053,147)</u>	<u>(339,263,973)</u>
Change in net assets					<u>(163,476,186)</u>	<u>8,219,633</u>	<u>(155,256,553)</u>
Net Assets at beginning of year					<u>\$ (497,687,012)</u>	<u>\$ 3,166,486</u>	<u>\$ (494,520,526)</u>
Net assets at end of year							<u>\$ (77,102,392)</u>

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

SUFFOLK COUNTY, NEW YORK
Balance Sheet
Governmental Funds
December 31, 2010

	General	Police District	Capital	Suffolk Tobacco Asset Securitization Corp.	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 225,471,987	\$ 67,742	\$ 171,081,420	\$ 383,707	\$ 291,617,282	\$ 688,622,138
Investments	91,558,210	3,283,883	-	18,760,231	-	113,602,324
Property tax receivable, net of allowance for estimated uncollectibles of \$ 13,432,178	195,955,016	-	-	-	-	195,955,016
Due from:						
New York State and federal sources:						
Programs of assistance	73,173,181	-	-	-	11,326,153	84,499,334
Grants-in-aid	125,613,157	1,486,924	37,257,696	-	4,359,897	168,717,674
Sales tax	126,845,341	-	-	-	7,112,526	133,957,867
Towns	131,713,936	-	-	-	-	131,713,936
Other funds	85,417,532	35,943,149	4,547,129	198,444,313	191,164,152	515,516,275
Component units	8,477,410	-	-	-	-	8,477,410
Other receivables	24,249,319	12,542	-	-	4,665,724	28,927,585
Total assets	\$ 1,088,475,089	\$ 40,794,240	\$ 212,886,245	\$ 217,588,251	\$ 510,245,734	\$ 2,069,989,559
Liabilities and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities	\$ 197,621,005	\$ 61,716,206	\$ 58,759,844	\$ 7,605	\$ 22,855,965	\$ 340,960,625
Contract retainage payable	75,221	-	11,141,927	-	810,680	12,027,828
Notes payable	510,000,000	-	29,224,970	-	-	539,224,970
Due to:						
Other funds	306,392,741	15,644,077	10,635,465	-	159,173,425	491,845,708
Component units	4,347	-	-	-	-	4,347
Deferred tax revenue	176,209,633	-	-	-	-	176,209,633
Other deferred revenue	28,658,730	222,054	-	-	-	28,880,784
Total liabilities	1,218,961,677	77,582,337	109,762,206	7,605	182,840,070	1,589,153,895
Fund balances (deficits):						
Reserved for:						
Encumbrances	261,564	-	122,349,232	-	10,781,246	133,392,042
Bonded debt	-	-	-	19,010,608	6,152,447	25,163,055
Employee health claims	19,382,162	-	-	-	-	19,382,162
Water quality protection	-	-	-	-	7,442,571	7,442,571
Unreserved	(150,130,314)	(36,788,097)	(19,225,193)	198,570,038	-	(7,573,566)
Unreserved, reported in nonmajor:						
Special revenue funds	-	-	-	-	272,080,975	272,080,975
Capital project funds	-	-	-	-	30,948,425	30,948,425
Total fund balances	(130,486,588)	(36,788,097)	103,124,039	217,580,646	327,405,664	480,835,664
Total liabilities and fund balances	\$ 1,088,475,089	\$ 40,794,240	\$ 212,886,245	\$ 217,588,251	\$ 510,245,734	\$ 2,069,989,559

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, 2010

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		\$ 480,835,664
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:		2,495,924,341
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred:		3,447,551
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Accrued Liabilities	\$ (23,538,451)	
Accumulated vacation and sick leave	(409,968,886)	
Estimated liability for claims	(612,271,069)	
Obligations under capital leases-long term	(3,293,897)	
Interest Payables	(10,082,213)	
Long-term obligations	(1,490,806,753)	
Amortization of deferred amount	(1,242,045)	
Amortization of premium	1,614,502	
Obligation for postemployment benefits other than pensions	<u>(1,121,680,000)</u>	
Total long-term liabilities		(3,671,268,812)
Certain revenues are earned but not collected at year-end and therefore are reported as deferred revenue in the governmental funds balance sheets.		193,290,355
Certain expenditures are considered prepaid to match expenses with the period for which it relates		11,756
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>\$ (497,687,012)</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, 2010

	General	Police District	Capital	Suffolk Tobacco Asset Securitization Corp.	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Real property taxes	\$ 70,984,459	\$ 464,180,400	\$ -	\$ -	\$ 68,959,127	\$ 604,123,986
Sales and use tax	1,017,051,108	54,331,363	-	-	78,127,420	1,149,509,891
New York State aid	242,416,091	965,755	4,476,308	-	35,428,613	283,286,767
Federal aid	236,295,094	958,518	59,763,209	-	38,514,649	335,531,470
Licenses, permits, fines, fees, etc.	128,241,183	1,783,564	-	-	57,561,097	187,585,844
Interest on investments	10,129,347	199,961	-	865,597	6,340,599	17,535,504
Miscellaneous	54,404,738	976,574	5,384,785	19,401,559	1,847,295	82,014,951
Total revenues	1,759,522,020	523,396,135	69,624,302	20,287,156	286,778,800	2,659,588,413
Expenditures						
Current:						
General government support	217,691,265	1,194,854	-	86,820	6,675,237	225,648,176
Economic assistance and opportunity	541,554,606	-	-	-	35,874,045	577,428,651
Health	173,817,546	-	-	-	877,044	174,694,590
Public safety	266,289,778	371,499,899	-	-	14,243,752	652,033,429
Culture and recreation	21,063,846	-	-	-	4,881,567	25,945,413
Education	208,098,023	-	-	-	-	208,098,023
Home and community services	7,419,299	-	-	-	65,079,609	72,498,908
Transportation	94,095,104	-	-	-	10,510,513	104,605,617
Employee benefits	400,749,965	75,083,408	-	-	14,023,556	489,856,929
Debt service:						
Principal	80,324,066	3,713,418	-	1,650,000	10,377,111	96,064,595
Interest and other charges	38,518,090	1,440,762	-	6,196,256	7,009,187	53,164,295
Capital outlay	-	-	318,457,412	-	19,360,988	337,818,400
Total expenditures	2,049,621,588	452,932,341	318,457,412	7,933,076	188,912,609	3,017,857,026
Excess (deficiency) of revenues over (under) expenditures	(290,099,568)	70,463,794	(248,833,110)	12,334,080	97,866,191	(358,268,613)
Other financing sources (uses)						
General obligation bonds issued	2,835,071	-	187,441,365	-	9,573,604	199,850,040
Premium on serial bonds issued	4,855	-	325,005	-	16,396	346,256
Transfers in	365,787,887	1,320,153	5,701,170	-	103,718,673	476,527,883
Transfers out	(179,527,012)	(95,162,933)	(7,621,881)	(16,529,324)	(169,092,453)	(467,933,603)
Total other financing sources (uses)	189,100,801	(93,842,780)	185,845,659	(16,529,324)	(55,783,780)	208,790,576
Net change in fund balances	(100,998,767)	(23,378,986)	(62,987,451)	(4,195,244)	42,082,411	(149,478,037)
Fund balances (deficiency) at beginning of year	(29,487,821)	(13,409,111)	166,111,490	221,775,890	285,323,253	630,313,701
Fund balances (deficiency) at end of year	\$ (130,486,588)	\$ (36,788,097)	\$ 103,124,039	\$ 217,580,646	\$ 327,405,664	\$ 480,835,664

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, 2010

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	\$ (149,478,037)
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 (\$326,671,665) exceeded depreciation (\$53,310,377) in the current period.	273,361,288
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to decrease net assets.	(16,065,960)
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.	(113,184,106)
Revenues reported in the governmental funds statements and not reported in the Statement of Activities.	21,985,253
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.	(350,829,264)
Change in net assets of governmental activities	<u><u>\$ (334,210,826)</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, 2010

	<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	\$ 86,427,038	\$ 86,427,038	\$ 70,984,459	\$ (15,442,579)
Sales and use tax	1,020,158,526	1,020,158,526	1,017,051,108	(3,107,418)
New York State aid	293,979,919	298,547,624	242,416,091	(56,131,533)
Federal aid	182,642,416	197,294,305	236,295,094	39,000,789
Licenses, permits, fines, fees, etc.	133,263,990	133,263,990	128,241,183	(5,022,807)
Interest on investments	5,366,685	5,366,685	5,654,086	287,401
Miscellaneous	65,004,751	68,286,741	56,288,162	(11,998,579)
Total revenues	<u>1,786,843,325</u>	<u>1,809,344,909</u>	<u>1,756,930,183</u>	<u>(52,414,726)</u>
Expenditures				
Current:				
General government support:				
Audit and control	6,679,033	7,197,679	6,410,355	787,324
Board of elections	13,996,458	15,223,124	15,211,020	12,104
Civil service	6,977,721	7,194,634	6,751,821	442,813
County clerk	7,756,168	7,922,232	7,309,981	612,251
County executive	4,921,146	5,143,332	5,065,977	77,355
District attorney	34,072,491	35,680,284	35,300,580	379,704
Finance and taxation	3,941,000	3,947,439	3,780,992	166,447
Information Technology Services	17,153,968	17,034,244	16,124,861	909,383
Law	13,253,485	13,273,085	12,822,995	450,090
Legal aid society	12,106,577	12,192,177	12,124,269	67,908
Legislative	10,888,993	10,513,522	10,119,207	394,315
Public administrator	500,800	582,043	540,259	41,784
Public works	72,835,433	72,942,147	70,280,622	2,661,525
Real property	1,904,871	1,998,745	1,849,110	149,635
Miscellaneous	22,175,664	24,140,255	13,999,216	10,141,039
Total general government support	<u>229,163,808</u>	<u>234,984,942</u>	<u>217,691,265</u>	<u>17,293,677</u>
Economic assistance and opportunity:				
County executive	17,570,107	16,823,011	15,644,704	1,178,307
Consumer affairs	2,151,516	2,048,305	1,931,009	117,296
Economic development	1,482,245	1,484,745	1,398,538	86,207
Labor	7,327,274	7,924,195	7,775,578	148,617
Probation	10,786,271	10,669,146	10,146,897	522,249
Social services	497,369,111	510,790,303	504,657,880	6,132,423
Total economic assistance and opportunity	<u>536,686,524</u>	<u>549,739,705</u>	<u>541,554,606</u>	<u>8,185,099</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Health	188,824,290	185,741,271	173,817,546	11,923,725
Public safety:				
Fire rescue and emergency service	9,841,106	9,229,267	9,036,268	192,999
Police	75,931,268	84,976,510	84,612,516	363,994
Probation	36,665,748	36,221,753	35,084,716	1,137,037
Public works	67,000	42,900	42,830	70
Sheriff	147,244,775	137,768,186	137,513,448	254,738
Total public safety	<u>269,749,897</u>	<u>268,238,616</u>	<u>266,289,778</u>	<u>1,948,838</u>
Culture and recreation:				
County executive	8,404,239	8,429,439	8,031,921	397,518
Parks	13,273,419	13,502,437	13,015,205	487,232
Miscellaneous	5,000	22,000	16,720	5,280
Total culture and recreation	<u>21,682,658</u>	<u>21,953,876</u>	<u>21,063,846</u>	<u>890,030</u>
Education:				
Health services	171,448,514	169,288,014	156,649,095	12,638,919
Miscellaneous	51,468,486	51,468,486	51,448,928	19,558
Total education	<u>222,917,000</u>	<u>220,756,500</u>	<u>208,098,023</u>	<u>12,658,477</u>
Home and community services:				
County executive	1,123,511	1,038,361	864,859	173,502
Environment and Energy	3,280,643	3,304,143	3,053,339	250,804
Law	417,282	417,282	410,782	6,500
Planning	2,124,405	2,145,594	2,098,930	46,664
Public works	792,522	683,522	596,417	87,105
Soil and water conservation	286,278	286,278	285,405	873
Miscellaneous	300,000	300,000	109,567	190,433
Total home and community services	<u>8,324,641</u>	<u>8,175,180</u>	<u>7,419,299</u>	<u>755,881</u>
Transportation:				
Public works	95,489,150	95,642,317	94,095,104	1,547,213
Employee benefits	402,144,096	403,792,090	390,817,919	12,974,171
Debt service - principal	38,996,826	39,116,008	39,116,008	-
Debt service - interest	33,567,727	33,642,284	33,642,282	2
Total debt service	<u>72,564,553</u>	<u>72,758,292</u>	<u>72,758,290</u>	<u>2</u>
Total expenditures	<u>2,047,546,617</u>	<u>2,061,782,789</u>	<u>1,993,605,676</u>	<u>68,177,113</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, 2010

	<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	(260,703,292)	(252,437,880)	(236,675,493)	15,762,387
Other financing sources (uses)				
Serial bonds issued	-	3,968,909	2,835,071	(1,133,838)
Premium on serial bonds issued	-	-	4,855	4,855
Transfers in	360,222,765	366,505,966	361,868,924	(4,637,042)
Transfers out	(185,729,748)	(188,761,339)	(179,527,012)	9,234,327
Total other financing sources (uses)	174,493,017	181,713,536	185,181,838	3,468,302
Net change in fund balances (budgetary basis)	(86,210,275)	(70,724,344)	(51,493,655)	19,230,689
Fund balances (deficits) at beginning of year (budgetary basis)	86,210,275	59,218,763	59,218,763	-
Fund balances (deficits) at end of year (budgetary basis)	\$ -	\$ (11,505,581)	\$ 7,725,108	\$ 19,230,689

Reconciliation between the budgetary basis of accounting and GAAP basis:

Fund balance at end of year (budgetary basis)	\$ 7,725,108
Less: accrued pension expense	(40,656,507)
Less: accounting for sale of future revenues to STASC	(97,555,189)
Fund balance at end of year (GAAP basis)	<u>\$ (130,486,588)</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, 2010

	<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	\$ 463,023,751	\$ 463,023,751	\$ 464,180,400	\$ 1,156,649
Sales and use tax	54,331,363	54,331,363	54,331,363	-
New York State aid	359,400	359,400	965,755	606,355
Federal aid	-	542,048	958,518	416,470
Licenses, permits, fines, fees, etc.	1,937,420	1,937,420	1,783,564	(153,856)
Interest on investments	110,000	110,000	16,222	(93,778)
Miscellaneous	806,950	806,950	1,053,901	246,951
Total revenues	<u>520,568,884</u>	<u>521,110,932</u>	<u>523,289,723</u>	<u>2,178,791</u>
Expenditures				
Current:				
General government support:				
Miscellaneous	48,694,370	10,466,609	1,194,854	9,271,755
Public safety:				
Police	333,615,356	371,551,607	371,499,899	51,708
Employee benefits	71,414,678	72,840,957	72,543,530	297,427
Debt Service:				
Principal	1,897,561	2,005,180	2,005,179	1
Interest and other charges	1,268,496	1,276,426	1,276,426	-
Total expenditures	<u>456,890,461</u>	<u>458,140,779</u>	<u>448,519,888</u>	<u>9,620,891</u>
Excess (deficiency) of revenues over (under) expenditures	<u>63,678,423</u>	<u>62,970,153</u>	<u>74,769,835</u>	<u>11,799,682</u>
Other financing sources (uses)				
Transfers in	1,032,605	1,032,605	1,159,254	126,649
Transfers out	(102,569,040)	(100,915,959)	(95,162,933)	5,753,026
Total other financing sources (uses)	<u>(101,536,435)</u>	<u>(99,883,354)</u>	<u>(94,003,679)</u>	<u>5,879,675</u>
Net change in fund balances (budgetary basis)	(37,858,012)	(36,913,201)	(19,233,844)	17,679,357
Fund balances (deficits) at beginning of year (budgetary basis)	<u>37,858,012</u>	<u>23,856,293</u>	<u>23,856,293</u>	<u>-</u>
Fund balances (deficits) at end of year (budgetary basis)	<u>\$ -</u>	<u>\$ (13,056,908)</u>	<u>\$ 4,622,449</u>	<u>\$ 17,679,357</u>

Reconciliation between the budgetary basis of accounting and GAAP basis:

Fund balance at end of year (budgetary basis)	\$ 4,622,449
Less: accrued pension expense	(36,930,068)
Less: accounting for sale of future revenues to STASC	(4,480,478)
Fund balance at end of year (GAAP basis)	<u>\$ (36,788,097)</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, 2010

	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	\$ 615,827	\$ 326,259	\$ 169,115	\$ 47	\$ 315,508	\$ 1,426,756
Investments	-	-	-	-	877,309	877,309
Accounts receivable (net of allowance for doubtful accounts)	-	-	-	-	9,586,651	9,586,651
Due from other funds	-	-	209,164	-	423,316	632,480
Other receivables	106,824	36,011	1,390,399	-	1,000,000	2,533,234
Total current assets	722,651	362,270	1,768,678	47	12,202,784	15,056,430
Noncurrent assets:						
Restricted:						
Cash and cash equivalents	599,508	-	-	-	-	599,508
Other receivables	-	-	-	-	491,831	491,831
Deferred bond issuance cost	-	-	-	-	35,985	35,985
Capital assets:						
Nondepreciable	-	2,092,831	33,936,300	-	-	36,029,131
Depreciable, net	-	13,254,612	6,100,796	-	17,320,276	36,675,684
Total noncurrent assets	599,508	15,347,443	40,037,096	-	17,848,092	73,832,139
Total assets	1,322,159	15,709,713	41,805,774	47	30,050,876	88,888,569

(Continued)

SUFFOLK COUNTY, NEW YORK
Statement of Net Assets
Enterprise Funds
December 31, 2010

	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	101,210	-	82,874	-	1,848,726	2,032,810
Accrued liabilities	-	-	2,883,739	-	92,089	2,975,828
Due to other funds	544,415	-	2,597,681	-	21,160,951	24,303,047
Accumulated vacation and sick leave	-	-	-	-	90,270	90,270
Current portion of long-term obligations	-	444,665	445,421	-	2,010,597	2,900,683
Total current liabilities	645,625	444,665	6,009,715	-	25,202,633	32,302,638
Noncurrent liabilities:						
Funds held in trust	-	-	-	-	495,580	495,580
Accumulated vacation and sick leave	-	-	-	-	1,738,248	1,738,248
Long-term obligations	-	1,895,374	6,853,372	-	14,876,871	23,625,617
Obligation for postemployment benefits other than pensions	-	-	1,030,000	-	26,530,000	27,560,000
Total noncurrent liabilities	-	1,895,374	7,883,372	-	43,640,699	53,419,445
Total liabilities	645,625	2,340,039	13,893,087	-	68,843,332	85,722,083
Net Assets						
Invested in capital assets, net of related debt	-	13,007,404	34,088,351	-	431,808	47,527,563
Unrestricted (deficit)	676,534	362,270	(6,175,664)	47	(39,224,264)	(44,361,077)
Total net assets	\$ 676,534	\$ 13,369,674	\$ 27,912,687	\$ 47	\$ (38,792,456)	\$ 3,166,486

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, 2010

	Suffolk Health Plan	Suffolk County Ball Park	Francis S. Gabreski Airport	Regional Economic Development Initiative	John J. Foley Skilled Nursing Facility	Total
Operating revenues						
Managed care fees	\$ 33,826	-	-	\$ -	\$ -	\$ 33,826
Net patient revenues	-	-	-	-	30,514,681	30,514,681
Licenses, permits, fines, fees, etc.	-	658,049	983,642	-	-	1,641,691
Miscellaneous	15,474	-	3,086	-	961,837	980,397
Total operating revenues	49,300	658,049	986,728	-	31,476,518	33,170,595
Operating expenses						
Salaries and wages	-	-	601,932	-	14,414,998	15,016,930
Administrative expenses	-	-	2,238,908	29,000	6,703,219	8,971,127
Depreciation	-	457,056	260,297	-	1,667,981	2,385,334
Miscellaneous	-	113,055	-	-	-	113,055
Employee benefits	-	-	350,630	-	10,187,543	10,538,173
Debt service interest	-	128,388	236,660	-	822,338	1,187,386
Total operating expenses	-	698,499	3,688,427	29,000	33,796,079	38,212,005
Operating income (loss)	49,300	(40,450)	(2,701,699)	(29,000)	(2,319,561)	(5,041,410)
Nonoperating revenues (expenses)						
Interest on investments	12,989	2,935	869	47	27,605	44,445
Capital Grants	-	-	8,611,912	-	-	8,611,912
Loss on sale of capital assets	-	-	(73,814)	-	-	(73,814)
Total nonoperating revenues (expenses)	12,989	2,935	8,538,967	47	27,605	8,582,543
Income (loss) before transfers	62,289	(37,515)	5,837,268	(28,953)	(2,291,956)	3,541,133
Transfers in	-	-	691,151	29,000	904,093	1,624,244
Transfers out	(2,265,671)	-	(347,430)	-	(7,605,423)	(10,218,524)
Change in net assets	(2,203,382)	(37,515)	6,180,989	47	(8,993,286)	(5,053,147)
Total net assets at beginning of year	2,879,916	13,407,189	21,731,698	-	(29,799,170)	8,219,633
Total net assets at end of year	\$ 676,534	\$ 13,369,674	\$ 27,912,687	\$ 47	\$ (38,792,456)	\$ 3,166,486

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, 2010

	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	\$ 274,434	\$ 644,762	\$ 860,811	-	\$ 29,450,543	\$ 31,230,550
Receipts from other revenue	-	-	142,700	-	961,837	1,104,537
Payments for medical expenses	(80,011)	-	-	-	-	(80,011)
Payments to suppliers	-	-	(316,051)	-	(6,426,391)	(6,742,442)
Payments for contractual services	-	-	(45,848)	(58,000)	-	(103,848)
Miscellaneous expenses	(196)	(111,543)	-	-	-	(111,739)
Payments to employees	-	-	(544,139)	-	(8,859,159)	(9,403,298)
Payments for employee benefits	-	-	(9,302)	-	(10,187,543)	(10,196,845)
Net cash provided (used) by operating activities	194,227	533,219	88,171	(58,000)	4,939,287	5,696,904
Cash flows from noncapital financing activities						
Payments from other governments	-	-	-	-	3,188,001	3,188,001
Transfer from other funds	-	-	963,868	29,000	871,630	1,864,498
Transfer to other funds	(2,250,000)	(31,260)	(90,293)	-	(7,605,423)	(9,976,976)
Net cash provided (used) by noncapital financing activities	(2,250,000)	(31,260)	873,575	29,000	(3,545,792)	(4,924,477)
Cash flows from capital and related financing activities						
Proceeds from capital debt	-	-	2,328,918	-	-	2,328,918
Capital grants	-	-	8,611,912	-	-	8,611,912
Purchase of capital assets	-	-	(11,349,385)	-	(1,060,519)	(12,409,904)
Principal paid on capital debt	-	(432,429)	(314,649)	-	(1,966,369)	(2,713,447)
Interest paid on capital debt	-	(128,388)	(236,660)	-	(837,888)	(1,202,936)
Net cash provided (used) by capital and related financing activities	-	(560,817)	(959,864)	-	(3,864,776)	(5,385,457)

(Continued)

SUFFOLK COUNTY, NEW YORK
Statement of Cash Flows
Enterprise Funds
For the Year Ended December 31, 2010

	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	12,890	2,936	869	47	382,817	399,559
Investment in assets limited as to use	1,915,279	-	-	-	-	1,915,279
Net cash provided (used) by investing activities	1,928,169	2,936	869	47	382,817	2,314,838
Net increase (decrease) in cash and cash equivalents	(127,604)	(55,922)	2,751	(28,953)	(2,088,464)	(2,298,192)
Cash and cash equivalents at beginning of year	1,342,939	382,181	166,364	29,000	2,403,972	4,324,456
Cash and cash equivalents at end of year	\$ 1,215,335	\$ 326,259	\$ 169,115	\$ 47	\$ 315,508	\$ 2,026,264
Reconciliation of operating income (loss) to net cash provided by operating activities						
Operating income (loss)	\$ 49,300	\$ (40,450)	\$ (2,701,699)	\$ (29,000)	\$ (2,319,561)	\$ (5,041,410)
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	-	457,056	260,297	-	1,667,981	2,385,334
Provision for doubtful accounts receivable	-	-	-	-	576,220	576,220
Other increase (decrease)	-	128,388	236,660	-	854,874	1,219,922
Change in assets and liabilities:						
Receivables, net	(384,936)	(13,287)	16,782	-	(1,855,320)	(2,236,761)
Accounts and other payables	529,863	1,512	2,276,131	(29,000)	6,015,093	8,793,599
Net cash provided (used) by operating activities	\$ 194,227	\$ 533,219	\$ 88,171	\$ (58,000)	\$ 4,939,287	\$ 5,696,904

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

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SUFFOLK COUNTY, NEW YORK
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2010

	Private-Purpose Trusts	Agency Funds
Assets		
Cash and cash equivalents	\$ 151,761	\$ 80,646,016
Cash with fiscal agents	-	133,781
Investments	9,637,674	6,731,527
Total assets	9,789,435	87,511,324
Liabilities		
Accounts payable and accrued liabilities	9,786,009	1,382,947
Agency fund liabilities	-	86,128,377
Total liabilities	9,786,009	\$ 87,511,324
Net Assets		
Held in trust	\$ 3,426	

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, 2010

	Private-Purpose Trusts
Additions	
Investment income:	
Interest	\$ 414
Transfer in	1,146,905
Other revenue	110,000
Total additions	1,257,319
Deductions	
Administrative and general expenses	1,256,905
Change in net assets	414
Net assets at beginning of year	3,012
Net assets at end of year	\$ 3,426

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, 2010

With Suffolk County Community College as of August 31, 2010

	Suffolk County Community College	Suffolk Regional Off-Track Betting Corporation	Suffolk County Industrial Development Agency	Suffolk County Economic Development Corporation	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 51,185,762	\$ 953,547	\$ 4,173,712	\$ 38,345	\$ 56,351,366
Investments	10,643,446	-	-	-	10,643,446
Accounts receivable	3,109,920	60,888	-	-	3,170,808
Students accounts receivable, net	5,884,831	-	-	-	5,884,831
Due from other governments	1,736,136	455,458	-	-	2,191,594
Other assets	92,999	579,260	3,906	-	676,165
Total current assets	<u>72,653,094</u>	<u>2,049,153</u>	<u>4,177,618</u>	<u>38,345</u>	<u>78,918,210</u>
Noncurrent assets:					
Restricted:					
Cash and cash equivalents	-	1,357,007	-	-	1,357,007
Investments	13,732,167	-	-	-	13,732,167
Capital assets:					
Nondepreciable	13,014,373	2,083,552	-	-	15,097,925
Depreciable, net	111,817,377	10,349,803	6,006	-	122,173,186
Other receivables	1,582,538	-	-	-	1,582,538
Other	-	-	147,629	-	147,629
Total noncurrent assets	<u>140,146,455</u>	<u>13,790,362</u>	<u>153,635</u>	<u>-</u>	<u>154,090,452</u>
Total assets	<u>212,799,549</u>	<u>15,839,515</u>	<u>4,331,253</u>	<u>38,345</u>	<u>233,008,662</u>

(Continued)

SUFFOLK COUNTY, NEW YORK
Statement of Net Assets
Component Units
December 31, 2010

With Suffolk County Community College as of August 31, 2010

	Suffolk County Community College	Suffolk Regional Off-Track Betting Corporation	Suffolk County Industrial Development Agency	Suffolk County Economic Development Corporation	Total
Liabilities					
Current liabilities:					
Accounts payable and accrued liabilities	21,071,925	7,610,045	4,179	-	28,686,149
Due to primary government	3,815,931	-	-	-	3,815,931
Due to other governments	-	785,629	-	-	785,629
Deferred revenue	24,256,816	-	-	-	24,256,816
Accumulated vacation and sick leave	2,989,740	-	-	-	2,989,740
Other liabilities	259,465	-	18,000	8,000	285,465
Mortgage payable	-	193,326	-	-	193,326
Bonds payable	6,922,460	-	-	-	6,922,460
Total current liabilities	<u>59,316,337</u>	<u>8,589,000</u>	<u>22,179</u>	<u>8,000</u>	<u>67,935,516</u>
Noncurrent liabilities:					
Accumulated vacation and sick leave	26,453,614	732,493	117,123	-	27,303,230
Obligation for postemployment benefits other than pensions	93,159,000	10,345,278	-	-	103,504,278
Mortgage payable	-	5,547,058	-	-	5,547,058
Bonds payable	105,820,972	-	-	-	105,820,972
Total noncurrent liabilities	<u>225,433,586</u>	<u>16,624,829</u>	<u>117,123</u>	<u>-</u>	<u>242,175,538</u>
Total liabilities	<u>284,749,923</u>	<u>25,213,829</u>	<u>139,302</u>	<u>8,000</u>	<u>310,111,054</u>
Net Assets					
Invested in capital assets, net of related debt	21,323,363	6,692,971	6,006	-	28,022,340
Restricted for capital projects	10,217,209	-	-	-	10,217,209
Unrestricted (deficit)	(103,490,946)	(16,067,285)	4,185,945	30,345	(115,341,941)
Total net assets	<u>\$ (71,950,374)</u>	<u>\$ (9,374,314)</u>	<u>\$ 4,191,951</u>	<u>\$ 30,345</u>	<u>\$ (77,102,392)</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, 2010
 With Suffolk County Community College as of August 31, 2010

	Suffolk County Community College	Suffolk Regional Off-Track Betting Corporation	Suffolk County Industrial Development Agency	Suffolk County Economic Development Corporation	Total
Expenses:					
Program operations	\$ 203,324,553	\$ 22,046,747	\$ 632,913	\$ 123,871	\$ 226,128,084
Depreciation and amortization	6,683,151	717,901	4,482	-	7,405,534
Other expenses	6,157,417	16,212,332	-	-	22,369,749
Total expenses	<u>216,165,121</u>	<u>38,976,980</u>	<u>637,395</u>	<u>123,871</u>	<u>255,903,367</u>
Program revenues:					
Charges for Services	78,162,835	34,366,126	397,096	154,212	113,080,269
Operating Grants and Contributions	5,840,428	-	-	-	5,840,428
Total program revenues	<u>84,003,263</u>	<u>34,366,126</u>	<u>397,096</u>	<u>154,212</u>	<u>118,920,697</u>
Net program revenues (expenses)	<u>(132,161,858)</u>	<u>(4,610,854)</u>	<u>(240,299)</u>	<u>30,341</u>	<u>(136,982,670)</u>
General revenues (expenses):					
Payments from primary government	45,371,917	-	-	-	45,371,917
Grants and contributions	74,172,305	-	-	-	74,172,305
Interest on investments	913,999	-	26,411	4	940,414
Interest on long-term debt	(5,293,905)	-	-	-	(5,293,905)
Total general revenues	<u>115,164,316</u>	<u>-</u>	<u>26,411</u>	<u>4</u>	<u>115,190,731</u>
Change in net assets	<u>(16,997,542)</u>	<u>(4,610,854)</u>	<u>(213,888)</u>	<u>30,345</u>	<u>(21,791,939)</u>
Net assets at beginning of year	<u>(54,952,832)</u>	<u>(4,763,460)</u>	<u>4,405,839</u>	<u>-</u>	<u>(55,310,453)</u>
Net assets at end of year	<u><u>\$(71,950,374)</u></u>	<u><u>\$(9,374,314)</u></u>	<u><u>\$ 4,191,951</u></u>	<u><u>\$ 30,345</u></u>	<u><u>\$(77,102,392)</u></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 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.

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2010

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 22% 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.

On March 8, 2011 OTB filed for protection under chapter 9 of Title 11, United States Bankruptcy Code (Chapter 9). Under Chapter 9, OTB is developing a plan which will enable it to become solvent by modifying various contracts and over time repaying prepetition liabilities.

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 Economic Development Corporation (EDC) was created on March 23, 2010 as a not-for-profit local development corporation pursuant to Section 1411(c) of the Not-for Profit Corporation Law. The EDC's purpose is to conduct activities that will promote employment and maintain job opportunities; instruct or train individuals to improve or develop their capabilities for such jobs; and attract or retain industry within the County. The EDC is authorized to finance facilities for not-for-profit corporations; acquire and sell or lease the acquired property; and issue bonds in order to carry out EDC's purpose. The County is not liable for the payment of principal or interest on any of the bonds of EDC. The Corporation is governed by a Board of Directors, whose members are elected by the County

Legislature and the County Executive. The Board of Director members can be removed at will by the appointing authorities, thereby providing Suffolk County with the ability to impose its will on the EDC.

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

Suffolk County Economic Development Corp.
H. Lee Dennison Building
100 Veterans Memorial Highway
Hauppauge, New York 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.

SUFFOLK COUNTY
Notes to the Financial Statements
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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.

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 59 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.

Pursuant to Resolution No. 47-2011, adopted on March 4, 2011, the County issued a local law authorizing the County Executive to execute agreements for the sale of the John J. Foley Skilled Nursing Facility. The County entered into an asset purchase agreement and a land sale contract, which was terminated on May 15, 2011. The facility remains 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.

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2010

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.

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
- 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-

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2010

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.

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, 2010 and 2009 were approximately 95.7 and 95.5 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 2010:

Lien date	June 1, 2009
Levy date	December 1, 2009
Tax bills mailed	December 1, 2009
Property taxes recorded	January 1, 2010
First installment payment due	January 10, 2010
Second installment payment due	May 31, 2010
Taxes become overdue	June 1, 2010

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.

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 \$1,728,600 during 2010.

SUFFOLK COUNTY
Notes to the Financial Statements
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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 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 June 2010, the GASB issued Statement No. 59 “Financial Instruments Omnibus.” This statement is intended to improve the consistency and completeness of reporting and disclosure for certain types of financial instruments. The County is required to adopt GASB Statement No. 59 for its 2011 financial statements. The implementation of this Statement is not expected to have a significant impact on the financial position of the County.

In November 2010, the GASB issued Statement No. 60 “Service Concession Arrangements.” This statement addresses issues relating to service concession arrangements, (SCAs) which are agreements between governments and private entities to operate a capital asset that is part of the government. The County is required to adopt GASB Statement No. 60 for its 2012 financial statements. The implementation of this statement is not expected to have a significant impact on the financial position of the County.

In November 2010, the GASB issued Statement No. 61 “The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34.” This statement is intended to result in increased financial statement relevance by improving guidance for including, presenting and disclosing information about component units and equity interest transactions of a financial reporting entity. The County is required to adopt GASB Statement No. 61 for its 2013 financial statements.

In December 2010, the GASB issued Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements”. This statement will improve financial reporting by contributing to the GASB’s efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. The County is required to adopt GASB Statement No. 62 for its 2012 financial statements. The County is currently evaluating what effect if any; adoption of GASB 62 will have on the County’s financial statements.

F. Adoption of New Accounting Standards

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 adopted GASB Statement No. 53 in 2010, however, the implementation of this statement did not affect the financial position of the County.

In December 2009, the GASB issued Statement No. 58 “Accounting and Financial Reporting for Chapter 9 Bankruptcies.” The objective of this statement is to provide accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. GASB Statement No. 58 is currently effective. The County has not filed, nor does it intend to file for bankruptcy protection and therefore does not meet the criteria for this statement.

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.
- 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.

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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	General Capital Reserve Fund
Handicapped Parking Education	Tax Stabilization Reserve
MTA Payroll Tax	Assessment Stabilization Reserve
District Court	Southwest Assessment Stabilization Reserve
Downtown Revitalization	Retirement Contribution Reserve
Hotel/Motel Tax Culture and History	Debt Service Reserve Fund
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	NYS Neighborhood Revitalization Program
Environmental Trust Fund	Water Quality Protection Res Fund
Community Development Fund	Assets Forfeiture - Probation
Home Investment Partnership	Assets Forfeiture - Sheriff
Emergency Shelter Grants Program	Assets Forfeiture - Police
Guaranteed Loan Program	Assets Forfeiture - District Attorney
Neighborhood Stabilization	New York State Assets Forfeiture
Homeless Prevention	DWI Asset Seizure

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.
- (ii) Public hearings are conducted at locations throughout the County to obtain taxpayer comments on the proposed budgets.

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- (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 2010, General Fund supplementary appropriations were authorized and aggregated approximately \$14,236,172.

B. Excess of expenditures over appropriations

For the year ended December 31, 2010, there were no expenditures that exceeded appropriations.

C. Deficit fund equity

The following funds have deficit fund balances at December 31, 2010:

GENERAL FUND	\$ 130,486,588
SPECIAL REVENUE FUNDS:	
• Public Safety Communications System E-911	\$ 1,026,481
• County Road Fund	5,472,540
• Electrical Authority Fund	321,839
• Hotel Motel Tax Culture and History	18,040
• Building Sanitation Administration	104,720
• Workforce Investment Revenue	399,410
• Community Development Administration	1,353,353
• Community Development	77,468
• Neighborhood Stabilization	1,115
• Homeless Prevention	229
• Medicaid Compliance Fund	1,965,581
• Police District	36,788,097
PROPRIETARY FUNDS:	
• John J. Foley Skilled Nursing Facility	\$ 38,792,456

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 \$791,507,055. 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 each of the County's discretely presented 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, 2010 the fair value of this trust was \$95,719,405 and consisted of 6 Treasury Strips bearing 0.000% interest maturing from February 15, 2011 through August 15, 2013, and 17 Treasury Notes bearing interest ranging from 2.875% to 5.000% and maturing from January 15, 2011 through July 31, 2013.

The County's agency funds invested in cooperative investment programs totaled \$6,731,527 and were rated AAAM by Standard & Poor's.

Suffolk Tobacco Asset Securitization Corporation

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, 2010, STASC deposits with a financial institution were \$383,707. Of these balances \$133,330 was insured by the Federal Deposit Insurance Corporation and \$250,377 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

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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, 2010, 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% to 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>
Mutual funds	\$ 9,637,674
Total investments	<u>\$ 9,637,674</u>

Component Units

At August 31, 2010, Suffolk County Community College's investment balances were as follows:

<u>Investment by Type</u>	<u>Fair Value</u>
Corporate securities	\$ 6,755,426
Government obligations	15,045,364
Mutual funds	2,574,823
Total investments	<u>\$ 24,375,613</u>

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B. Receivables

Receivables at December 31, 2010 were as follows:

	Governmental Funds					Total Governmental Receivables
	General	Police District	Capital	STASC	Other Governmental	
Receivables:						
Property tax	\$ 209,387,194	\$ -	\$ -	\$ -	\$ -	\$ 209,387,194
Sales tax	126,845,341	-	-	-	7,112,526	133,957,867
Other funds	93,894,942	35,943,149	4,547,129	198,444,313	191,164,152	523,993,685
Intergovernmental accounts	330,500,274	1,486,924	37,257,696	-	15,686,050	384,930,944
Other	24,249,319	12,542	-	-	4,665,724	28,927,585
Total receivables	<u>784,877,070</u>	<u>37,442,615</u>	<u>41,804,825</u>	<u>198,444,313</u>	<u>218,628,452</u>	<u>1,281,197,275</u>
Allowance for doubtful accounts	(13,432,178)	-	-	-	-	(13,432,178)
Receivables, net	<u>\$ 771,444,892</u>	<u>\$ 37,442,615</u>	<u>\$ 41,804,825</u>	<u>\$ 198,444,313</u>	<u>\$ 218,628,452</u>	<u>\$ 1,267,765,097</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	\$ -	\$ -	\$ -	\$ -	\$ 12,120,651	\$ 12,120,651
Other	106,824	36,011	1,599,563	-	1,423,316	3,165,714
Total receivables	<u>106,824</u>	<u>36,011</u>	<u>1,599,563</u>	<u>-</u>	<u>13,543,967</u>	<u>15,286,365</u>
Allowance for doubtful accounts	-	-	-	-	(2,534,000)	(2,534,000)
Receivables, net	<u>\$ 106,824</u>	<u>\$ 36,011</u>	<u>\$ 1,599,563</u>	<u>\$ -</u>	<u>\$ 11,009,967</u>	<u>\$ 12,752,365</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)	\$ 176,209,633	\$ -
New York State Department of Health:		
Mental health and alcohol advances for County programs (general fund)	-	9,735,378
Federal and State government receivables (general fund)	17,080,722	-
Tobacco settlement receipts (general fund)	-	254,664
Stop DWI (general and police district fund)	-	952,439
Hospital mortgages (general fund)	-	857,581
Total deferred/unearned revenue for governmental funds	<u>\$ 193,290,355</u>	<u>\$ 11,800,062</u>

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C. Capital Assets

Capital asset activity for the year ended December 31, 2010 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 718,468,419	\$ 46,290,251	\$ -	\$ 764,758,670
Development rights	183,609,123	31,823,618	-	215,432,741
Historic buildings	4,607,607	-	-	4,607,607
Construction in progress	394,181,580	177,128,903	(40,105,676)	531,204,807
Total capital assets, not being depreciated	1,300,866,729	255,242,772	(40,105,676)	1,516,003,825
Capital assets, being depreciated:				
Buildings	620,820,088	19,958,642	(37,900)	640,740,830
Improvements other than buildings	44,412,232	4,456,147	-	48,868,379
Vehicles and equipment	280,750,972	58,388,640	(15,559,816)	323,579,796
Infrastructure	921,975,095	13,368,042	-	935,343,137
Total capital assets, being depreciated	1,867,958,387	96,171,471	(15,597,716)	1,948,532,142
Less accumulated depreciation for:				
Buildings	(355,005,088)	(10,676,126)	6,822	(365,674,392)
Improvements other than buildings	(18,310,593)	(1,667,889)	-	(19,978,482)
Vehicles and equipment	(180,133,889)	(21,869,388)	14,888,032	(187,115,245)
Infrastructure	(376,746,533)	(19,096,974)	-	(395,843,507)
Total accumulated depreciation	(930,196,103)	(53,310,377)	14,894,854	(968,611,626)
Total capital assets, being depreciated, net	937,762,284	42,861,094	(702,862)	979,920,516
Governmental activities capital assets, net	<u>\$ 2,238,629,013</u>	<u>\$ 298,103,866</u>	<u>\$ (40,808,538)</u>	<u>\$ 2,495,924,341</u>

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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	2,586,915	11,349,385	-	13,936,300
Total capital assets, not being depreciated	24,679,746	11,349,385	-	36,029,131
Capital assets, being depreciated:				
Buildings	58,216,389	375,915	(86,840)	58,505,464
Improvements other than buildings	6,499,471	-	-	6,499,471
Vehicles and equipment	4,525,584	684,604	-	5,210,188
Total capital assets, being depreciated	69,241,444	1,060,519	(86,840)	70,215,123
Less accumulated depreciation for:				
Buildings	(26,711,332)	(1,870,365)	13,026	(28,568,671)
Improvements other than buildings	(1,417,286)	(218,723)	-	(1,636,009)
Vehicles and equipment	(3,038,513)	(296,246)	-	(3,334,759)
Total accumulated depreciation	(31,167,131)	(2,385,334)	13,026	(33,539,439)
Total capital assets, being depreciated, net	38,074,313	(1,324,815)	(73,814)	36,675,684
Business-type activities capital assets, net	<u>\$ 62,754,059</u>	<u>\$ 10,024,570</u>	<u>\$ (73,814)</u>	<u>\$ 72,704,815</u>

Depreciation expense and amortization for the year ended December 31, 2010 was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government support	\$ 14,505,594
Economic assistance and opportunity	177,785
Health	1,950,006
Public safety	6,700,053
Culture and recreation	2,271,673
Education	-
Home and community services	9,393,632
Transportation	13,872,668
Legislative	127,272
Judicial	4,311,694
Total depreciation expense-governmental activities	<u>\$ 53,310,377</u>
Business-type activities:	
Suffolk County Ball Park	\$ 457,056
Francis S. Gabreski Airport	260,297
John J. Foley Skilled Nursing Facility	1,667,981
Total depreciation expense-business-type activities	<u>\$ 2,385,334</u>

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Construction commitments

The County has a number of active construction project commitments at December 31, 2010. Active projects for which amounts spent as of December 31, 2010 exceed \$10,000,000 include 26 projects. The total spent as of December 31, 2010 for these projects amounts to approximately \$874 million. Remaining commitments for these projects amount to approximately \$208 million.

Discretely presented component units

Capital asset activity for Suffolk County Community College (College) for the year ended August 31, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Capital assets, not being depreciated:				
Land	\$ 4,948,118	\$ -	\$ -	\$ 4,948,118
Construction in progress	1,830,117	7,354,719	(1,118,581)	8,066,255
Total capital assets, not being depreciated	<u>6,778,235</u>	<u>7,354,719</u>	<u>(1,118,581)</u>	<u>13,014,373</u>
Capital assets, being depreciated:				
Buildings	151,650,941	667,227	-	152,318,168
Improvements other than buildings	10,874,089	1,112,156	-	11,986,245
Vehicles and equipment	17,468,689	3,235,991	(364,339)	20,340,341
Infrastructure	6,147,034	-	-	6,147,034
Total capital assets, being depreciated	<u>186,140,753</u>	<u>5,015,374</u>	<u>(364,339)</u>	<u>190,791,788</u>
Less accumulated depreciation for:				
Buildings	(58,433,509)	(3,881,808)	-	(62,315,317)
Improvements other than buildings	(4,531,181)	(408,884)	-	(4,940,065)
Vehicles and equipment	(8,426,554)	(2,154,415)	364,339	(10,216,630)
Infrastructure	(1,207,048)	(295,351)	-	(1,502,399)
Total accumulated depreciation	<u>(72,598,292)</u>	<u>(6,740,458)</u>	<u>364,339</u>	<u>(78,974,411)</u>
Total capital assets, being depreciated, net	<u>113,542,461</u>	<u>(1,725,084)</u>	<u>-</u>	<u>111,817,377</u>
College capital assets, net	<u>\$120,320,696</u>	<u>\$ 5,629,635</u>	<u>\$ (1,118,581)</u>	<u>\$124,831,750</u>

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Capital asset activity for the Suffolk Regional Off-Track Betting Corporation (OTB) for the year ended December 31, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,058,343	\$ -	\$ -	\$ 2,058,343
Construction in progress	6,589	27,954	(9,334)	25,209
Total capital assets, not being depreciated	<u>2,064,932</u>	<u>27,954</u>	<u>(9,334)</u>	<u>2,083,552</u>
Capital assets, being depreciated:				
Building & leasehold improvements	14,139,890	8,000	(24,901)	14,122,989
Vehicles and equipment	<u>3,172,669</u>	<u>20,400</u>	<u>(124,324)</u>	<u>3,068,745</u>
Total capital assets, being depreciated	<u>17,312,559</u>	<u>28,400</u>	<u>(149,225)</u>	<u>17,191,734</u>
Less accumulated depreciation:	(6,273,722)	(717,901)	149,692	(6,841,931)
Total capital assets, being depreciated, net	<u>11,038,837</u>	<u>(689,501)</u>	<u>467</u>	<u>10,349,803</u>
OTB capital assets, net	<u>\$ 13,103,769</u>	<u>\$ (661,547)</u>	<u>\$ (8,867)</u>	<u>\$ 12,433,355</u>

Capital asset activity for the Suffolk County Industrial Development Agency (IDA) for the year ended December 31, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Total capital assets, not being depreciated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital assets, being depreciated:				
Vehicles and equipment	<u>60,030</u>	<u>1,731</u>	<u>(3,416)</u>	<u>58,345</u>
Total capital assets, being depreciated	<u>60,030</u>	<u>1,731</u>	<u>(3,416)</u>	<u>58,345</u>
Less accumulated depreciation for:				
Vehicles and equipment	<u>(51,060)</u>	<u>(4,482)</u>	<u>3,203</u>	<u>(52,339)</u>
Total accumulated depreciation	<u>(51,060)</u>	<u>(4,482)</u>	<u>3,203</u>	<u>(52,339)</u>
Total capital assets, being depreciated, net	<u>8,970</u>	<u>(2,751)</u>	<u>(213)</u>	<u>6,006</u>
IDA capital assets, net	<u>\$ 8,970</u>	<u>\$ (2,751)</u>	<u>\$ (213)</u>	<u>\$ 6,006</u>

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D. Payables and accrued liabilities

Payables and accrued liabilities at December 31, 2010, were as follows:

	Other Governments	Salaries	Vouchers	Other	Total
Governmental activities:					
General	\$ 1,683,526	\$ 57,594,201	\$ 92,246,958	\$ 46,096,320	\$ 197,621,005
Police district	661	53,611,949	7,808,280	295,316	61,716,206
Capital	-	-	54,608,538	4,151,306	58,759,844
STASC	7,605	-	-	-	7,605
Other governmental	-	7,633,517	11,870,659	3,351,789	22,855,965
Total governmental activities	<u>\$ 1,691,792</u>	<u>\$ 118,839,667</u>	<u>\$ 166,534,435</u>	<u>\$ 53,894,731</u>	<u>\$ 340,960,625</u>
Business-type activities:					
Suffolk Health Plan	\$ -	\$ -	\$ 101,210	\$ -	\$ 101,210
Suffolk County Ball Park	-	-	-	-	-
Francis S. Grabeski Airport	-	55,867	66,574	2,844,172	2,966,613
Regional Economic Development Initiative	-	-	-	-	-
John J. Foley Skilled Nursing Facility	-	333,806	779,761	827,248	1,940,815
Total business-type activities	<u>\$ -</u>	<u>\$ 389,673</u>	<u>\$ 947,545</u>	<u>\$ 3,671,420</u>	<u>\$ 5,008,638</u>

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E. Interfund balances and transfers

The composition of interfund balances as of December 31, 2010 is as follows:

Due to general fund from:	
Police	\$ 7,879,716
Capital	9,302,715
Nonmajor gov't funds	46,524,012
Suffolk Health Plan	544,415
Francis S. Gabreski Airport	1,577,652
John J. Foley Skilled Nursing Facility	19,589,022
Total due to general fund from other funds	<u>\$ 85,417,532</u>
Due to police fund from:	
General	\$ 35,792,475
Capital	126,649
Nonmajor gov't funds	24,025
Total due to police fund from other funds	<u>\$ 35,943,149</u>
Due to capital fund from:	
General	\$ 1,990,194
Nonmajor Gov't Funds	2,556,935
Total due to capital fund from other funds	<u>\$ 4,547,129</u>
Due to STASC from:	
General	\$ 189,113,399
Police	7,764,361
John J. Foley Skilled Nursing Facility	1,566,553
Total due to STASC from other funds	<u>\$ 198,444,313</u>
Due to nonmajor governmental funds from:	
General	\$ 79,070,197
Capital	1,000,160
Nonmajor gov't funds	110,068,390
Francis S. Gabreski Airport	1,020,029
John J. Foley Skilled Nursing Facility	5,376
Total due to nonmajor gov't funds from other funds	<u>\$ 191,164,152</u>
Due to John J. Foley Skilled Nursing Facility from:	
General fund	\$ 423,316
Total due to skilled nursing facility from other funds	<u>\$ 423,316</u>
Due to Francis S. Gabreski Airport from:	
General fund	\$ 3,160
Capital	205,941
Nonmajor gov't funds	63
Total due to airport from other funds	<u>\$ 209,164</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.

SUFFOLK COUNTY
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Individual fund transfers for the year ended December 31, 2010 were as follows:

Transfers to general fund from:	
General fund	\$ 167,137,563
Police fund	91,721,804
Capital fund	6,289,132
STASC	16,335,961
Nonmajor governmental funds	74,265,373
Suffolk Health Plan	2,265,671
Francis S. Gabreski Airport	166,960
John J. Foley Skilled Nursing Facility	7,605,423
Total transfers to general fund	<u>\$ 365,787,887</u>
Transfers to police fund from:	
Capital fund	\$ 126,648
Nonmajor governmental funds	1,032,605
STASC	160,900
Total transfers to police fund	<u>\$ 1,320,153</u>
Transfers to capital fund from:	
General fund	\$ 3,149,709
Nonmajor governmental funds	2,551,461
Total transfers to capital fund	<u>\$ 5,701,170</u>
Transfers to nonmajor governmental funds from:	
General fund	\$ 7,853,900
Police fund	3,441,129
Capital fund	1,000,160
Nonmajor governmental funds	91,243,014
Francis S. Gabreski Airport	180,470
Total transfers to nonmajor governmental funds	<u>\$ 103,718,673</u>
Transfers to Francis S. Gabreski Airport from:	
General fund	\$ 485,210
Capital fund	205,941
Total transfers to Francis S. Gabreski Airport	<u>\$ 691,151</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	\$ 871,630
STASC	32,463
Total transfers to John J. Foley Skilled Nursing Facility	<u>\$ 904,093</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.

SUFFOLK COUNTY
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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.

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, 2010:

<u>Years Ending December 31</u>	<u>Amount</u>
2011	\$ 20,090,749
2012	18,482,871
2013	18,116,130
2014	16,811,587
2015	14,475,269
2016-2020	55,832,430
2021-2025	45,525,227
Thereafter	23,084,788
Total	<u>\$ 212,419,051</u>

Rent expenditures for the year ended December 31, 2010 approximated \$17,459,304.

Capital Leases

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.

SUFFOLK COUNTY
Notes to the Financial Statements
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The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, were as follows:

<u>Years Ending December 31</u>	<u>Seventh Precinct</u>
2011	\$ 492,900
2012	492,900
2013	492,900
2014	492,900
2015	492,900
2016-2019	<u>1,067,950</u>
Total minimum lease payments	3,532,450
Less: Imputed interest	<u>238,553</u>
Present value of future minimum lease payments	<u><u>\$ 3,293,897</u></u>

Assets acquired from the aforementioned capital lease are recorded on the County's financial statements in the amount of \$5,400,000, which represents net book value as of December 31, 2010.

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 \$2,336,449,265. During the year, general obligation bonds totaling \$202,525,214 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%	\$ 1,099,451,165
Governmental activities-refunding	2.75 - 6.0%	144,484,532
Business-type activities	2.50 - 5.5%	11,471,564
Business-type activities-refunding	3.00 - 5.0%	<u>15,054,736</u>
		<u><u>\$ 1,270,461,997</u></u>

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As of December 31, 2010, approximately \$33,310 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 2010, the County paid \$10,257 in interest and principal on this debt and received reimbursements of \$316,257. The County has recorded receivable and related deferred revenue of \$857,581, which represents future principal payments to be received from the hospitals at December 31, 2010.

Additionally, \$16,887,468 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, \$9,638,832 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.

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
2011	\$ 99,991,704	\$ 49,103,545	\$ 2,900,773	\$ 1,136,930
2012	92,530,477	45,085,069	2,740,567	1,021,415
2013	91,153,291	41,548,733	2,694,661	899,812
2014	88,357,730	38,044,707	2,485,725	791,835
2015	84,797,557	34,524,458	2,419,548	688,162
2016-2020	357,133,924	125,192,712	9,325,473	1,921,877
2021-2025	284,181,392	62,352,011	3,062,763	587,229
2026-2030	143,509,300	10,465,544	1,090,786	80,636
	<u>1,241,655,375</u>	<u>406,316,779</u>	<u>26,720,296</u>	<u>7,127,896</u>
Deferred charge on refunding:	(7,033,943)	-	(1,138,305)	-
Premium on refunding:	<u>9,314,265</u>	<u>-</u>	<u>944,309</u>	<u>-</u>
Total	<u>\$1,243,935,697</u>	<u>\$ 406,316,779</u>	<u>\$ 26,526,300</u>	<u>\$ 7,127,896</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 \$92,113,706. During the year, general obligation bonds totaling \$3,022,676 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 \$39,956,990 at

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August 31, 2010 and such serial bonds were issued with interest rates that ranged from 2.0% to 5.25%.

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 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 \$70,864,117 at August 31, 2010 and such bonds were issued with interest rates that range from 2.0% to 6.0%.

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Annual principal and interest requirements to service all College debt outstanding as of August 31, 2010 are as follows:

	Authority	General Obligations	Total Principal	Interest	Total
Year ending August 31:					
2011	\$ 2,269,552	\$ 4,652,908	\$ 6,922,460	\$ 5,343,824	\$ 12,266,284
2012	2,604,186	4,153,498	6,757,684	5,024,987	11,782,671
2013	2,782,250	3,754,136	6,536,386	4,734,751	11,271,137
2014	3,242,250	3,301,946	6,544,196	4,437,899	10,982,095
2015	3,295,374	3,120,258	6,415,632	4,139,957	10,555,589
2016-2020	17,615,542	13,800,327	31,415,869	16,137,759	47,553,628
2021-2025	21,488,343	5,740,789	27,229,132	8,896,377	36,125,509
2026-2030	12,589,198	1,433,128	14,022,326	3,216,184	17,238,510
2031-2035	4,299,637	-	4,299,637	759,178	5,058,815
2036	677,785	-	677,785	33,889	711,674
	<u>\$ 70,864,117</u>	<u>\$ 39,956,990</u>	<u>\$ 110,821,107</u>	<u>\$ 52,724,805</u>	<u>\$ 163,545,912</u>
Less: Deferred Loss			(2,183,547)		
Plus: Unamortized Premium			4,105,872		
			<u>\$ 112,743,432</u>		

Advance refundings

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, 2010, \$209,675,000 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, 2010, projected principal and interest to expected maturity dates totaled \$780,732,301. 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 on these bonds in 2010 totaled \$7,846,256. 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 2010 amounted to \$6,984,561, or 89 percent of total principal and interest payments made during the year.

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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, 2010, are as follows:

Description	Original Date Issued	Original Amount	Interest Rate	Expected Maturity Date	Maturity Date	Amount Outstanding
				06/01/2010 -	06/01/2010 -	
2008A	8/21/2008	\$ 9,765,000	4.000 - 5.000%	06/01/18	06/01/18	\$ 8,575,000
2008B (2028)	8/21/2008	40,045,000	5.375%	06/01/26	06/01/28	37,705,000
2008B (2048)	8/21/2008	62,295,000	6.000%	06/01/39	06/01/48	62,295,000
2008C	8/21/2008	107,671,781	6.625%	06/01/37	06/01/44	107,671,781
2008D	8/24/2008	13,375,082	8.000%	06/01/48	06/01/48	13,375,082
					Total	<u>\$ 229,621,863</u>

The following table summarizes the STASC's estimated future debt service requirements as of December 31, 2010 based on future projected TSRs:

	Principal	Interest	Total Principal and Interest
2011	\$ 1,590,000	\$ 6,126,403	\$ 7,716,403
2012	1,740,000	6,054,981	7,794,981
2013	285,000	15,438,238	15,723,238
2014	445,000	15,422,447	15,867,447
2015	620,000	15,398,338	16,018,338
2016 - 2020	12,875,000	75,724,163	88,599,163
2021 - 2025	27,445,000	70,134,334	97,579,334
2026 - 2030	33,737,789	69,917,940	103,655,729
2031 - 2035	52,498,458	57,794,267	110,292,725
2036 - 2040	87,439,863	46,611,869	134,051,732
2041 - 2045	7,858,574	111,901,426	119,760,000
2046 - 2048	3,087,179	60,586,032	63,673,211
	<u>229,621,863</u>	<u>\$ 551,110,438</u>	<u>\$ 780,732,301</u>
Accreted Interest	20,646,191		
Unamortized Discount	(3,769,455)		
Total	<u>\$ 246,498,599</u>		

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A summary of changes in long-term liabilities for the year ended December 31, 2010 is as follows:

	Balance 1/1/2010	Increases	Reductions	Balance 12/31/2010	Non-current Liabilities due within one year
Tobacco securitization bonds	\$ 238,853,704	\$ 9,139,200	\$ (1,494,305)	\$ 246,498,599	\$ 1,434,305

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2010 was as follows:

Governmental activities	Beginning Balance	Additions	Reductions	Ending Balance	Due within one Year
Bonds payable:					
General obligation debt	\$ 967,590,212	\$ 200,196,296	\$ 68,335,343	\$ 1,099,451,165	\$ 74,708,568
Advanced refunding debt	168,283,462	-	26,079,252	142,204,210	25,666,073
Plus (minus) deferred amounts					
For unamortized Premium or Discounts on refundings	2,652,779	-	372,457	2,280,322	(382,937)
STASC bonds	231,271,863	-	1,650,000	229,621,863	1,590,000
Plus accreted interest	11,506,991	9,139,200	-	20,646,191	-
Less unamortized deferred discount	3,925,150	-	155,695	3,769,455	155,695
Total bonds payable	<u>1,377,380,157</u>	<u>209,335,496</u>	<u>96,281,357</u>	<u>1,490,434,296</u>	<u>101,426,009</u>
Compensated absences	394,427,728	46,941,796	31,400,638	409,968,886	20,239,291
Claims and judgements	528,010,541	117,128,981	32,868,453	612,271,069	33,837,182
Other postemployment benefits other than pensions	869,060,000	336,710,000	84,090,000	1,121,680,000	-
Capital leases	3,717,141	-	423,244	3,293,897	431,787
Governmental activity Long-term liabilities	<u>\$ 3,172,595,567</u>	<u>\$ 710,116,273</u>	<u>\$ 245,063,692</u>	<u>\$ 3,637,648,148</u>	<u>\$ 155,934,269</u>
Business-type activities					
Bonds payable:					
Francis S. Gabreski Airport	\$ 5,285,508	\$ 2,328,918	\$ 315,633	\$ 7,298,793	\$ 445,421
John J. Foley Skilled Nursing Facility	18,841,948	-	1,954,480	16,887,468	2,010,597
Suffolk County Ball Park	2,770,939	-	430,900	2,340,039	444,665
Total bonds payable	<u>26,898,395</u>	<u>2,328,918</u>	<u>2,701,013</u>	<u>26,526,300</u>	<u>2,900,683</u>
Compensated absences	2,125,162	236,899	533,543	1,828,518	90,270
Other postemployment benefits other than pensions	21,540,000	8,090,000	2,070,000	27,560,000	-
Business-type activity Long-term liabilities	<u>\$ 50,563,557</u>	<u>\$ 10,655,817</u>	<u>\$ 5,304,556</u>	<u>\$ 55,914,818</u>	<u>\$ 2,990,953</u>

(Continued)

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Component units	Beginning Balance	Additions	Reductions	Ending Balance	Due within one Year
County general obligation bonds (Comm. College)	\$ 42,141,483	\$ 24,593,958	\$ 24,856,126	\$ 41,879,315	\$ 4,652,908
Dormitory Authority	74,130,529	-	3,266,412	70,864,117	2,269,552
Total bonds payable	<u>116,272,012</u>	<u>24,593,958</u>	<u>28,122,538</u>	<u>112,743,432</u>	<u>6,922,460</u>
Compensated absences	25,547,525	10,016,966	5,271,521	30,292,970	2,989,740
Other postemployment benefits other than pensions	79,613,111	35,965,300	12,074,133	103,504,278	-
Mortgage Payable	-	5,740,384	-	5,740,384	193,326
Component units Long-term liabilities	<u>\$ 221,432,648</u>	<u>\$ 76,316,608</u>	<u>\$ 45,468,192</u>	<u>\$ 252,281,064</u>	<u>\$ 10,105,526</u>

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, 2010 was as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance
Tax anticipation notes	\$ 350,000,000	\$ 390,000,000	\$ 350,000,000	\$ 390,000,000
Delinquent tax anticipation notes	113,000,000	120,000,000	113,000,000	120,000,000
Public improvement bond anticipation notes	17,537,214	29,224,970	17,537,214	29,224,970
Governmental activities short-term debt	<u>\$ 480,537,214</u>	<u>\$ 539,224,970</u>	<u>\$ 480,537,214</u>	<u>\$ 539,224,970</u>

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 12/31/2009	Year ended 12/31/2010
Unpaid claims, beginning of fiscal year	\$ 458,961,754	\$ 528,010,541
Incurred claims (including IBNRs)	50,442,602	59,614,991
Changes in the estimate for claims of prior years	53,412,095	57,513,990
Claim payments	34,805,910	32,868,453
Unpaid claims, end of fiscal year	<u>\$ 528,010,541</u>	<u>\$ 612,271,069</u>

B. Subsequent events

On May 18, 2011, Suffolk County issued \$100,110,000 public improvement serial bonds. 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 3.00 to 4.00 percent. Bonds mature in varying amounts on May 15 of years 2012 through 2028.

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.

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 2010). 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 \$86.16 million for 2010.

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 2010, the County’s annual OPEB cost (expense) of \$359.39 million was equal to the ARC. The County’s 2010 OPEB obligation does not reflect any estimated or actual adjustments as a result of the Federal Affordable Care Act which was signed into law on March 23, 2010.

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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	\$	359.39
Contributions Made		86.16
Increase in net OPEB		<u>273.23</u>
Interest on net OPEB obligation		40.08
Adjustment to annual required contribution		<u>(54.67)</u>
Net OPEB obligation - beginning of year		<u>890.60</u>
Net OPEB obligation - end of year		<u><u>\$ 1,149.24</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost, contributed to the Plan, and the net OPEB obligation for 2008, 2009, and 2010 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>
12/31/2008	\$393.81	24.7%	\$600.51
12/31/2009	\$370.43	21.7%	\$890.60
12/31/2010	\$344.80	25.0%	\$1,149.24

Funded status and funding progress. As of December 31, 2010, actuarial accrued liability for benefits was \$3.944 billion and was equal to the unfunded actuarial accrued liability (UAAL). The covered payroll (annual payroll of active employees covered by the Plan) was \$903.29 million and the ratio of UAAL to the covered payroll was 416%.

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.

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2010

In the January 1, 2010, 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 8.75% for medical and prescription drugs grading down to a rate of 4.5 after eight 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, 2010 was twenty seven 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, 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 2010, 2009, and 2008 were as follows (dollars in thousands):

Year	ERS		PFRS	
	Required	Made	Required	Made
2010	\$ 51,775	\$ 39,961	\$ 56,613	\$ 52,542
2009	42,098	-	53,851	-
2008	48,860	48,508	58,062	57,776

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2010

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, 2010 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 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, 2010 the fund balance of the Retirement Contribution Reserve Fund is \$105,693.

On August 11, 2010, the Employer Contribution Stabilization Program (Part TT of Chapter 57, Laws of 2010) was signed into law by the New York State Legislature. This program provided municipalities with the option to amortize a portion of their annual pension cost over a period of ten years at an annual interest rate of five percent. The County has chosen to amortize \$19,080,351 of the Employee Retirement System Invoice for the period April 1, 2010 through March 31, 2011.

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.

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2010

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 2010, 2009, and 2008 were \$2,857,000, \$2,084,000, and \$2,393,000, 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, 2010, the rate of contribution was 6.19% of annual covered payroll. Rates applicable to the fiscal years ended June 30, 2009 and 2008 were 7.63% and 8.73%, respectively. The College's contributions to TRS for 2010, 2009 and 2008 were \$1,377,000, \$1,653,000, and \$1,883,000, 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 2010, 2009, and 2008 were \$4,698,000, \$4,400,000, and \$4,150,000, respectively, and were equal to the required contributions for each year.

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2010

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.

During 2010, the County made contribution payments in the following amounts to the indicated Benefit Funds:

Suffolk County Municipal Employees Benefit Fund	\$ 11,412,862
Suffolk County Police Benevolent Association Benefit Fund	4,131,617
Suffolk County Police Superior Officers Association Benefit Fund	<u>128,852</u>
Total	<u><u>\$ 15,673,331</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, 2008	-	\$4,292.92	\$4,292.92	0%	\$891.20	482%
December 31, 2009	-	\$4,170.34	\$4,170.34	0%	\$859.34	485%
December 31, 2010	-	\$3,944.17	\$3,944.17	0%	\$903.29	416%

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Supplemental Schedule

County of Suffolk, New York

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal/Pass-Through Grantor's Number	2010 Amount Provided to Subrecipients	2010 Expenditures
U.S. Department of Agriculture				
Child Nutrition Cluster				
Passed Through:				
NYS Department of Education:				
School Breakfast Program	10.553	N/A	\$ -	\$ 48,141
National School Lunch Program	10.555	N/A	-	79,875
Total – Child Nutrition Cluster			-	128,016
Passed Through:				
NYS Department of Health – Bureau of Nutrition:				
Special Supplemental Nutrition (Food) Program for:				
Women, Infants and Children 2010 (WIC)	10.557	C012653	-	2,376,610
Women, Infants and Children 2011 (WIC)	10.557	C012653	-	679,251
Special Supplemental Nutrition Program for Women, Infant and Children:				
Special Formula and Food Checks (Note 3)				
Non-Monetary Assistance	10.557	F012342	-	14,863,802
Passed Through:				
NYS Office of Temporary and Disability Assistance:				
SNAP Fraud PR40	N/A	10000040	-	4,937
SNAP Fraud PR41	N/A	10000041	-	9,951
SNAP Cluster				
ARRA-Supplemental Nutrition Assistance Program (Administrative Costs) (Food Stamp Program)	10.561	18000	158,090	158,090
Supplemental Nutrition Assistance Program (Administrative Costs) (Food Stamp Program)	10.561	18000	2,177	13,545,448
Total – SNAP Cluster			160,267	13,703,538
Total – U.S. Department of Agriculture			160,267	31,766,105
U.S. Department of Housing and Urban Development				
Direct Programs:				
Emergency Shelter Grants Program	14.231	N/A	11,283	11,283
Emergency Shelter Grants Program	14.231	N/A	96,734	101,967
Home Investment Partnerships Program	14.239	N/A	1,093,626	2,183,842
ARRA – Homelessness Prevention Grant and Rapid Re-Housing	14.257	N/A	820,751	826,134
CDBG- Entitlement Grants Cluster				
Community Development Block and Entitlement Grants	14.218	N/A	2,685,960	2,995,595
NSP-Neighborhood Stabilization Grant	14.218	N/A	-	3,204,801
ARRA – Community Development Block Grant ARRA Entitlement Grants	14.253	N/A	-	550,719
Passed Through: NYS Housing Finance Agency				
Community Development Block and Entitlement Grants- Neighborhood Stabilization Grant (NSP1)	14.218	N/A	-	4,464,446
Total – CDBG – Entitlement Grants Cluster			2,685,960	11,215,561
Passed Through:				
NYS Office of Temporary & Disability Assistance:				
Shelter Plus Care	14.238	18000	60,468	60,468
Total – U.S. Department of Housing and Urban Development			4,768,822	14,399,255

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal/ Pass-Through Grantor's Number	2010 Amount Provided to Subrecipients	2010 Expenditures
U.S. Department of the Interior				
Passed Through:				
NYS Environmental Facilities Corporation:				
Clean Vessel Act	15.616	N/A	\$ -	\$ 3,159
Total – U.S. Department of the Interior			-	3,159
U.S. Department of Justice				
Direct Programs:				
Federal Forfeiture and Joint Operation Task Force Funds:				
Federal Forfeiture Funds (Police)	16.000	N/A	-	1,165,890
Federal Forfeiture Funds (District Attorney)	16.000	N/A	-	781,430
Federal Forfeiture Funds (Sheriff)	16.000	N/A	-	227,250
Federal Forfeiture Funds (Probation)	16.000	N/A	-	2,271
FBI/Joint Terrorism Task Force 2010	N/A	N/A	-	11,580
FBI/Joint Terrorism Task Force 2011	N/A	N/A	-	4,243
Long Island Joint Firearms Task Force 2010	N/A	10-NY-103-AFF	-	19,845
Organized Crime Drug Enforcement Task Force – 2010	N/A	NYE-610	-	469
DEA Task Force 2010	N/A	N/A	-	43,404
DEA Task Force 2011	N/A	N/A	-	21,899
Tactical Diversion Task Force 2010	N/A	N/A	-	2,808
Tactical Diversion Task Force 2011	N/A	N/A	-	1,957
US Marshals/Regional Fugitive Task Force 2010	N/A	FATF-10-0035	-	10,591
US Marshals/Regional Fugitive Task Force 2011	N/A	FATF-11-0035	-	7,679
US Marshals/Regional Fugitive Task Force 2010	N/A	FATF-10-0034	-	4,029
US Marshals/Regional Fugitive Task Force 2011	N/A	FATF-11-0034	-	285
US Marshals/Regional Fugitive Task Force 2010	N/A	FATF-10-0028	-	14,352
US Marshals/Regional Fugitive Task Force 2011	N/A	FATF-11-0028	-	5,854
US Marshals/Regional Fugitive Task Force 2010	N/A	FATF-10-0041	-	10,996
US Marshals/Regional Fugitive Task Force 2011	N/A	FATF-11-0041	-	6,795
US Marshals/Operation SCORE	N/A	FWB2000F	-	6,623
ICE – Joint Operations Task Force – US Customs – SLOT-10	N/A	110-NY-1548	-	20,360
ICE – Joint Operations Task Force – US Customs – SLOT-11	N/A	111-NY-1548	-	20,377
		62F-NY-		
FBI/Long Island Cyber Crime Task Force 2010	N/A	C302997-LICCTF	-	3,980
		625F-NY-		
FBI/Long Island Cyber Crime Task Force 2011	N/A	C302997-LICCTF	-	3,874
		281D-NY-		
FBI/Safe Streets Task Force 2010	N/A	C285869	-	27,346
		281D-NY-		
FBI/Safe Streets Task Force 2011	N/A	C285869	-	10,998
Part E: Developing, Testing and Demonstrating Promising New Programs: Edward Byrne Memorial Earmarks -Computer Crimes Initiative & ID Theft				
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program:	16.541	DD-BX-K081	-	205,112
852-COPS	16.580	DD-BX-0376	-	30,384
SMART 2007 – Sex Offender	16.580	DD-BX-0057	-	67,392
Human Trafficking Task Force Supplemental	16.580	VT-BX-0009	-	97,550
Elder Abuse	16.580	DD-BX-0458	-	72,276
Grants to Encourage Arrest Policies and Enforcement of Protection Orders- Suffolk County Orders of Protection Enforcement	16.590	WEAX0016	108,112	326,721
Public Safety Partnership and Community Policing Grant:				
COPS 2004 Technology	16.710	CKWX0130	-	92,603
COPS 09 Child Sexual Predator Program	16.710	2009CSWX0018	2,705	271,074
COPS MORE 98	16.710	98CLWX0208	-	279,820

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal/ Pass-Through Grantor's Number	2010 Amount Provided to Subrecipients	2010 Expenditures
U.S. Department of Justice (continued)				
Direct Programs (continued):				
Edward Byrne Memorial Justice Assistance Grant Program:				
JAG- Criminal Justice System Improvement Project 2006	16.738	DJ-BX-0768	\$ -	\$ 63,376
JAG- Criminal Justice System Improvement Project 2007	16.738	DJ-BX-0765	-	33,785
JAG- Criminal Justice System Improvement Project 2008	16.738	DJ-BX-0316	-	3,750
JAG- Jail Data Management System Improvement Project	16.738	DJ-BX-0768	-	8,910
JAG- Jail Reentry Program	16.738	DJ-BX-0765	-	12,996
Edward Byrne JAG 09	16.738	DJ-BX-0405	-	157,647
Forensic Casework DNA Backlog Reduction Program:				
DNA Forensic Backlog Reduction 2008	16.743	DN-BX-K094	-	219,535
DNA Forensic Backlog Reduction 2009	16.743	DN-BX-K072	-	153,124
Congressionally Recommended Awards				
Illegal Firearms Prevention Program	16.753	D1-BX-0149	-	87,482
Total U.S. Department of Justice Direct Programs			110,817	4,620,722
Passed Through:				
NYS Division of Criminal Justice:				
Juvenile Accountability Block Grants:				
Juvenile Accountability Incentive 2010	16.523	JB08612012	-	45,393
National Institute of Justice Research, Evaluation and Development Project:				
Paul Coverdale Forensic Science Crime Lab 2010	16.560	C-108148	-	21,438
Paul Coverdale NFSI – Tox Lab Improvement 2008	16.560	N/A	-	322
Paul Coverdale NFSI – Tox Lab Improvement 2009	16.560	N/A	-	35,663
Edward Byrne Memorial Justice Assistance Grant Program:				
Byrne JAG Bellport Task Force	16.738	BJ08632018	-	100,000
2nd Pct Community Support 2009	16.738	BJ08632019	-	25,095
Violence Against Women Formula Grant – STOP Violence Against Women 2008	16.588	VW09543644	112,772	121,586
ARRA- Violence Against Women Formula Grant:				
ARRA- STOP Violence Against Women	16.588	VR09652032	-	120,781
ARRA- STOP Violence Against Women	16.588	VR09852033	-	7,723
Edward Byrne Memorial Justice Assistance Grant Program-Legal				
Aid Society Sex Offender Program 2010	16.738	BJ09632105	-	85,600
Byrne JAG Targeted Enterprise Initiative	16.738	BJ09632173	-	50,000
ARRA Edward Byrne Memorial Justice Assistance Grant:				
ARRA – (JAG) Program – Rockefeller Drug Law Reform Program				
ARRA – Byrne JAG Recovery Act 09	16.803	C523143	-	144,699
ARRA – Byrne JAG Recovery Act 09	16.804	SB-B9-0782	-	173,151
ARRA – Byrne JAG Recovery Act 09	16.804	SB-B9-0782	-	453,020
Office of Juvenile Justice & Delinquency Prevention:				
Community Capacity Development Office:				
Wyandanch Weed and Seed IV	16.595	WSQX02090086	-	20,427
Wyandanch Weed and Seed II	16.595	WSQX0209	-	5,514
State Criminal Alien Assistance Program – Incarceration of Illegal Aliens				
	16.606	APBX1112	-	2,176,899

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal/Pass-Through Grantor's Number	2010 Amount Provided to Subrecipients	2010 Expenditures
U.S. Department of Justice (continued)				
Passed Through (continued):				
NYS Unified Court System:				
Comprehensive Approaches to Sex Offender Management Grant – Sex Offense Court & Offender Management	16.203	2006-WP-BX-0006	\$ –	\$ 2,500
L.I. Drug Enforcement Administration:				
Federal Forfeiture and Joint Operation Task Force Funds – L.I. DEA/LI Task Force 2010	16.000	N/A	–	61,787
DEA/LI Task Force 2011	16.000	N/A	–	20,262
New York State Police:				
ARRA- Computer Crimes- Internet Crimes against Children Task Force Program (ICAC)	16.800	SM-B9-K023	–	11,101
Total – U.S. Department of Justice			223,589	8,303,683
U.S. Department of Labor				
Direct Program:				
Homeless Veterans Reintegration Project – Veterans Stand Down	17.805	N/A	–	6,565
Passed Through:				
NYS Department of Labor:				
Trade Adjustment Assistance	17.245	N/A	–	39,270
Work Incentive Grants – Disability Program Navigator	17.266	N/A	32,566	54,550
WIA Cluster				
NYS Department of Labor:				
Workforce Investment Act:				
WIA – Adult Program	17.258	N/A	–	1,816,623
WIA – Adult Program – Admin	17.258	N/A	–	282,830
WIA – Adult Program- Statewide Activities Incentive Grant	17.258	N/A	–	103,117
ARRA – WIA – Adult Program	17.258	AA-17139-08-55-A-36	–	363,657
ARRA – WIA – Adult Program – Admin	17.258	AA-17139-08-55-A-36	–	32,359
WIA – Youth Activities	17.259	N/A	–	1,578,076
WIA – Youth Activities- Admin	17.259	N/A	–	239,803
ARRA – WIA – Youth Activities	17.259	AA-17139-08-55-A-36	–	449,556
ARRA -WIA – Youth Activities- Admin	17.259	AA-17139-08-55-A-36	–	40,002
WIA – Dislocated Worker	17.260	N/A	–	1,768,988
WIA – Dislocated Worker- Admin	17.260	N/A	–	221,942
ARRA – WIA – Dislocated Worker	17.260	AA-17139-08-55-A-36	–	516,568
ARRA – WIA – Dislocated Worker – Admin	17.260	AA-17139-08-55-A-36	–	45,965
ARRA – WIA – Dislocated Worker Supplemental	17.260	AA-17139-08-55-A-36	–	469,850
WIA – Dislocated Worker	17.278	N/A	–	744,459
WIA – Dislocated Worker-Admin	17.278	N/A	–	168,040
WIA Dislocated Worker Work Incentive Grants – 25% Match Disability Program Navigator	17.278	N/A	–	2,729
Total – WIA Cluster			–	8,844,564
Total – U.S. Department of Labor			32,566	8,944,949

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal/Pass-Through Grantor's Number	2010 Amount Provided to Subrecipients	2010 Expenditures
U.S. Department of Transportation				
Direct Program:				
Federal Transit Cluster:				
Federal Transit Capital Investment Grants	20.500	N/A	\$ -	\$ 98,236
Federal Transit Formula Grants – Operating Assistance	20.507	N/A	-	2,722,123
Federal Transit Formula Grants – Operating Assistance (Formula Grants)	20.507	N/A	-	12,913,830
ARRA – Federal Transit Formula Grants – Operating Assistance (Bus)	20.507	N/A	-	9,458,565
Total – Federal Transit Cluster			-	25,192,754
Passed Through:				
NYS Aviation Division:				
Airport Improvement Program				
Phase II	20.106	N/A	-	4,384,688
Phase III	20.106	N/A	-	2,244,364
NYS Department of Transportation:				
Federal Metropolitan Transportation Planning	20.505	D000646	-	56,736
Highway Planning and Construction Cluster:				
Highway Planning and Construction:				
Reconstruction of Black Duck Lodge	20.205	D009888	-	107,622
Highway Planning and Construction	20.205	Various	-	32,488,684
ARRA – Highway Planning and Construction	20.205	Various	-	27,537,740
Sub Regional Transportation Planning	20.205	D000646	-	127,651
LIE/HOV Express Bus Demo Project	20.205	C005011	-	555,017
LIE HOV Lane Enforcement Program	20.205	N/A	-	738,382
Recreational Trails Program	20.219	N/A	-	10,885
Total – Highway Planning and Construction Cluster			-	61,565,981
Highway Safety Cluster:				
State and Community Highway Safety – NYS Governor's Traffic Safety Committee:				
Motorcycle Safety Enforcement 2010	20.600	MC-5200641	-	29,261
S.T.O.P.P.E.D Traffic Safety Initiative	20.600	SO-00013-(052)	-	12,443
Selective Traffic Enforcement Program STEP 2010	20.600	SCPD00202-(52)	-	110,570
Selective Traffic Enforcement Program STEP 2010	20.600	SO-00033-(052)	-	34,000
Occupant Protection:				
Child Passenger Safety	20.602	SO-00024-(052)	-	12,433
Safety Incentive Grants for Use of Seatbelts:				
Buckle Up New York 2010		SCPD00452-(052)	-	56,295
Buckle Up New York 2010	20.604	SO-00031-(052)	-	9,293
Buckle Up New York 2011		SCPD00298-(052)	-	48,579
Buckle Up New York 2011	20.604	N/A	-	2,478
Total – Highway Safety Cluster			-	315,352
Total – U.S. Department of Transportation			-	93,759,875
U.S. Department of Treasury				
Direct Programs:				
Federal Forfeiture and Enhanced Prosecution Funds:				
Federal Forfeiture Funds (Police)	21.000	N/A	-	902,675
Federal Forfeiture Funds (District Attorney)	21.000	N/A	-	142,507
Federal Forfeiture Funds (Sheriff)	21.000	N/A	-	85,126
EL Dorado – Joint Terrorism Task Force 2009-2010	N/A	N/A	-	27,993
Suffolk Treasury Enhanced Prosecution Program 2010	N/A	N/A	-	59,276
Suffolk Treasury Enhanced Prosecution Program 2011	N/A	N/A	-	21,697
Total – U.S. Department of Treasury			-	1,239,274

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal/Pass-Through Grantor's Number	2010 Amount Provided to Subrecipients	2010 Expenditures
U.S. Environmental Protection Agency				
Direct Programs:				
National Estuary Program FY 03	66.456	CE992002-11	\$ 64,523	\$ 65,671
National Estuary Program FY 04	66.456	CE992002-12	59,261	65,140
National Estuary Program FY 06	66.456	CE992002-14	–	32,560
National Estuary Program FY 07	66.456	CE992002-15	–	93,234
National Estuary Program FY 08	66.456	CE992002-16	–	38,763
National Estuary Program FY 09	66.456	CE992002-17	15,895	138,377
Passed Through:				
NYS Department of Environmental Conservation:				
Water Quality Management Planning 2009	66.454	C006137	–	14,571
Water Quality Management Planning 2010	66.454	C006137	–	94,040
NYS Department of Health: Beach Monitoring and Notification				
Beach Monitoring 2009	66.472	C021903	–	59,757
Beach Monitoring 2010	66.472	C024972	–	45,971
Bathing Beach Water Sanitary Survey	66.472	C026222	24,985	60,418
Total – U.S. Environmental Protection Agency			164,664	708,502
U.S. Department of Energy				
Direct Program:				
ARRA – Energy & Efficiency Conservation Block Grant	81.128	N/A	–	308,510
Total – U.S. Department of Energy			–	308,510
U.S. Department of Education				
Passed Through:				
NYS Department of Health – Special Education – Grants for Infants and Families:				
Child Find 2009	84.181	C021824	–	271,094
Child Find 2010	84.181	C021824	–	98,732
Early Intervention Admin 2009	84.181	C021824	–	571,000
Early Intervention Admin 2010	84.181	C021824	–	201,496
NYS Dept of Education:				
ARRA – State Fiscal Stabilization Fund- Education of Handicapped Children	84.397	N/A	–	40,927,460
Total – U.S. Department of Education			–	42,069,782
U.S. Department of Health and Human Services				
Direct Programs:				
US Center for Disease Control and Prevention- Investigations and Technical Assistance-Healthy Futures	93.283	2010-041903	–	1,083
Grants to Provide Outpatient Early Invention Services for HIV Disease:				
Ryan White Title III – HIV Early Intervention	93.918	2H76HA3620	230,403	410,653
Passed Through:				
NYS Office for the Aging:				
Long Term Care Ombudsman Services for Older Individuals (Title VII)	93.042	N/A	63,053	63,053
Disease Prevention and Health Promotion Services (Title IIID)	93.043	N/A	29,717	29,717
National Family Caregiver Support – Care Giver Training (Title IIIE)	93.052	N/A	110,332	576,152
Medicare Enrollment Assistance Program- Improvements for Patients & Providers Act (MIPPA)	93.071	N/A	–	17,615
Low Energy Home Energy Assistance – Weatherization Referral and Packaging Pilot (WRAP)	93.568	N/A	164,639	247,651
Centers for Medicare and Medicaid Services – Health Insurance Information and Counseling Assistance (HIICAP)	93.779	N/A	–	43,042

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal/ Pass-Through Grantor's Number	2010 Amount Provided to Subrecipients	2010 Expenditures
U.S. Department of Health and Human Services (continued)				
Passed Through (continued):				
NYS Office of the Aging (continued)				
Aging Cluster:				
Grants for Supportive Services and Senior Centers (Title IIIB)	93.044	N/A	\$ 545,328	\$ 1,188,736
Nutritional Services for the Elderly , Part C-1 (Title IIIC-1)	93.045	N/A	1,221,751	1,426,291
Nutritional Services for the Elderly, Part C-2 (Title IIIC-2)	93.045	N/A	676,633	801,358
HHS Nutrition Services Incentive Program (NSIP)	93.053	N/A	368,219	382,943
Total – Aging Cluster			2,811,931	3,799,328
HIV Cluster – Nassau-Suffolk Health Systems Agency:				
HIV Emergency Relief Project Grants:				
Ryan White Title I AIDS Dentistry Grants 2009	93.914	UW8072	–	148,549
Ryan White Title I AIDS Dentistry Grants 2010	93.914	UW10072	7,200	55,190
Ryan White HIV PreRelease Services to Inmates 2009	93.914	UW9726	10,574	16,719
Ryan White HIV PreRelease Services to Inmates 2010	93.914	UW10726	40,624	69,063
Ryan White Part A , Minority Aids Initiative 2009	93.914	9MA17	14,173	32,082
Ryan White Part A , Minority Aids Initiative 2010	93.914	10MA17	7,406	19,952
Total – HIV Cluster			79,977	341,555
NYS Department of Health – Family and Local Health:				
Mammography Inspection 2009	N/A	C022070	–	31,604
Mammography Inspection 2010	N/A	C022070	–	14,519
Childhood Lead Poisoning Prevention 2009	93.197	C021149	–	50,477
Childhood Lead Poisoning Prevention 2010	93.197	C021149	–	104,092
Childhood Lead Poisoning Prevention 2011	93.197	C026539	–	34,035
Medical Assistance Program:				
Community Health Worker Program 2009-2010	93.778	C021380	133,855	133,855
Community Health Worker Program 2010-2011	93.778	C021380	40,804	40,804
Maternal and Child Health Services Block Grant:				
Children with Special Health Care Needs 2009 – 2010	93.994	C024645	–	50,042
Children with Special Health Care Needs 2010 – 2011	93.994	C024645	–	25,768
School Based Health Care Needs 2009	93.994	C022481	2,520	29,379
School Based Health Care Needs 2010	93.994	C022481	103,601	103,601
NYS Department of Health – Communicable Disease Control:				
Project Grants and Cooperative Agreements for Tuberculosis Control Immunization Grants:				
Immunization Action Plan	93.268	C023273	–	223,602
Immunization Action Plan 2009-2010	93.268	C023273	–	62,914
ARRA- Immunization Program Plan 09-11	93.712	C025306	–	78,942
Refugee and Entrant Assistance – Refugee Health Assessment	93.566	C020287	–	2,868
Refugee and Entrant Assistance – Refugee Health Assessment	93.566	C026125	–	3,687
Preventative Health and Health Services Block Grant:				
Linkage of Migrant Health Services 2009	93.991	C023005	–	13,989
Linkage of Migrant Health Services 2010	93.991	C023005	–	29,453
NYS Department of Health – Reproductive Health:				
Family Planning Services:				
Reproductive Health Program-Family Planning	93.217	C019953	–	1,365,970
NYS Department of Health				
Public Health Emergency Prep-NRI-H1N1 Phase 1,2,3, Bioterrorism	93.069	1618-08	1,700	2,068,692

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal/ Pass-Through Grantor's Number	2010 Amount Provided to Subrecipients	2010 Expenditures
U.S. Department of Health and Human Services (continued)				
Passed Through (continued):				
NYS Department of Health – Health Research Inc.:				
HIV Care Formula Grants:				
Ryan White Title II – HIV Primary Care 2010	93.917	C-2237-06	\$ 52,077	\$ 108,836
NYS Department of Health – Health Research Inc.:				
Epidemiologic Research Studies of AIDS and HIV Infection in Selected Populations:				
CDC Expanded HIV Testing for Disproportionately Affected Populations	93.943	4135-01	11,526	26,874
CDC HIV Primary Care & Prevention Services	93.943	4049-01	17,743	49,850
NYS Department of Health:				
Alcoholism & Substance Abuse Services:				
Medical Assistance Program				
Medical Assistance Program – Federal Medicaid Salary Sharing	93.778	N/A	–	209,388
Block Grants for Prevention and Treatment of Substance Abuse:				
Halfway House (Community Residential)	93.959	N/A	847,168	846,994
Crisis Center (Medically Monitored)	93.959	N/A	1,431,868	1,431,868
Medically Supervised Outpatient	93.959	N/A	2,155,797	1,617,847
Non-Medically Supervised Outpatient	93.959	N/A	–	362,073
Vocational Rehabilitation Services	93.959	N/A	35,817	71,038
Methadone Maintenance Outpatient	93.959	N/A	–	467,942
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
Spa Housing	93.150	N/A	10,000	10,000
Medical Assistance Program:				
Medical Assistance Program – Federal Medicaid Salary Sharing	93.778	N/A	–	276,002
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	8,191	8,219
Mentally Ill Chemical Abusers- Integrated Projects	93.958	N/A	378,389	378,389
HBCL- C&F CMHS	93.958	N/A	225,000	225,000
Adult Clinical Infrastructure – SPOE- CMHS	93.958	N/A	359,760	461,761
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
CSS Transportation Adult CMHS	93.958	N/A	–	65,000
NYS Department of Health – Medicaid Management:				
Medical Assistance Program- Title XIX	93.778	18000	–	28,153,820
ARRA – Medical Assistance FMAP-Title XIX	93.778	18000	–	7,671,126
NYS Office of Children and Family Services:				
Foster Care Title IV E	93.658	18000	–	21,580,649
ARRA – Foster Care Title IV E	93.658	18000	–	410,986
Adoption Assistance Title IV E	93.659	18000	–	4,649,686
ARRA – Adoption Assistance Title IV E	93.659	18000	–	634,366
Social Services Block Grant	93.667	18000	2,582,096	10,849,986
Chafee Foster Care Independent Living	93.674	18000	277,396	278,395
CCDF Cluster				
Child Care and Development Block Grant	93.575	18000	937,388	30,141,750
ARRA – Child Care and Development Block Grant	93.713	18000	–	2,662,685
Total – CCDF Cluster			937,388	32,804,435

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal/ Pass-Through Grantor's Number	2010 Amount Provided to Subrecipients	2010 Expenditures
U.S. Department of Health and Human Services (continued)				
Passed Through (continued):				
NYS Office of Temporary and Disability Assistance:				
Temporary Assistance for Needy Families – TANF	93.558	18000	\$ 387,816	\$ 48,048,557
ARRA – ECF for TANF-Back to School	93.714	18000	–	66,140
ARRA – ECF for TANF-Transitional Jobs	93.714	18000	–	333,047
Total TANF Cluster			387,816	48,447,744
Child Support Enforcement Title IV D	93.563	18000	–	10,288,903
ARRA – Child Support Enforcement Title IV D	93.563	18000	137,980	410,674
Low Income Home Energy Assistance (Note 4)	93.568	18000	–	23,162,957
Passed Through NYS Board of Elections:				
Voting Access for Individuals w/ Disabilities	93.617	T002814/C002631	–	510,031
Total – U.S. Department of Health and Human Services			14,344,964	207,185,401
U.S. Election Assistance Commission				
Passed Through NYS Board of Elections:				
Help America Vote Act Requirements – Voter Education/Poll Worker Training	90.401	N/A	–	284,664
Help America Vote Act Requirement Payments (Note 3) Non-Monetary Assistance	90.401		–	10,549,965
Total – U.S. Election Assistance Commission			–	10,834,629
U.S. Department of Social Security Administration				
Direct Program:				
Supplemental Security Income – Social Security Administration Incentive Program	96.006	NY0170	–	75,400
Total – U.S. Department of Social Security Administration			–	75,400
U.S. Department of Homeland Security				
Direct Programs:				
TSA Vehicle Screening Program	N/A	HST02-09-A- MLS268	–	2,907
Federal Emergency Management Agency (FEMA):				
Staffing for Adequate Fire & Emergency Response (SAFER)	97.083	EMW-2009-FF- 00543	–	59,705
Disaster Relief-Severe Storms & Floods	N/A	FEMA-Storm #DR- 1899-NY	–	187,013
Disaster Relief-Severe Storms & Floods	N/A	FEMA-Storm #DR- 1899-NY	–	131,384
Disaster Relief-Severe Storms & Floods	N/A	FEMA-Storm #DR- 1899-NY	–	9,586
Disaster Relief-Severe Storms & Floods	N/A	FEMA-Storm #DR- 1869-NY	–	5,219
Coastline Protection & Hazardous Mitigation	N/A	FEMA 1692 DR NY PW	–	323,261
November 2009 Storm Damage Meschutt Beach	N/A	FEMA 1869-DR- NY-PW16	–	6,493
Disaster Relief Severe Storm & Floods Golf Course Netting March 2010 Storm	N/A	FEMA 1869-DR- NY-PW510	–	3,457
Port Security Research and Development Grant:				
Port Security 2007	97.056	GB-T7-004	–	720,222
Port Security 2008	97.056	GB-T8-0051	–	146,312

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal/ Pass-Through Grantor's Number	2010 Amount Provided to Subrecipients	2010 Expenditures
U.S. Department of Homeland Security (continued)				
Passed Through:				
NY State Division of Military and Naval Affairs:				
Hazard Mitigation Grants:				
Emergency Management Performance Grants:				
Emergency Preparedness 2010	97.042	N/A	\$ -	\$ 456,131
Emergency Preparedness 2011	97.042	N/A	-	137,346
NYS Emergency Management Office:				
Pre-Disaster Mitigation 2005	97.047	PDMCPL02016	-	324
Citizens Corp Council 2007	97.053	N/A	3,450	17,857
Citizens Corp Council 2009	97.053		-	17,328
Disaster Relief-Severe Storms & Floods	N/A	FEMA-Storm #DR-1869-NY	-	7,293
NYS Office of Homeland Security:				
Interoperable Emergency Communications 2009	97.001	WM09884295	-	186,580
Interoperable Emergency Communications 2009	97.001	WM09152895	-	1,381
Homeland Security Grant Program:				
Urban Area Security Initiative 2007 (UASI)	97.067	WM07834073	22,840	241,267
Urban Area Security Initiative 2008 (UASI)	97.067	WM08834083	1,183	1,328,308
Urban Area Security Initiative 2009 (UASI)	97.067	WM09834093	-	334,841
State Homeland Security Planning 2006 (SHSP)	97.067	WM06834060	-	82,742
State Homeland Security Planning 2007 (SHSP)	97.067	WM07834070	-	222,082
State Homeland Security Planning 2008 (SHSP)	97.067	WM08834080	-	268,871
State Homeland Security Planning 2008 (SHSP)	97.067	SH08-1068-E00	-	197,344
State Homeland Security Planning 2008 (SHSP)- Bomb Initiative	97.067	WM08834081	-	15,561
State Homeland Security Planning 2009 (SHSP)	97.067	WM09834090	-	4,305
State Homeland Security Planning – State Law Enforcement Terrorism Prevention Program 2008 (SLETPP)	97.067	WM08834082	-	96,487
Law Enforcement Terrorism Prevention 2007	97.067	WM07834072	-	33,999
Law Enforcement Terrorism Prevention 2007- Bomb Squad Operation Shield 09	97.067	WM07834071	-	60,295
Operation Shield 10	97.067	WM07884272	-	15,665
Operation Shield 10	97.067		41,672	50,753
State Homeland Security Program- Urban Area Security Initiative 2006 (UASI)	97.073	WM06834063	-	13,936
Law Enforcement Terrorism Prevention 2006	97.074	WM06834062	-	38,565
Buffer Zone Protection Program 2006 (BZZP)	97.078	WM05152866	-	52,838
Buffer Zone Protection Program 2007 (BZZP)	97.078	WM07152876	-	18,975
New York City Police Department Securing the Cities 08	97.106	N/A	-	264,086
Total – U.S. Department of Homeland Security			69,145	5,760,719
Total – Expenditures of Federal Awards			\$ 19,764,017	\$ 425,359,243

County of Suffolk, New York

Schedule of Expenditures of State Transportation Assistance Awards

Year Ended December 31, 2010

State Grantor Program Title	State Contract # or CP#	2010 Expenditures
Suffolk County Department of Public Works		
Federal Transit Capital and Operating Assistance Formula Grants – § 5307	K006578	\$ 10,820
Federal Transit Capital and Operating Assistance Formula Grants – § 5307	K006799	346,382
Federal Transit Capital and Operating Assistance Formula Grants – § 5307	NY-03-0448-00	121,210
Federal Transit Capital and Operating Assistance Formula Grants – § 5307	NY-90-X456-00	8,019
Federal Transit Capital and Operating Assistance Formula Grants – § 5307	NY-90-X558-00	891,070
Federal Transit Capital and Operating Assistance Formula Grants – § 5307	NY90-X602-00	761,308
		<hr/> 2,138,809
State Transportation Operating Assistance (STOA)	STOA	20,708,299
LIE/HOV Express Bus Demo Project	C005011	138,754
		<hr/> 20,847,053
CHIPS – Consolidated Street & Highway Improvement Program		5,607,458
NYS Department of Transportation: Highway Planning & Construction		
Closed Loop Traffic Signal System	D013802	80,692
Reconstruct CR67 Bridge	D011517	666,862
Reconstruct CR 67	D011635	35,978
Reconstruct CR16	D010688	2,623,291
Reconstruct CR80	D010664	1,224,400
Reconstruct CR57	D010856	44,480
Reconstruct CR83 Bridge	D015012	56,943
		<hr/> 4,732,646
Suffolk County Economic Development- Airport		
NYS Aviation Division: Airport Improvement Project		
Rehab Runway 6-24 Phase II	K007029	115,387
Rehab Runway 6-24 Phase III	K007029	59,062
		<hr/> 174,449
Noise Berm	K006883	223
SCPD Helicopter Hanger	K006987	750,000
Suffolk County Sheriff's Department		
LIE HOV Lane Enforcement Program	C-032055	184,596
Total – Expenditures of State Awards		<hr/> <hr/> \$ 34,435,234

Suffolk County, New York

Notes to Schedules of Expenditures of Federal and State Transportation Assistance Awards

Year Ended December 31, 2010

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 Program

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

During the year ended December 31, 2010, the County distributed \$14,863,802 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).

During the year ended December 31, 2010, the County received \$10,549,965 of voting machine equipment from the U.S. Election Assistance Commission, which passed through the NYS Board of Elections under the Help America Vote program (CFDA #90.401).

Suffolk County, New York

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

4. Low-Income Home Energy Assistance Program

The Low-Income Home Energy Assistance Program (HEAP) total includes \$20,890,456 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.

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, 2010 and have issued our report thereon dated June 23, 2011. 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, the Suffolk County Economic Development Corporation, the 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 performed under *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

June 23, 2011

Report on Compliance with Requirements That Could Have a Direct and Material Effect on 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 could have a direct and material effect on each of the County’s major federal and state transportation assistance programs for the year ended December 31, 2010. 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 \$44,921,338 in federal awards which is not included in the schedule during the year ended December 31, 2010. 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; 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 could have a direct and material effect on each of its major federal and state transportation assistance programs for the year ended December 31, 2010.

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.

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

September 21, 2011

Suffolk County, New York

Schedule of Findings and Questioned Costs

Year Ended December 31, 2010

Part I – Summary of Auditor’s Results

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

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 (continued)

Year Ended December 31, 2010

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

Federal Awards Section (continued)

Identification of major programs:

CFDA No./ Grant No.	Funding Source	Program
10.561	U.S. Department of Agriculture	SNAP Cluster
14.218, 14.253	U.S. Department of Housing and Urban Development	CDBG – Entitlement Grants Cluster
14.257	U.S. Department of Housing and Urban Development	ARRA- Homelessness Prevention Grant and Rapid Re-Housing
16.000	U.S. Department of Justice	Federal Forfeiture and Joint Operation Task Force Funds
17.258, 17.259, 17.260, 17.278	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
20.106	U.S. Department of Transportation	Airport Improvement Program
21.000	U.S. Department of the Treasury	Federal Forfeiture and Enhanced Prosecution Funds
81.128	U.S. Department of Energy	ARRA- Energy Efficiency and Conservation Block Grant
84.397	U.S. Department of Education	ARRA- State Fiscal Stabilization Fund
93.558, 93.714	U.S. Department of Health and Human Services	TANF Cluster
93.568	U.S. Department of Health and Human Services	Low-Income Home Energy Assistance
93.778	U.S. Department of Health and Human Services	Medical Assistance Program
93.667	U.S. Department of Health and Human Services	Social Services Block Grant
Dollar threshold used to distinguish between Type A and Type B programs:		\$3,000,000
Auditee qualified as low-risk auditee?		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> <input type="checkbox"/> No

Suffolk County, New York

Schedule of Findings and Questioned Costs

Year Ended December 31, 2010

Part I – Summary of Auditor’s Results (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

State Program Numbers	Name of State Program or Cluster
STOA	State Transportation Operating Assistance
N/A	Consolidated Street & Highway Improvement Program
D010688	Reconstruct CR16
D010664	Reconstruct CR80
K006987	SCPD Helicopter Hanger

Dollar threshold used to determine Type A programs: _____ \$1,033,057

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

Suffolk County, New York

Schedule of Findings and Questioned Costs (continued)

Year Ended December 31, 2010

Part II –Financial Statement Findings

No findings noted required to be reported.

Suffolk County, New York

Schedule of Findings and Questioned Costs (continued)

Year Ended December 31, 2010

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

No findings noted required to be reported.

Suffolk County, New York

Summary Schedule of Prior Audit Findings

Year Ended December 31, 2009

Federal Award Findings

Reference Number	Program CFDA Number and Name	Summary of Finding	Status
2009-01	CFDA 93.558 and 93.714 – TANF Cluster	Special Tests and Provisions – The County had not utilized the appropriate CFDA number for the ARRA component of the TANF cluster.	Corrected
2009-02	CFDA 14.218 – Community Development Block Grants/Entitlement Grants	Reporting – The County had not utilized the appropriate CFDA for Neighborhood Stabilization Program component of this program.	Corrected

State Transportation Award Findings

There were no findings required to be reported.

Suffolk County, New York

Summary Schedule of Prior Audit Findings (continued)

Year Ended December 31, 2008

There were no findings required to be reported.