

POPULAR ANNUAL FINANCIAL REPORT



County of Suffolk, New York

For the year ended
December 31, 2011

Suffolk County, New York
Popular Annual Financial Report
For the Fiscal Year Ended December 31, 2011

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Additional copies of this report and Suffolk County's Comprehensive Annual Financial Report (CAFR) may be obtained by contacting:

Suffolk County Office of the Comptroller
H. Lee Dennison Building
100 Veterans Memorial Highway
P.O. Box 6100
Hauppauge, NY 11788-0099
(631) 853-5040

In addition, the PAFR and CAFR are made available on the Suffolk County Comptroller's website by visiting <http://suffolkcountyny.gov/departments/comptroller.aspx>



Joseph Sawicki, Jr.

County Comptroller



June 26, 2012

The Citizens of the County of Suffolk:

The County of Suffolk is pleased to present the Suffolk County Popular Annual Financial Report (PAFR) for the fiscal year ended December 31, 2011. This report provides a brief analysis of where County revenues come from and where those dollars are spent, as well as an overview of the County's demographics.

Most of the information in this report has been taken from the 2011 Suffolk County Comprehensive Annual Financial Report (CAFR). The CAFR is comprised of 188 pages of detailed financial statements, notes, schedules, and reports. The CAFR was prepared in conformance with Generally Accepted Accounting Principles (GAAP) and was audited by the accounting firm of Ernst & Young LLP, and received an unqualified opinion. An unqualified opinion is given when an auditor can state that the financial statements are materially correct. The PAFR is unaudited and presented on a GAAP basis. This is a summarized report that presents selected statistical and primary government information. Reported within the primary government are the County's general fund, forty-eight special revenue funds which are used to report the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes, three capital funds which are used to report financial resources that are restricted to expenditures for capital outlays, and five enterprise funds. This report does not include the County's discretely presented component units, legally separate entities that the County is considered to be financially accountable for, and fiduciary funds information.

Suffolk County has received the Certificate of Achievement for Excellence in Financial Reporting for its CAFR for the 28th consecutive year from the Government Finance Officers Association (GFOA) of the United States and Canada. This is the highest award for excellence in governmental accounting. The 2011 CAFR has been submitted to the GFOA for evaluation for the 29th Certificate of Achievement.

With all of the financial and statistical information available, it is often difficult to determine what information is important and how to use this information. The Popular Annual Financial Report of Suffolk County provides to the public the County's significant financial and economic activities presented in an easy to read overview. I hope that you will find this report both useful and informative.

Sincerely,

Joseph Sawicki, Jr.
County Comptroller

The Government Finance Officers Association

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to Suffolk County, New York for its Popular Annual Financial Report for the fiscal year ended December 31, 2010. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report (PAFR), whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting our 2011 PAFR to GFOA.

Award for Outstanding Achievement in Popular Annual Financial Reporting

PRESENTED TO

**Suffolk County
New York**

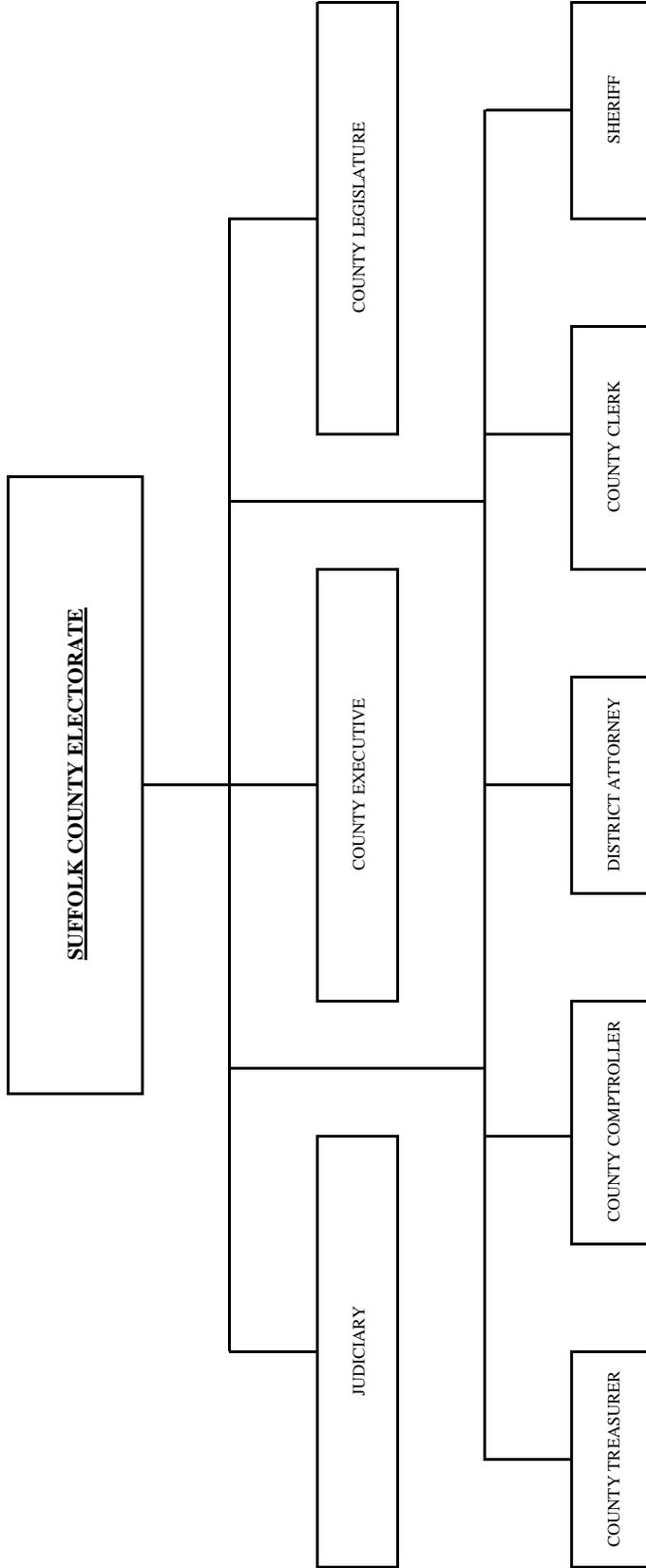
**for the Fiscal Year Ended
December 31, 2010**



Linda C. Dandson
President

Jeffrey L. Esser
Executive Director

SUFFOLK COUNTY ORGANIZATIONAL CHART



SUFFOLK COUNTY, NEW YORK

List of Principal Officials

At December 31, 2011

Suffolk County Legislature

District

1 st	Edward P. Romaine
2 nd	Jay Schneiderman
3 rd	Kate M. Browning
4 th	Tom Muratore
5 th	Vivian Vilorio-Fisher*
6 th	Sarah S. Anker
7 th	Jack Eddington
8 th	William J. Lindsay**
9 th	Ricardo Montano
10 th	Tom Cilmi
11 th	Thomas F. Barraga
12 th	John M. Kennedy, Jr.
13 th	Lynne C. Nowick
14 th	Wayne R. Horsley
15 th	DuWayne Gregory
16 th	Steven H. Stern
17 th	Louis D'Amaro
18 th	Jon Cooper

County Executive	Steve Levy
County Comptroller	Joseph Sawicki, Jr.
County Treasurer	Angie M. Carpenter
County Clerk	Judith A. Pascale
District Attorney	Thomas J. Spota
Sheriff	Vincent F. DeMarco

Notes:

* Deputy Presiding Officer

** Presiding Officer

County of Suffolk

Suffolk County was established on November 1, 1683, as one of the ten original counties of what became the State of New York. Since 1960, Suffolk County has operated under a charter form of government that provides for an executive administration of County affairs. On January 1, 1970, an 18-member County Legislature was organized, consisting of representatives elected from 18 districts of approximately equal population, based upon the most recently completed Federal Census. In 2007, a Charter Law was enacted establishing a non-partisan Reapportionment Commission to provide a fair and objective process by which future legislative districts will be reapportioned.

The County Legislature is the principal policy-making body of the County, and its members are elected to two-year terms. The County Executive, who heads the executive branch of the County, and the County Comptroller, who is the Chief Fiscal Officer of the County, are each elected to four-year terms. The County Treasurer is also elected to a four-year term and is responsible for the receipt and custody of all County funds.

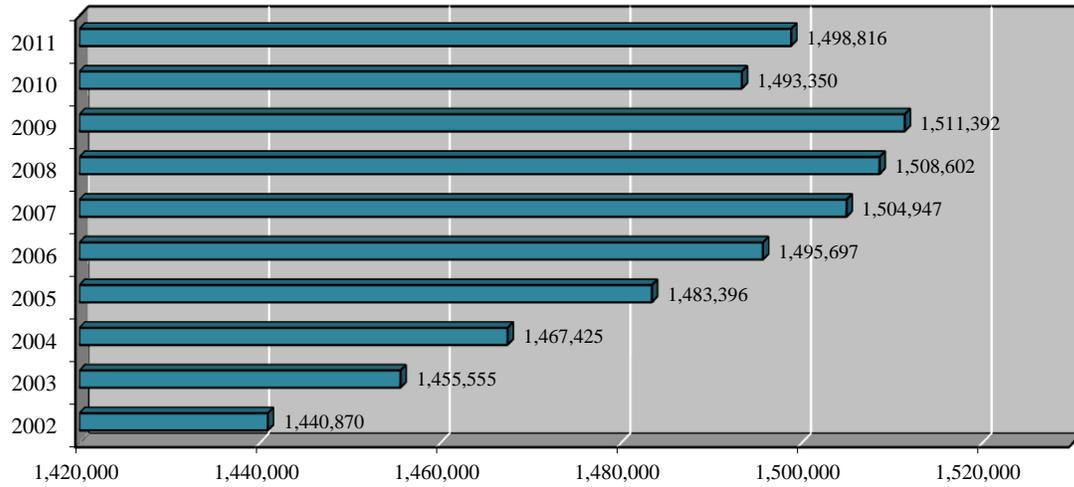
Suffolk County comprises the eastern two-thirds of Long Island and, with a 2011 population of 1,498,816, contains slightly more than one-half the population of Long Island. Suffolk County's western border is approximately 15 miles from the eastern border of the City of New York and the County is bordered by Nassau County to the west, Long Island Sound to the north and the Atlantic Ocean to the south and east. It covers an area of approximately 911 square miles of land.

Suffolk County's charter specifies that it provide certain services, including police and law enforcement, economic assistance, health and nursing services, education, home and community services, transportation and maintenance of County roads, parks and waterways. The County operates several enterprise activities, including a nursing home, airport, ballpark, health plan, and economic development.

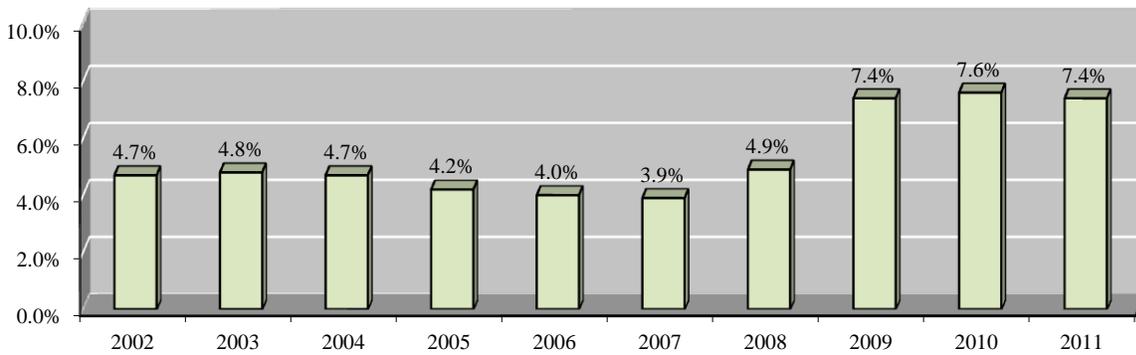


Demographics

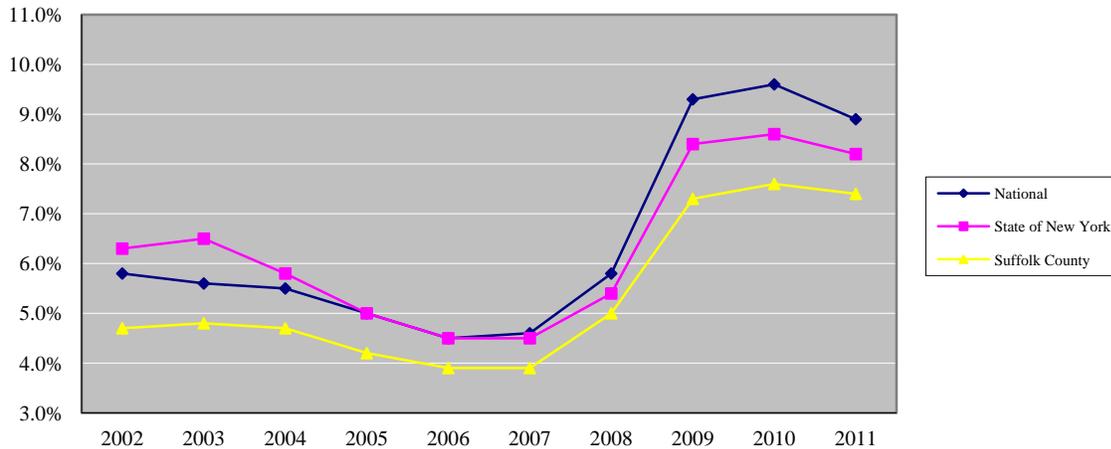
Population



Suffolk County Unemployment Rates

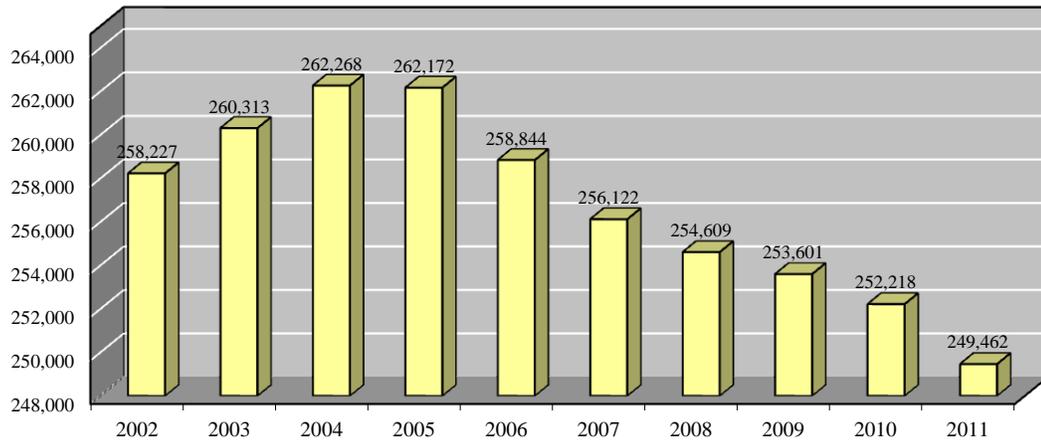


Unemployment Rate - National, State, and County

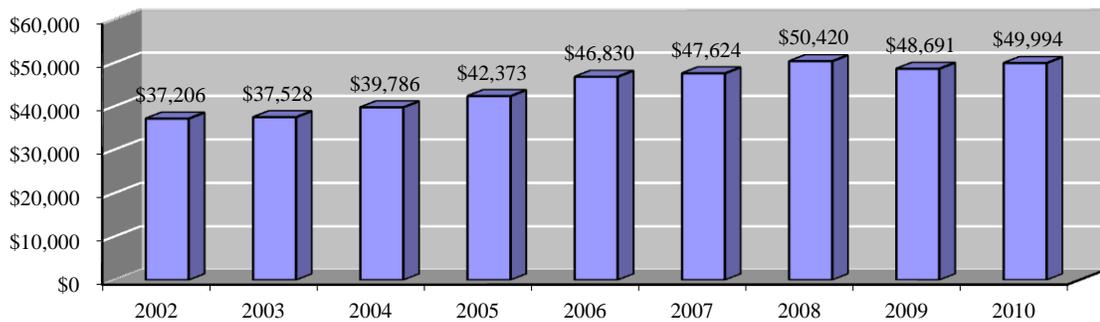


Demographics

Public School Enrollment

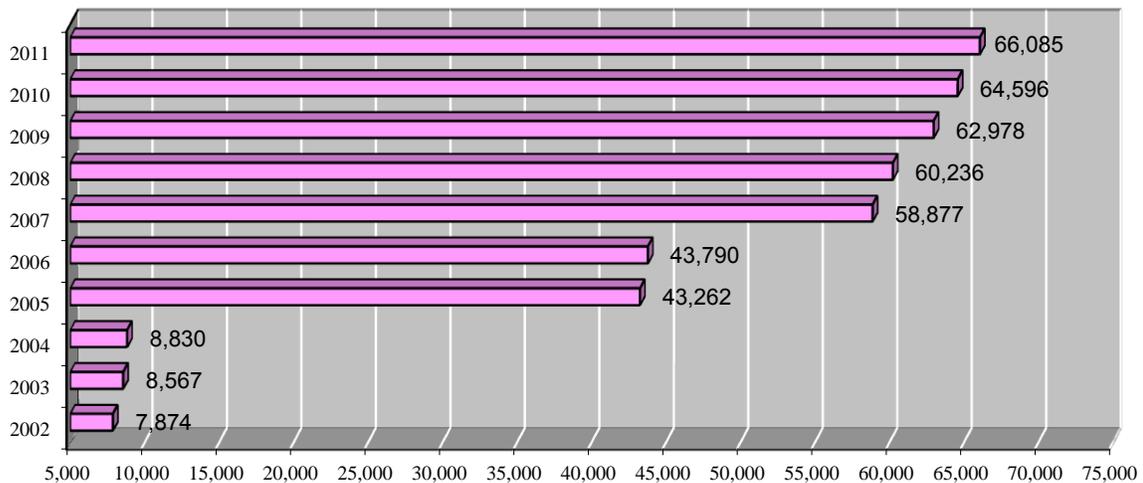


Income Per Capita



Assessed Property Values*

(in millions of dollars)



* The Town of Southampton began assessing the value of real property at full value in 2005; therefore, a significant increase in assessed value totals occurred from 2004 to 2005.

Major Initiatives

The New York State Commission of Correction has mandated the construction of a new correctional facility in Yaphank. The total cost of construction is estimated at \$239,982,770. The new facility is scheduled to open in 2012.



Land was acquired during 2011 pursuant to various land preservation and protection programs at a cost of \$52.0 million. In addition, \$5.3 million was spent for the acquisition of farmland development rights.

Major renovations are nearly complete at the County Civil Court Complex in Riverhead. The total appropriation for renovations is \$46,395,000 with total spending at \$44,939,352 through 2011. 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 nearly complete at the Hauppauge North County Complex. The total cost of construction is estimated at \$17,500,000 with total spending at \$17,203,989 through 2011. Building construction is in accordance with the Green Building Rating System known as Leadership in Energy & Environmental Design (LEED).



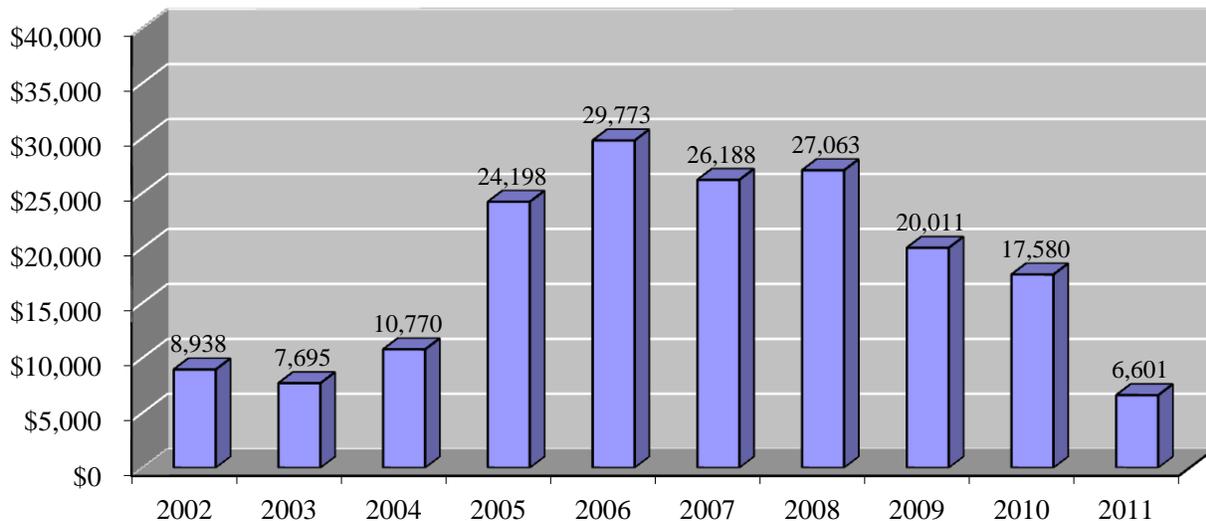
Investments

At December 31, 2011, Suffolk County's bank balance in all financial institutions was \$604,416,591. 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 County's investment policy, approved by the Suffolk County Legislature, annually authorizes investments by the Suffolk County Treasurer in investments governed by New York State statute. The Treasurer invests monies not required for immediate expenditure for terms not to exceed the County's cash flow needs in the following types of investments: certificate of deposit, time deposits, obligations of NY State, obligations of the United States government, repurchase agreements, obligations of agencies of the Federal government if principal and interest are guaranteed by the United States government, obligations issued pursuant to Local Finance Law Section 24 or 25 (with the approval of the State Comptroller) by any municipality, school district or district corporation other than Suffolk County, and participation in a cooperative investment program.

The County reports a revocable trust investment which was funded from the Suffolk Tobacco Asset Securitization Corporation 2008 series bonds. This trust consists primarily of U.S Treasury Notes held by the Trustee for the benefit of Suffolk County. At December 31, 2011 the revocable trust fair value balance was \$53,112,253.

Investment Earnings (Amounts in 000's)

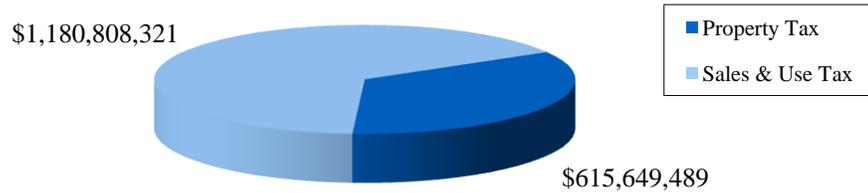


Investment earnings represent the amount of interest income earned by the County. The factors affecting interest income are interest rates and portfolio size, which fluctuate over time.

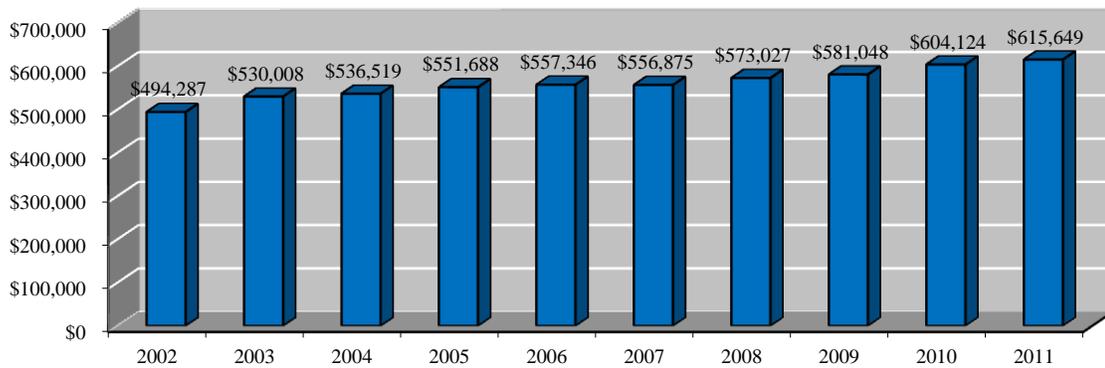
Taxes

During 2011, the County received \$1.80 billion in tax revenue. The following chart shows the proportion derived from each type of tax.

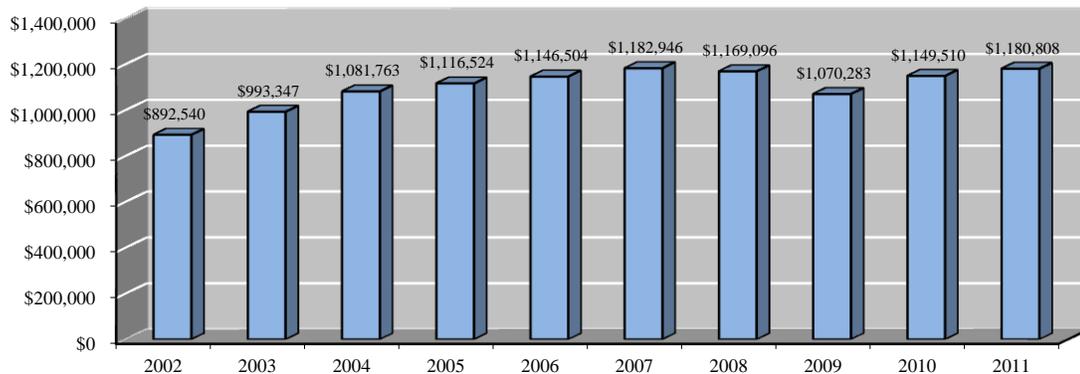
Tax Revenue



Property Tax received by County (Amounts in 000's)



Sales Tax received by County (Amounts in 000's)



Financial Position

The County’s financial statements account for the financial activities within funds. These funds are identified as either Governmental or Business-type. The majority of the County’s activities are accounted for as Governmental funds and are financed primarily by taxes, grants, charges for services and other intergovernmental revenues. The County’s Business-type activities consists of five enterprise funds, in which user fees and charges constitute the majority of these funds’ revenues.

Outstanding Debt and Other Long-Term Obligations

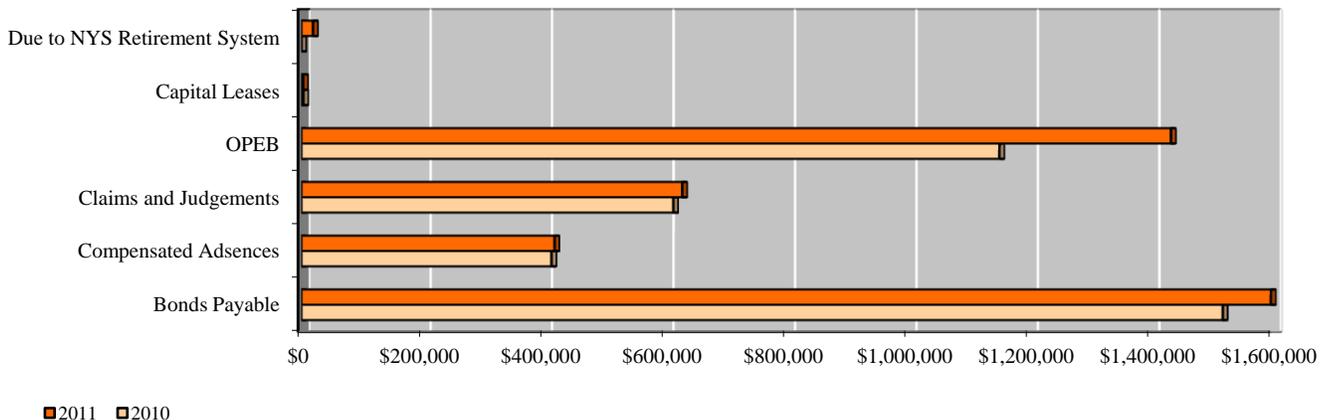
The outstanding debt and other long-term obligations for governmental and business-type activities for the year ended December 31, 2011 is shown below:

Suffolk County Outstanding Debt & Other Long-Term Obligations
(Amounts in 000's)

	2010 Beginning Balance	Additions	Reductions	2011 Ending Balance
General Obligation debt (Inclusive of advanced refunding)	\$ 1,270,462	\$ 174,012	\$ 103,262	\$ 1,341,212
STASC	246,499	9,773	1,244	255,028
Total Bonds Payable	1,516,961	183,785	104,506	1,596,240
Compensated Absences	411,797	23,981	19,071	416,707
Claims and Judgements	612,271	55,722	41,005	626,988
OPEB (Other Post Employment Benefits)	1,149,240	379,610	97,200	1,431,650
Capital Leases	3,294	-	432	2,862
Due to NYS Retirement System	-	19,080	-	19,080
Total Long-term Liabilities	<u>\$ 3,693,563</u>	<u>\$ 662,178</u>	<u>\$ 262,214</u>	<u>\$ 4,093,527</u>

A bond credit rating assesses the credit worthiness of a municipality’s debt issues. Suffolk County maintains an “A+” rating from Standard & Poor’s, an “A+” rating from Fitch and an “A1” rating from Moody’s for general obligation debt. All three ratings represent a quality of bond in the upper medium grade. The County’s ratings indicate a strong capacity to meet its financial commitments, but are somewhat more susceptible to changes in economic conditions.

2010 & 2011 Long-Term Obligations
(Amounts in 000's)



Financial Position

Capital Assets

The composition of the capital assets for governmental and business-type activities at December 31, 2011 is shown below:

Suffolk County Capital Assets
(December 31; net of depreciation, amounts in 000's)

	2011	2010
Land	\$ 838,862	\$ 786,851
Development Rights	220,699	215,433
Historic Buildings	4,608	4,608
Construction in Progress	622,036	545,141
Buildings	292,521	305,003
Improvements other than Buildings	32,699	33,753
Vehicles and Equipment	129,259	138,340
Infrastructure	552,133	539,500
Total	\$ 2,692,817	\$ 2,568,629

The net increase in Suffolk County's investment in capital assets for the current fiscal year was \$124 million, which represents a 4.83 percent increase.

Land

The total amount of land purchased and owned by Suffolk County. Land is characterized as having an unlimited life.

Development Rights

Development rights legally restrict the use of the land by the owner. The County does not own the land only the right to restrict the use of the land.

Historic Buildings

This includes buildings of historic significance, and generally is listed on the national or state register of historic places.

Construction in Progress (CIP)

Reflects the economic construction activity status of buildings and other structures, which are substantially incomplete.

Buildings

Any structure erected to stand permanently. The amount is the cost to purchase or the cost of construction of the building.

Improvements other than Buildings

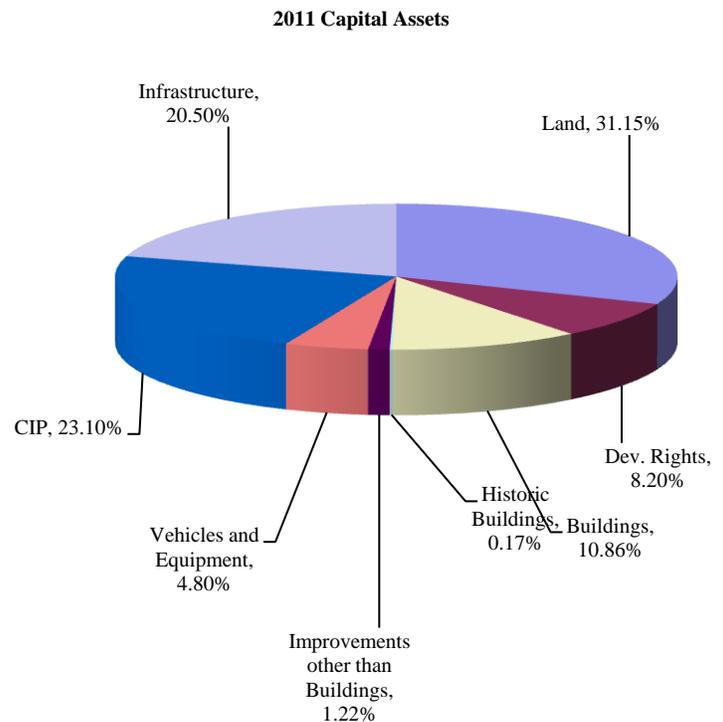
Assets built, installed or established to enhance the quality or facilitate the use of land for a particular purpose. Some examples include parking lots, landscaping, and fencing.

Vehicles and Equipment

Fixed or movable tangible assets such as equipment, machinery, vehicles, boats and aircrafts.

Infrastructure

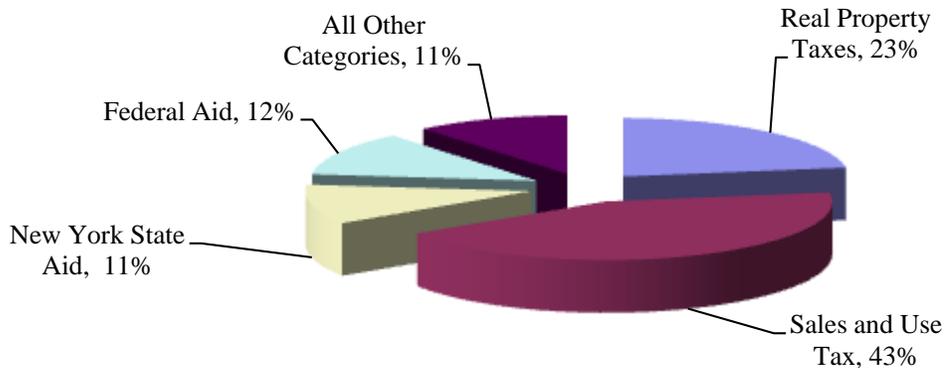
Long lived capital assets that normally are stationary in nature such as roads, bridges, waterways, light systems and airport runways.



Governmental Fund Revenues

The revenues presented are the total governmental funds reported in the 2011 CAFR's Statement of Revenues, Expenditures, and Changes in Fund Balances. The primary revenue sources are Sales and Use Tax, Real Property Taxes, Federal Aid, and New York State Aid.

Revenue Percent by Source



A comparison of these same revenue sources for the past two years is presented below.

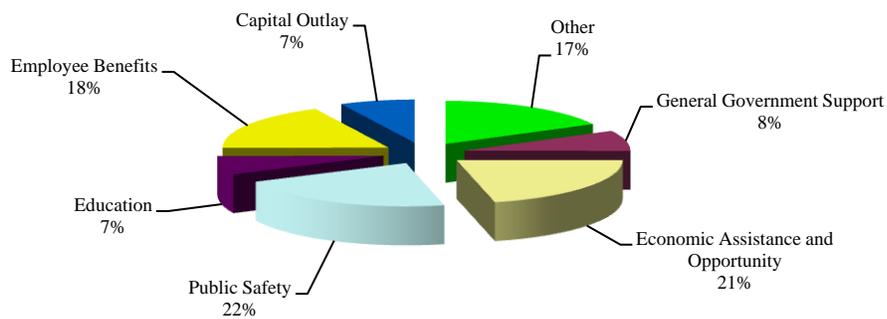
(Amounts in 000's)				
Revenues	2011 Actual	2010 Actual	\$ Change	% Change
Real Property Taxes	\$ 615,649	\$ 604,124	\$ 11,525	1.91%
Sales and Use Tax	1,180,808	1,149,510	31,298	2.72%
State Aid	300,471	283,287	17,184	6.07%
Federal Aid	332,738	335,531	(2,793)	-0.83%
All Other Categories	300,272	287,136	13,136	4.57%
	<u>\$ 2,729,938</u>	<u>\$ 2,659,588</u>	<u>\$ 70,350</u>	2.65%

- New York State aid increased (6.07%) and Federal aid decreased (0.83%); this shift in aid is primarily due to a reduction in Federal stimulus funds.
- Other categories of revenues increased (4.57%) largely due to increases in fines and fees relating to the County's Red Light Camera Program.

Governmental Fund Expenditures

The expenditures presented are the total governmental funds reported in the 2011 CAFR's Statement of Revenues, Expenditures, and Changes in Fund Balances. The primary expenditure functions are Public Safety, Economic Assistance and Opportunity, and Employee Benefits.

Expenditure Percent by Function



A comparison of these same expenditures for the past two years is presented below.

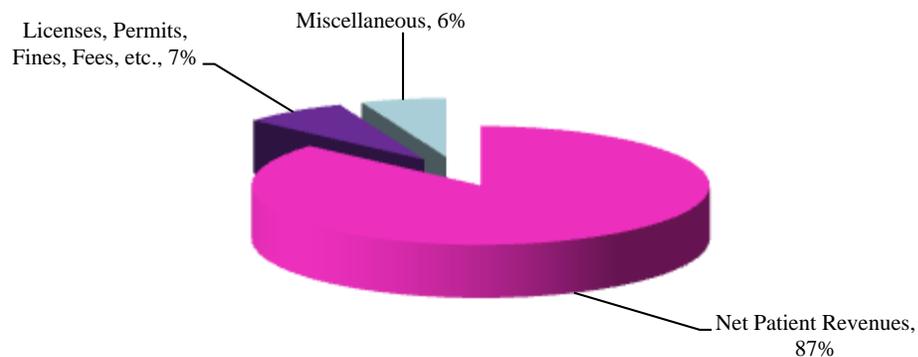
(Amounts in 000's)				
Expenditures	2011 Actual	2010 Actual	\$ Change	% Change
General Government Support	\$ 229,719	\$ 225,648	\$ 4,071	1.80%
Economic Assistance & Opportunity	635,960	577,429	58,531	10.14%
Public Safety	647,109	652,034	(4,925)	-0.76%
Education	207,991	208,098	(107)	-0.05%
Employee Benefits	533,984	489,857	44,127	9.01%
Capital Outlays	218,266	337,818	(119,552)	-35.39%
Other	520,378	526,973	(6,595)	-1.25%
	<u>\$ 2,993,407</u>	<u>\$ 3,017,857</u>	<u>\$ (24,450)</u>	-0.81%

- Capital outlays decreased (35.39%) as a result of the construction of the County's new correctional facility nearing completion and the completion of the County's replacement of public transit vehicles in 2010.
- The increase in Economic Assistance & Opportunity (10.14%) resulted from the local economic conditions and a decline in expenditure relief resulting from reduced Federal Medical Assistance.
- The increase in Employee Benefits (9.01%) is attributable to the increase in NYS pension contributions.

Enterprise Fund Revenues

The enterprise funds consist of the Suffolk Health Plan, the Suffolk County Ball Park, Francis S. Gabreski Airport, Regional Economic Development Initiative, and the John J. Foley Skilled Nursing Facility. The primary revenue source for the enterprise funds is Net Patient Revenues. The membership roster of the Suffolk Health Plan was sold in 2008.

Revenue Percent by Source



A comparison of these same revenue sources for the past two years is presented below.

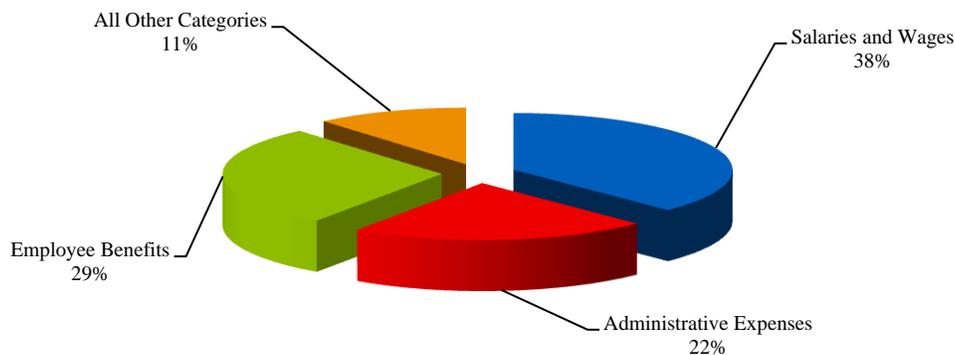
(Amounts in 000's)				
Revenues	2011 Actual	2010 Actual	\$ Change	% Change
Managed Care Fees	\$ -	\$ 34	\$ (34)	0.00%
Net Patient Revenues	24,033	30,514	(6,481)	-21.24%
Licenses, Permits, Fines, Fees, Etc.	2,049	1,642	407	24.81%
Miscellaneous	1,677	980	697	71.08%
	<u>\$ 27,759</u>	<u>\$ 33,170</u>	<u>\$ (5,411)</u>	-16.31%

- Francis S. Gabreski Airport had an increase in miscellaneous revenues by approximately 71 percent.
- Licenses, permits, fines, fees, etc. increased (24.81%) due primarily to an increase in revenues from Airport fees and rentals, as well as a title sponsorship received by the Suffolk County Ball Park.
- Net patient revenues decreased by approximately \$6.5 million as a result of declining inpatient service revenues in John J. Foley Skilled Nursing Facility.

Enterprise Fund Expenses

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. The primary expenses for the enterprise funds are Salaries and Wages, Administrative, and Employee Benefits. During 2008 the membership roster of the Suffolk Health Plan was sold and henceforth activity reported for the fund will relate to close-out costs.

Percentage of Expenses by Type



A comparison of these same expenses for the past two years is presented below.

(Amounts in 000's)				
Expenses	2011 Actual	2010 Actual	\$ Change	% Change
Salaries and Wages	13,279	15,017	(1,738)	-11.57%
Administrative Expenses	7,801	8,971	(1,170)	-13.04%
Employee Benefits	10,283	10,538	(255)	-2.42%
All Other Categories	3,634	3,686	(52)	-1.42%
	<u>\$ 34,997</u>	<u>\$ 38,212</u>	<u>\$ (3,215)</u>	<u>-8.41%</u>

- Administrative expenses decreased 13.04 percent, due to a decrease in Francis S. Gabreski Airport's contracted services.
- The decrease in salaries and wages is attributable to reduced costs of the John J. Foley Skilled Nursing Facility.

SUFFOLK'S SENSATIONAL SITES

- ❖ Cedar Island Lighthouse located in Cedar Point County Park was built in 1860 and guided ships in and out of Sag Harbor.

- ❖ The Old Field Farm, built by philanthropist Ward Melville in 1931, is located on 13 scenic acres in Setauket. This equestrian complex, originally known as the North Shore Horse Show Grounds, was acquired by the County in 1986.

- ❖ The Big Duck, located in Flanders, was built in 1931 and is listed on the National Register of Historic Places. Long Island's most famous landmark now serves as a gift shop and as a tourist information center for the Long Island Convention and Visitors Bureau.

- ❖ The St. James General Store, located within the boundaries of the Deepwells Farm Historic Park, is the oldest continuously operating general store in the United States and is listed on the National Register of Historic Places. The store is open year round and has a post office sub-station inside.

- ❖ The Fire Island Lighthouse, completed in 1858, was an important landmark for ships coming into New York Harbor at the turn of the last century. In 1984, the lighthouse was placed on the National Register of Historic Places and still remains on all charts as a private aid to navigation.

- ❖ The Scully Estate, located in Islip, was built in 1917 by architect Groversner Atterbury. In the early 1980's, the property was donated to the National Audubon Society and in 2004, the County purchased the 70 acre property from Audubon. The County designated the site as the future home of it's "Greenways Educational and Interpretive Nature Center."

- ❖ Coindre Hall, built in 1912 for pharmaceutical giant George McKesson, is an 80,000 square foot mansion overlooking Huntington Harbor. In 1973, the County acquired the estate and it has become a popular site for weddings and other celebrations.

- ❖ The Blydenburgh Historic District is located on the north side of Blydenburgh County Park in Smithtown. It includes the 1798 New Mill, the 1802 Miller's House, the circa 1860 Farm Cottage, outbuildings and the circa 1820 Blydenburgh Farmhouse. In 1798, this milling center was established by the Smith and Blydenburgh Families.

For an extensive list of the sites within Suffolk County visit www.suffolkcountyny.gov.