

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, 2011

JOSEPH SAWICKI, JR.
COMPTROLLER

Report No.: 2012-08 CPA

Suffolk County, New York

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

Year Ended December 31, 2011

Contents

Financial Section

Report of Independent Auditors.....	1
Management Discussion and Analysis	3
Basic financial statements:	
Government-wide Financial Statements:	
Statement of Net Assets	16
Statement of Activities.....	18
Fund Financial Statements:	
Balance Sheet – Governmental Funds	19
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	20
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund.....	23
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Police District Fund	26
Statement of Net Assets – Enterprise Funds.....	28
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Enterprise Funds	30
Statement of Cash Flows – Enterprise Funds	31
Statement of Fiduciary Net Assets – Fiduciary Funds.....	34
Statement of Changes in Fiduciary Net Assets – Private Purpose Trusts.....	35
Statement of Net Assets – Component Units.....	36
Statement of Activities – Component Units	38
Notes to Financial Statements.....	39
Required Supplementary Information	
Schedule of Funding Progress	87

Supplemental Schedule

Schedule of Expenditures of Federal Awards.....90
Schedule of Expenditures of State Transportation Assistance Awards102
Notes to Schedules of Expenditures of Federal and State Transportation
Assistance Awards103

Internal Control and Compliance

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*.....108
Report of Independent Auditors 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 Regulations110

Schedule of Findings and Questioned Costs

I. Summary of Auditor’s Results112
II. Financial Statement Findings115
III. Federal and State Transportation Assistance Award Findings and Questioned Costs116

Summary of Prior Audit Findings.....121

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, 2011, 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. 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.

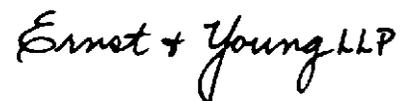
In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Suffolk County, New York, as of December 31, 2011, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and Special Revenue Funds for the year then ended in conformity with U.S. generally accepted accounting principles.

As discussed in Note I. G., the County adopted Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, during 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2012 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.

Accounting principles generally accepted in the United States require that management's discussion and analysis and the schedule of funding progress, on pages 3 to 14, and page 87, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's 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 is the responsibility of management and derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The signature of Ernst & Young LLP is written in a cursive, handwritten style in black ink.

June 26, 2012, except for the schedule of expenditures of federal and state transportation assistance awards for which the date is September 21, 2012

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, 2011.

Financial Highlights

- The liabilities of Suffolk County exceeded its assets at the close of the most recent fiscal year by \$849,579,706 (deficit). This amount includes \$500,887,004 in restricted net assets and is net of a deficit of \$2,772,733,312 in unrestricted net assets. Also included as an offset is \$1,422,266,602 that was invested in capital assets net of related debt.
- Suffolk County's total net assets decreased by \$355,059,180.
- As of the close of the current fiscal year, Suffolk County's governmental funds reported combined fund balances of \$401,145,726, a decrease of \$79,689,938 in comparison with the prior year. Approximately 43 percent of this amount, \$174,288,002, is classified within the spendable fund balance categories: restricted of \$500,887,004 and an unassigned deficit of \$326,599,002.
- At the end of the current fiscal year, the unassigned fund deficit for the general fund was \$265,230,197.
- Suffolk County's total bonded debt increased by \$79,279,175 (5.23 percent) during the current fiscal year. The key factor that drove this increase was the issuance of general obligation bonds related to the acquisition of environmentally sensitive land in the amount of \$50 million, which will be defeased through the County's designated ¼ percent sales tax revenue, and the construction of the County's new correctional facility in the amount of \$29 million, which was mandated by NYS.

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. (STASC), 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.

Effective January 1, 2010, the County adopted GASB Statement No. 54 Fund Balance Reporting and Governmental Fund Definitions. This new standard introduced new terminology and fund balance classifications for governmental funds. Previously reported reserved and unreserved fund balance classifications have been reclassified and reported as non-spendable, restricted, committed, assigned or unassigned. In addition to the establishment of a new fund balance hierarchy, GASB Statement No. 54 included changes to the previous definitions of governmental funds. Therefore, some funds that legally adopt an annual budget are presented separately on a budgetary basis and are reclassified within the general fund or a related special revenue fund consistent with Generally Accepted Accounting Principles (GAAP).

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 reports 52 individual governmental funds on a GAAP basis. 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 48 nonmajor governmental funds are combined into a single aggregated presentation. Individual fund data for each of these 48 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 the general fund and 7 of its components as well as 32 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 31 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 39-83 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents The Schedule of Funding Progress pertaining to the County's Post Employment Retirement Healthcare Benefit Plan which is Required Supplementary Information can be found on page 87 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 \$849,579,706 at the close of the most recent fiscal year.

A summary of the County's net assets for 2011 is presented below, together with comparative 2010 information.

	Suffolk County's Net Assets					
	Governmental		Business-type		Totals	
	Activities		Activities			
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 1,396,507,999	\$ 1,581,675,291	\$ (9,967,457)	\$ (8,119,293)	\$ 1,386,540,542	\$ 1,573,555,998
Capital assets	2,620,873,530	2,495,924,341	71,943,156	72,704,815	2,692,816,686	2,568,629,156
<u>Total assets</u>	<u>4,017,381,529</u>	<u>4,077,599,632</u>	<u>61,975,699</u>	<u>64,585,522</u>	<u>4,079,357,228</u>	<u>4,142,185,154</u>
Long term liabilities						
outstanding	3,870,799,307	3,481,713,879	57,658,106	53,419,445	3,928,457,413	3,535,133,324
Other liabilities	993,984,070	1,093,572,765	6,495,451	7,999,591	1,000,479,521	1,101,572,356
<u>Total liabilities</u>	<u>4,864,783,377</u>	<u>4,575,286,644</u>	<u>64,153,557</u>	<u>61,419,036</u>	<u>4,928,936,934</u>	<u>4,636,705,680</u>
<u>Net assets:</u>						
Invested in capital assets						
net of related debt	1,374,169,740	1,319,589,476	48,096,862	47,527,563	1,422,266,602	1,367,117,039
Restricted	500,887,004	31,598,908	-	-	500,887,004	31,598,908
Unrestricted	(2,722,458,592)	(1,848,875,396)	(50,274,720)	(44,361,077)	(2,772,733,312)	(1,893,236,473)
<u>Total net assets</u>	<u>\$ (847,401,848)</u>	<u>\$ (497,687,012)</u>	<u>\$ (2,177,858)</u>	<u>\$ 3,166,486</u>	<u>\$ (849,579,706)</u>	<u>\$ (494,520,526)</u>

Net assets includes \$1,422,266,602 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, \$500,887,004, 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 \$2,772,733,312 which is primarily the result of long-term liabilities being recognized prior to the date on which funding is due.

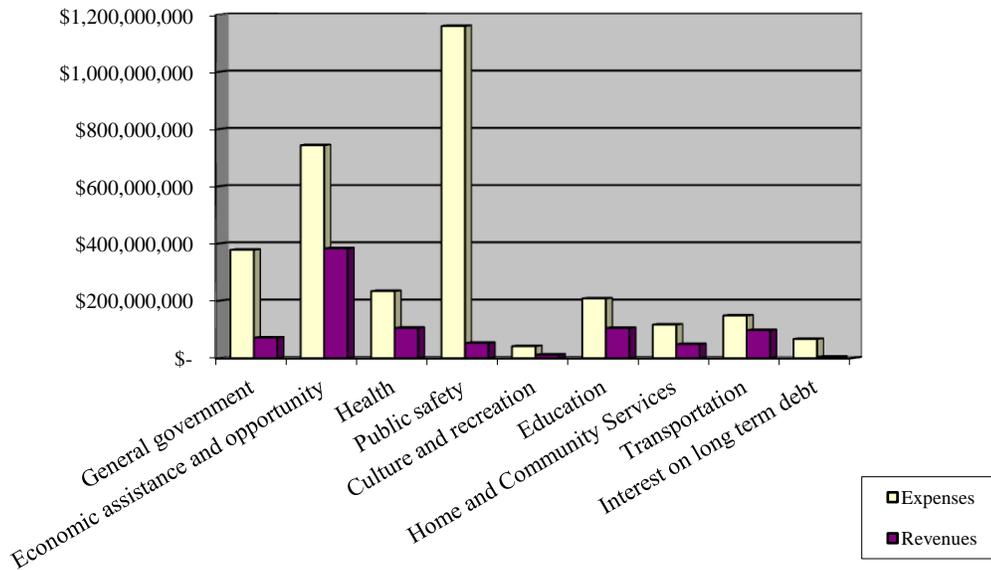
Suffolk County's Changes in Net Assets						
	Governmental Activities		Business-type Activities		Totals	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues:						
Program revenues:						
Charges for services	\$223,809,739	\$200,557,959	\$26,082,495	\$32,190,198	\$249,892,234	\$232,748,157
Operating grants and contributions	593,543,874	574,128,659	9,452,802	-	602,996,676	574,128,659
Capital grants and contributions	61,997,193	71,665,294	3,254,568	8,611,912	65,251,761	80,277,206
General revenues:						
Property taxes	625,428,362	620,621,616	-	-	625,428,362	620,621,616
Sales and use tax	1,180,808,321	1,149,509,891	-	-	1,180,808,321	1,149,509,891
Other, net	50,176,780	52,597,434	1,694,392	1,024,842	51,871,172	53,622,276
Total revenues	<u>2,735,764,269</u>	<u>2,669,080,853</u>	<u>40,484,257</u>	<u>41,826,952</u>	<u>2,776,248,526</u>	<u>2,710,907,805</u>
Expenses:						
General government	377,718,452	417,906,611	-	-	377,718,452	417,906,611
Economic assistance and opportunity	743,587,751	673,057,500	-	-	743,587,751	673,057,500
Health	233,752,880	237,064,203	-	-	233,752,880	237,064,203
Public safety	1,159,846,934	1,112,612,068	-	-	1,159,846,934	1,112,612,068
Culture and recreation	41,536,539	40,458,312	-	-	41,536,539	40,458,312
Education	207,990,520	208,098,023	-	-	207,990,520	208,098,023
Home and community services	116,706,621	118,364,351	-	-	116,706,621	118,364,351
Transportation	148,492,495	142,108,191	-	-	148,492,495	142,108,191
Skilled nursing			32,530,670	33,796,079	32,530,670	33,796,079
Regional Economic Development Initiative			-	29,000	-	29,000
Health plan			523	-	523	-
Ball park			600,949	698,499	600,949	698,499
Gabreski airport			1,865,313	3,762,241	1,865,313	3,762,241
Interest on long term debt	66,678,059	62,216,700	-	-	66,678,059	62,216,700
Total expenses	<u>3,096,310,251</u>	<u>3,011,885,959</u>	<u>34,997,455</u>	<u>38,285,819</u>	<u>3,131,307,706</u>	<u>3,050,171,778</u>
Change in net assets before transfers	(360,545,982)	(342,805,106)	5,486,802	3,541,133	(355,059,180)	(339,263,973)
Transfers	10,831,146	8,594,280	(10,831,146)	(8,594,280)	-	-
Change in net assets	(349,714,836)	(334,210,826)	(5,344,344)	(5,053,147)	(355,059,180)	(339,263,973)
Net assets - beginning	(497,687,012)	(163,476,186)	3,166,486	8,219,633	(494,520,526)	(155,256,553)
Net assets - ending	<u>(\$847,401,848)</u>	<u>(\$497,687,012)</u>	<u>(\$2,177,858)</u>	<u>\$3,166,486</u>	<u>(\$849,579,706)</u>	<u>(\$494,520,526)</u>

The County's net assets decreased by \$355,059,180 during the current fiscal year. Key elements of the decrease are as follows:

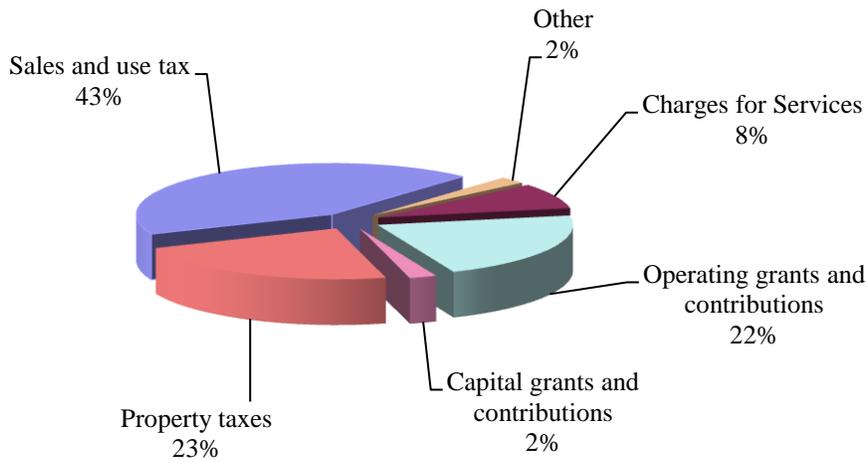
- The liability accrual of \$282 million for post employment benefits, required by GASB 45.
- Long term obligations increased by approximately \$79 million during the year as a result of new debt issues in the amount of \$29 million for the construction of the correctional facility in Yaphank, and approximately \$50 million for land preservation. Debt service for the land preservation is paid from a designated ¼ percent sales tax revenue stream.

Governmental activities. Governmental activities decreased the County’s net assets by \$349,714,836. The decrease is attributable to the liability accrual of \$276 million for post employment benefits and an increase in long term obligations of \$81 million.

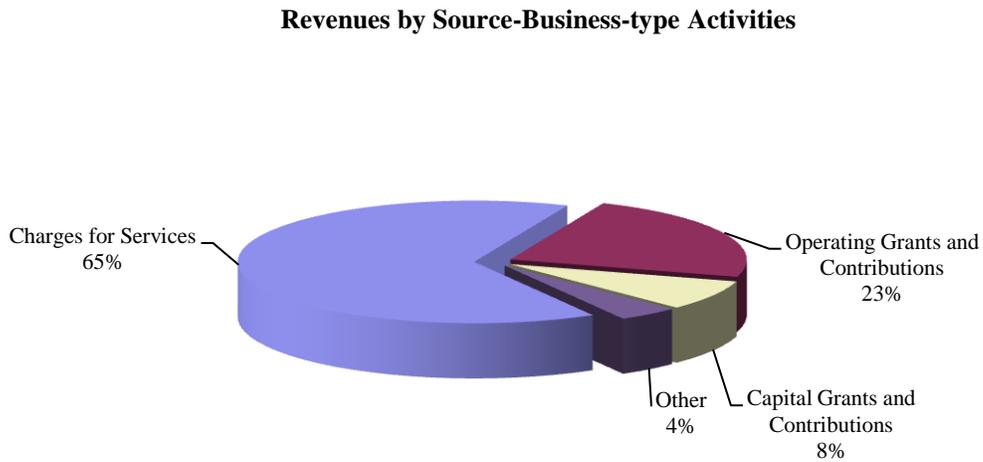
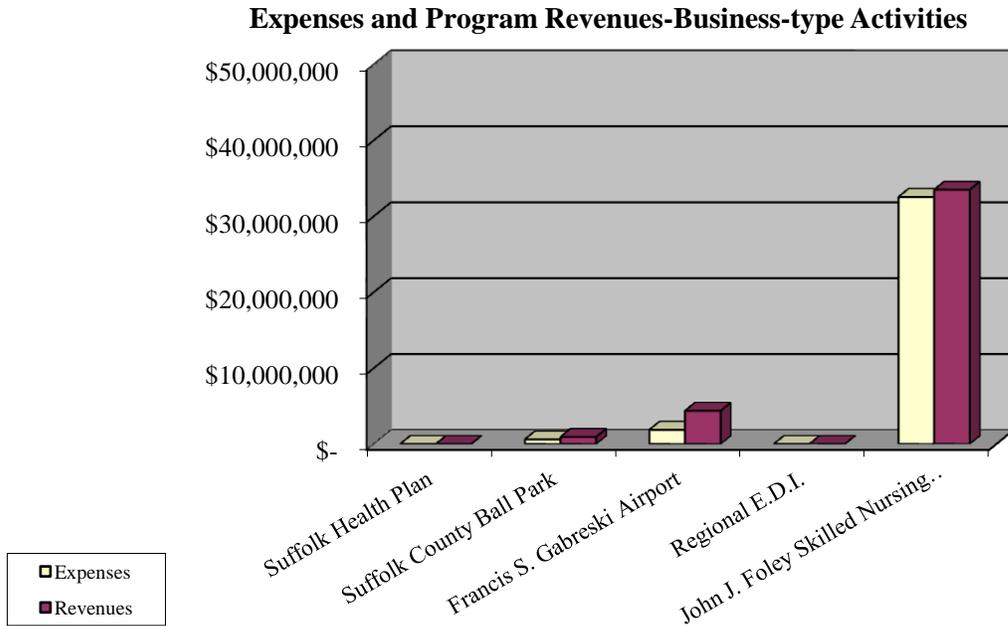
Expenses and Program Revenues-Governmental Activities



Revenues by Source-Governmental Activities



Business-type activities. Business-type activities decreased the County's net assets by \$5,344,344. The key factor of the decrease was the liability accrual of \$6 million for post employment benefits.



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 and non-spendable* resources. Such information is useful in assessing Suffolk County's financing requirements.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$401,145,726, a decrease of \$79,689,938 in comparison with the prior year. The County categorizes this fund balance by spendable fund balance (\$174,288,002) and non-spendable fund balance (\$226,857,724). Additionally, spendable fund balance is classified based on the County's obligation to honor constraints on the specific purposes for which amounts in those funds can be spent. Of the total spendable fund balance, \$500,887,004 is restricted to indicate that these resources can be expended only for a specific purpose through an externally imposed constraint. The most significant of these restrictions are for the purposes of: (1) Home and community services (\$279,104,696), (2) Debt service (\$79,551,342), (3) Environmental protection (\$39,857,211), and (4) Transportation (\$37,108,511).

The general fund is the chief operating fund of Suffolk County. At the end of the current fiscal year, unassigned fund balance of the general fund on a GAAP basis amounted to a deficit totaling \$265,230,197 while total fund balance amounted to a deficit totaling \$166,749,243.

The fund balance of Suffolk County's general fund decreased by \$125,264,010. 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 which amounted to \$35.6 million and increases in expenditures for economic assistance, NYS pension, and public safety.

The police district fund has a total fund deficit of \$51,347,566. The police district total fund deficit increased during the current year by \$14,559,469. The increase in fund deficit is attributed principally to an increase in the level of employee benefits expenditures, due to increasing pension costs.

The capital fund has a total fund balance of \$142,620,750. The capital fund total fund balance increased during the current year by \$39,496,711. The increase is attributed to a decrease in the capital outlay expenditures, primarily due to the fact that the construction of the new correctional facility is nearing completion and the County has completed the project to replace a portion of their public transit vehicles.

The Suffolk Tobacco Asset Securitization Corporation (STASC) is a blended component unit of the County and had a fund balance of \$211,964,831. The fund balance of STASC decreased by \$5,615,815. The decrease is attributed primarily to the amortization of the deferred charge related to the 2008 purchase of the County's future 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 \$0, \$705,474, (\$4,606,295), \$28,948, and (\$46,402,847), respectively. The Suffolk Health Plan, which sold their membership roster during 2008, had a decrease in net assets for the year of \$676,534, whereas the Suffolk County Ball Park had an increase of \$329,300, Francis S. Gabreski Airport had an increase of \$1,859,804, Regional Economic Development Initiative had an increase in net assets for the year of \$28,901, and John J. Foley Skilled Nursing Facility had a decrease of \$6,885,815.

General Fund Budgetary Basis Highlights

Differences between the original and final amended budget for expenditures resulted in a slight increase of .78 percent, (\$13.7 million increase in appropriations) and can be briefly summarized as follows:

- \$23.2 million increase to economic assistance and opportunity expenditures, largely due to the lingering effects of local economic challenges and declines in the Federal Medicaid Assistance Percentage (FMAP).
- \$6.2 million decrease to health expenditures, chiefly related to reductions and changes in services provided by health centers.
- \$10.5 million increase to public safety expenditures relating to the sheriff's department. The increase resulted from overtime costs and out of County placement of inmates, driven by the County's historically high inmate population and increased expenditures for labor contract settlements.
- \$12.8 million decrease to education expenditures, mainly due to a decrease in enrollment in the County's children with special needs program.

Overall during the year, expenditures were more than budgetary estimates, resulting in an actual decrease in fund balance amount by \$19,229,295. The major variances resulting in this decrease were attributable to the following revenues not meeting budgetary estimates:

- Sale of a \$12 million land parcel.
- Property tax revenue in the amount of \$8 million.

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, 2011, amounts to \$2,692,816,686 (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 4.83 percent (a 5.01 percent increase for governmental activities and a 1.05 percent decrease for 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 \$239,982,770. Construction in progress as of the close of the fiscal year reached \$168,745,194. Of this amount, \$37,466,109 was spent in 2011.
- 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. Phase III of the renovations will include restoration/weatherproofing of three older court buildings. Construction in progress as of the close of the fiscal year reached \$44,939,352. A total of \$73,325 was spent in 2011. 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 of the precinct is estimated at \$17,500,000. Construction in progress as of the close of the fiscal year reached \$17,203,989. A total of \$81,945 was spent in 2011. 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 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.
- Various road construction projects to strengthen and expand the County's existing roadways began or continued in 2011. Construction in progress as of the close of the fiscal year reached \$148.1 million. In addition, \$29.2 million was transferred to infrastructure upon completion of the construction projects during 2011.

Suffolk County's Capital Assets
(net of depreciation)

	Governmental activities		Business-type activities		Totals	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	\$816,768,858	\$764,758,670	\$22,092,831	\$22,092,831	\$838,861,689	\$786,851,501
Development rights	220,699,156	215,432,741	-	-	220,699,156	215,432,741
Historic buildings	4,607,607	4,607,607	-	-	4,607,607	4,607,607
Buildings	264,395,750	275,066,438	28,125,556	29,936,793	292,521,306	305,003,231
Improvements other than buildings	27,584,449	28,889,897	5,114,237	4,863,462	32,698,686	33,753,359
Vehicles and equipment	127,763,189	136,464,551	1,496,302	1,875,429	129,259,491	138,339,980
Infrastructure	552,133,033	539,499,630	-	-	552,133,033	539,499,630
Construction in progress	606,921,488	531,204,807	15,114,230	13,936,300	622,035,718	545,141,107
Total	\$2,620,873,530	\$2,495,924,341	\$71,943,156	\$72,704,815	\$2,692,816,686	\$2,568,629,156

Additional information on Suffolk County's capital assets can be found in note III.C., on pages 62-65 of this report.

Long-term debt. At the end of the current year, Suffolk County had total bonded debt outstanding of \$1,596,239,771. The general obligation bonds are backed by the full faith and credit of the County. STASC issued series 2008 asset-backed bonds that are not backed by the full faith and credit of the County.

Suffolk County's Outstanding Debt
Bonds

	Governmental activities		Business-type activities		Totals	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
General obligation debt	\$1,198,073,217	\$1,099,451,165	\$11,673,713	\$11,471,563	\$1,209,746,930	\$1,110,922,728
Advance refunding debt	118,435,522	144,484,532	13,029,719	15,054,737	131,465,241	159,539,269
STASC	255,027,600	246,498,599	-	-	255,027,600	246,498,599
Total bonds payable	\$1,571,536,339	\$1,490,434,296	\$24,703,432	\$26,526,300	\$1,596,239,771	\$1,516,960,596

Suffolk County's total bonded debt increased by \$79,279,175 (5.23 percent) during the current fiscal year.

Suffolk County maintains an "A+" rating with a stable outlook from Standard & Poor's, an "A+" rating with a negative outlook from Fitch and an "A1" rating with a negative outlook 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 \$20,274,773,728 which is significantly in excess of Suffolk County's outstanding general obligation debt. The County has \$512,343,000 in bonds authorized, but un-issued.

Additional information on Suffolk County's long-term debt can be found in note III.G., on pages 70-76 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Suffolk County is currently 7.4 percent, which is a slight decrease from a rate of 7.6 percent a year ago. This compares favorably to the state's average unemployment rate of 8.2 percent and the national average rate of 8.9 percent.
- The vacancy rate of office properties located in the County over the past three years is 19.9, 20.3, and 17.6 percent for years 2009, 2010, and 2011, respectively.
- During 2011, inflationary trends in the region were slightly lower than national indices. The annual 2011 NY metro area regional Consumer Price Index (CPI) was 2.8 percent, whereas the U.S. city annual CPI was 3.2 percent.

All of these factors were considered in preparing the County's budget for the 2012 fiscal year.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

SUFFOLK COUNTY, NEW YORK

Statement of Net Assets

December 31, 2011

	Primary Government		Totals	Component Units
	Governmental Activities	Business - Type Activities		
Assets				
Current assets:				
Cash and cash equivalents	\$ 515,370,371	\$ 1,618,476	\$ 516,988,847	\$ 62,121,863
Investments	71,324,045	548,438	71,872,483	11,214,442
Property tax receivable, net of allowance for estimated uncollectibles of \$ 13,940,627	199,489,767	-	199,489,767	-
Accounts receivable, net	-	-	-	4,957,508
Due from:				
New York State and federal sources:				
Programs of assistance	109,460,026	-	109,460,026	-
Grants-in-aid	149,134,402	5,870,757	155,005,159	-
Sales tax	141,428,919	-	141,428,919	-
Other	-	-	-	1,703,211
Towns	138,925,326	-	138,925,326	-
Component units	9,319,225	-	9,319,225	-
Internal balances	25,890,277	(25,890,277)	-	-
Other receivables	33,008,390	7,353,634	40,362,024	4,195,084
Prepays	11,807	-	11,807	-
Total current assets	<u>1,393,362,555</u>	<u>(10,498,972)</u>	<u>1,382,863,583</u>	<u>84,192,108</u>
Noncurrent assets:				
Restricted:				
Cash and cash equivalents	-	108,801	108,801	1,963,936
Investments	-	-	-	13,853,282
Other receivables	-	390,825	390,825	1,489,728
Deferred bond issuance cost	3,145,444	31,889	3,177,333	-
Capital assets:				
Nondepreciable	1,648,997,109	37,207,061	1,686,204,170	8,010,782
Depreciable, net	971,876,421	34,736,095	1,006,612,516	128,669,123
Other	-	-	-	147,288
Total noncurrent assets	<u>2,624,018,974</u>	<u>72,474,671</u>	<u>2,696,493,645</u>	<u>154,134,139</u>
Total assets	<u>4,017,381,529</u>	<u>61,975,699</u>	<u>4,079,357,228</u>	<u>238,326,247</u>

(Continued)

SUFFOLK COUNTY, NEW YORK
Statement of Net Assets
December 31, 2011

	Primary Government			Component Units
	Governmental Activities	Business - Type Activities	Totals	
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 371,651,620	\$ 3,628,941	\$ 375,280,561	\$ 26,245,071
Contract retainage payable	6,603,712	4,250	6,607,962	-
Accrued interest payable	11,951,749	-	11,951,749	-
Notes payable	425,126,000	-	425,126,000	-
Due to:				
Component units	1,280	-	1,280	-
Primary government	-	-	-	9,948,155
Other unearned revenue, restricted	16,051,609	-	16,051,609	24,837,156
Current portion of noncurrent liabilities:				
Accumulated vacation and sick leave	21,049,608	87,046	21,136,654	2,861,948
Estimated liability for claims	36,936,752	-	36,936,752	-
Obligations under capital leases	440,503	-	440,503	-
Mortgage payable	-	-	-	251,092
Long-term obligations	101,700,244	2,775,214	104,475,458	6,789,472
Due to NYS retirement system	2,470,993	-	2,470,993	2,142,158
Total current liabilities	<u>993,984,070</u>	<u>6,495,451</u>	<u>1,000,479,521</u>	<u>73,075,052</u>
Noncurrent liabilities:				
Funds held in trust	-	390,825	390,825	-
Accumulated vacation and sick leave	393,940,761	1,629,063	395,569,824	26,144,378
Estimated liability for claims	590,051,487	-	590,051,487	-
Obligations under capital leases	2,421,607	-	2,421,607	-
Mortgage payable	-	-	-	5,354,141
Long-term obligations	1,469,836,095	21,928,218	1,491,764,313	103,669,745
Due to NYS retirement system	16,609,357	-	16,609,357	815,187
Obligation for postemployment benefits other than pensions	1,397,940,000	33,710,000	1,431,650,000	133,988,746
Total noncurrent liabilities	<u>3,870,799,307</u>	<u>57,658,106</u>	<u>3,928,457,413</u>	<u>269,972,197</u>
Total liabilities	<u>4,864,783,377</u>	<u>64,153,557</u>	<u>4,928,936,934</u>	<u>343,047,249</u>
Net Assets				
Invested in capital assets, net of related debt	1,374,169,740	48,096,862	1,422,266,602	28,289,257
Restricted for:				
Capital projects	-	-	-	11,167,425
General government support	12,123,717	-	12,123,717	-
Economic assistance & opportunity	2,070,693	-	2,070,693	-
Health	149,888	-	149,888	-
Public Safety	21,731,848	-	21,731,848	-
Culture and recreation	8,688,242	-	8,688,242	-
Education	6,619,820	-	6,619,820	-
Home and community services	279,104,696	-	279,104,696	-
Transportation	37,108,511	-	37,108,511	-
General liability claims	2,055,902	-	2,055,902	-
Employee health claims	970,817	-	970,817	-
Debt service	79,551,342	-	79,551,342	-
Environmental protection	39,857,211	-	39,857,211	-
Retirement contribution	10,587,566	-	10,587,566	-
Tourism and recreation	266,751	-	266,751	-
Unrestricted (deficit)	(2,722,458,592)	(50,274,720)	(2,772,733,312)	(144,177,684)
Total net assets	<u>\$ (847,401,848)</u>	<u>\$ (2,177,858)</u>	<u>\$ (849,579,706)</u>	<u>\$ (104,721,002)</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, 2011

Functions/Programs	Net (Expenses) Revenue and Changes in Net Assets						Component Units
	Program Revenues			Primary Government		Total	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities		
Primary Government:							
Governmental activities:							
General government support	\$ 377,718,452	\$ 58,644,705	\$ 11,504,009	\$ 1,177,817	\$ (306,391,921)	\$ -	\$ -
Economic assistance and opportunity	743,587,751	32,587,000	350,560,660	-	(360,440,091)	-	(360,440,091)
Health	233,752,880	28,995,761	76,152,328	158,733	(128,446,058)	-	(128,446,058)
Public safety	1,159,846,934	30,045,251	20,923,007	1,673,652	(1,107,205,024)	-	(1,107,205,024)
Culture and recreation	41,536,539	10,585,393	849,186	14	(30,101,946)	-	(30,101,946)
Education	207,990,520	2,398,361	95,113,477	7,701,222	(102,777,460)	-	(102,777,460)
Home and community services	116,706,621	38,077,109	10,349,739	62,911	(68,216,862)	-	(68,216,862)
Transportation	148,492,495	18,315,796	28,091,468	51,222,844	(50,862,387)	-	(50,862,387)
Interest on long-term debt	66,678,059	4,160,363	-	-	(62,517,696)	-	(62,517,696)
Total governmental activities	<u>3,096,310,251</u>	<u>223,809,739</u>	<u>593,543,874</u>	<u>61,997,193</u>	<u>(2,216,959,445)</u>	<u>-</u>	<u>(2,216,959,445)</u>
Business-type activities:							
John J. Foley Skilled Nursing Facility	32,530,670	24,033,145	9,452,802	-	-	955,277	955,277
Suffolk Health Plan	523	-	-	-	-	(523)	(523)
Suffolk County Ball Park	600,949	927,339	-	-	-	326,390	326,390
Francis S. Gabreski Airport	1,865,313	1,122,011	-	3,254,568	-	2,511,266	2,511,266
Total business-type activities	<u>34,997,455</u>	<u>26,082,495</u>	<u>9,452,802</u>	<u>3,254,568</u>	<u>-</u>	<u>3,792,410</u>	<u>3,792,410</u>
Total primary government	<u>\$ 3,131,307,706</u>	<u>\$ 249,892,234</u>	<u>\$ 602,996,676</u>	<u>\$ 65,251,761</u>	<u>\$ (2,216,959,445)</u>	<u>\$ 3,792,410</u>	<u>\$ (2,213,167,035)</u>
Component units:							
Suffolk County Community College	\$ 230,767,129	\$ 84,865,786	\$ 6,015,332	\$ -	\$ -	\$ -	\$ (139,886,011)
Suffolk Regional Off-Track Betting Corp	36,344,002	30,003,495	-	-	-	-	(6,340,507)
Suffolk County Industrial Development	596,786	708,845	-	-	-	-	112,059
Suffolk County Economic Development	307,963	395,340	-	-	-	-	87,377
Total Component units	<u>\$ 268,015,880</u>	<u>\$ 115,973,466</u>	<u>\$ 6,015,332</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (146,027,082)</u>
General Revenues:							
Taxes:							
Real property taxes					\$ 625,428,362	\$ -	\$ -
Sales and use tax					1,180,808,321	-	1,180,808,321
Payment from primary government					-	-	-
Grants and contributions not restricted to specific programs					-	-	-
Interest on investments					6,583,645	17,802	6,601,447
Miscellaneous					43,593,135	1,676,590	45,269,725
Transfer					10,831,146	(10,831,146)	-
Total General revenues, special items, and transfers					<u>1,867,244,609</u>	<u>(9,136,754)</u>	<u>1,858,107,855</u>
Change in net assets					<u>(349,714,836)</u>	<u>(5,344,344)</u>	<u>(355,059,180)</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>\$ (847,401,848)</u>	<u>\$ (2,177,858)</u>	<u>\$ (849,579,706)</u>

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

SUFFOLK COUNTY, NEW YORK

Balance Sheet

Governmental Funds

December 31, 2011

	General	Police District	Capital	Suffolk Tobacco Asset Securitization Corp.	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 138,287,410	\$ 31,617	\$ 129,422,394	\$ 230,573	\$ 247,398,377	\$ 515,370,371
Investments	50,765,880	1,797,934	-	18,760,231	-	71,324,045
Property tax receivable, net of allowance for estimated uncollectibles of \$ 13,940,627	199,489,767	-	-	-	-	199,489,767
Due from:						
New York State and federal sources:						
Programs of assistance	98,642,724	-	-	-	10,817,302	109,460,026
Grants-in-aid	123,554,262	576,989	21,402,062	-	3,601,089	149,134,402
Sales tax	133,920,701	-	-	-	7,508,218	141,428,919
Towns	138,925,326	-	-	-	-	138,925,326
Other funds	69,823,175	27,875,998	36,819,676	192,979,247	139,624,664	467,122,760
Component units	9,319,225	-	-	-	-	9,319,225
Other receivables	28,532,795	35,084	-	-	4,368,378	32,936,257
Total assets	<u>\$ 991,261,265</u>	<u>\$ 30,317,622</u>	<u>\$ 187,644,132</u>	<u>\$ 211,970,051</u>	<u>\$ 413,318,028</u>	<u>\$ 1,834,511,098</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities	\$ 219,805,628	\$ 67,580,174	\$ 31,154,719	\$ 5,220	\$ 23,462,659	\$ 342,008,400
Contract retainage payable	15,765	-	5,685,213	-	902,734	6,603,712
Notes payable	420,000,000	-	5,126,000	-	-	425,126,000
Due to:						
Other funds	300,016,392	13,862,960	3,057,450	-	124,295,681	441,232,483
Component units	1,280	-	-	-	-	1,280
Deferred tax revenue	185,988,506	-	-	-	-	185,988,506
Other deferred revenue	32,182,937	222,054	-	-	-	32,404,991
Total liabilities	<u>1,158,010,508</u>	<u>81,665,188</u>	<u>45,023,382</u>	<u>5,220</u>	<u>148,661,074</u>	<u>1,433,365,372</u>
Fund balances (deficits):						
Nonspendable:						
Land held for sale	33,878,477	-	-	-	-	33,878,477
Deferred charges	-	-	-	192,979,247	-	192,979,247
Restricted for:						
General government support	-	-	177,242	-	11,946,475	12,123,717
Economic assistance and opportunity	-	-	2,070,693	-	-	2,070,693
Health	-	-	149,888	-	-	149,888
Public safety	-	-	17,239,591	-	4,492,257	21,731,848
Culture and recreation	-	-	8,688,242	-	-	8,688,242
Education	-	-	6,619,820	-	-	6,619,820
Home and community services	222,312	-	70,566,763	-	208,315,621	279,104,696
Transportation	-	-	37,108,511	-	-	37,108,511
General liability claims	2,055,902	-	-	-	-	2,055,902
Employee Health Claims	970,817	-	-	-	-	970,817
Debt service	50,765,880	1,797,934	-	18,760,592	8,226,936	79,551,342
Environmental protection	-	-	-	-	39,857,211	39,857,211
Retirement contribution	10,587,566	-	-	-	-	10,587,566
Tourism and recreation	-	-	-	-	266,751	266,751
Unassigned	(265,230,197)	(53,145,500)	-	224,992	(8,448,297)	(326,599,002)
Total fund balances	<u>(166,749,243)</u>	<u>(51,347,566)</u>	<u>142,620,750</u>	<u>211,964,831</u>	<u>264,656,954</u>	<u>401,145,726</u>
Total liabilities and fund balances	<u>\$ 991,261,265</u>	<u>\$ 30,317,622</u>	<u>\$ 187,644,132</u>	<u>\$ 211,970,051</u>	<u>\$ 413,318,028</u>	<u>\$ 1,834,511,098</u>

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, 2011

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		\$ 401,145,726
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:		2,620,873,530
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred:		3,145,444
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Accrued Liabilities	\$ (29,643,220)	
Accumulated vacation and sick leave	(414,990,369)	
Estimated liability for claims	(626,988,239)	
Obligations under capital leases-long term	(2,862,110)	
Interest Payables	(11,951,749)	
Long-term obligations	(1,571,919,277)	
Amortization of deferred amount	(1,247,377)	
Amortization of premium	1,630,315	
Due to NYS retirement system	(19,080,350)	
Obligation for postemployment benefits other than pensions	<u>(1,397,940,000)</u>	
Total long-term liabilities		(4,074,992,376)
Certain revenues are earned but not collected at year-end and therefore are reported as deferred revenue in the governmental funds balance sheets.		202,341,888
Certain expenditures are considered prepaid to match expenses with the period for which it relates		11,807
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>\$ (847,401,848)</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, 2011

	General	Police District	Capital	Suffolk Tobacco Asset Securitization Corp.	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Real property taxes	\$ 79,575,673	\$ 465,422,064	\$ -	\$ -	\$ 70,651,752	\$ 615,649,489
Sales and use tax	1,015,143,531	84,343,593	-	-	81,321,197	1,180,808,321
New York State aid	256,824,324	674,287	12,203,165	-	30,769,222	300,470,998
Federal aid	245,335,602	660,035	49,186,440	-	37,555,385	332,737,462
Licenses, permits, fines, fees, etc.	156,250,514	2,734,062	-	-	59,632,402	218,616,978
Interest on investments	4,698,140	128,232	-	865,597	891,676	6,583,645
Miscellaneous	49,963,015	895,380	3,068,175	18,394,272	2,750,006	75,070,848
Total revenues	<u>1,807,790,799</u>	<u>554,857,653</u>	<u>64,457,780</u>	<u>19,259,869</u>	<u>283,571,640</u>	<u>2,729,937,741</u>
Expenditures						
Current:						
General government support	221,910,242	1,171,002	-	106,773	6,530,985	229,719,002
Economic assistance and opportunity	599,191,803	-	-	-	36,768,377	635,960,180
Health	161,449,725	-	-	-	836,637	162,286,362
Public safety	267,243,344	363,686,738	-	-	16,179,137	647,109,219
Culture and recreation	20,082,583	-	-	-	4,479,079	24,561,662
Education	207,990,520	-	-	-	-	207,990,520
Home and community services	9,251,285	-	-	-	58,300,325	67,551,610
Transportation	100,419,973	-	-	-	8,985,316	109,405,289
Employee benefits	432,333,512	86,089,744	-	-	15,560,359	533,983,615
Debt service:						
Principal	84,459,110	3,525,856	-	1,400,000	12,006,739	101,391,705
Interest and other charges	39,432,143	1,341,648	-	6,131,510	8,276,363	55,181,664
Capital outlay	-	-	199,982,083	-	18,283,598	218,265,681
Total expenditures	<u>2,143,764,240</u>	<u>455,814,988</u>	<u>199,982,083</u>	<u>7,638,283</u>	<u>186,206,915</u>	<u>2,993,406,509</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(335,973,441)</u>	<u>99,042,665</u>	<u>(135,524,303)</u>	<u>11,621,586</u>	<u>97,364,725</u>	<u>(263,468,768)</u>
Other financing sources (uses)						
General obligation bonds issued	9,657,849	-	149,956,973	-	11,853,816	171,468,638
Premium on serial bonds issued	81,762	-	1,296,930	-	100,354	1,479,046
Transfers in	215,260,860	1,323,384	31,371,008	-	109,369,441	357,324,693
Transfers out	(14,291,040)	(114,925,518)	(7,603,897)	(17,237,401)	(192,435,691)	(346,493,547)
Total other financing sources (uses)	<u>210,709,431</u>	<u>(113,602,134)</u>	<u>175,021,014</u>	<u>(17,237,401)</u>	<u>(71,112,080)</u>	<u>183,778,830</u>
Net change in fund balances	(125,264,010)	(14,559,469)	39,496,711	(5,615,815)	26,252,645	(79,689,938)
Fund balances (deficiency) at beginning of year as restated (See Note I.D.)	<u>(41,485,233)</u>	<u>(36,788,097)</u>	<u>103,124,039</u>	<u>217,580,646</u>	<u>238,404,309</u>	<u>480,835,664</u>
Fund balances (deficiency) at end of year	<u>\$ (166,749,243)</u>	<u>\$ (51,347,566)</u>	<u>\$ 142,620,750</u>	<u>\$ 211,964,831</u>	<u>\$ 264,656,954</u>	<u>\$ 401,145,726</u>

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

SUFFOLK COUNTY, NEW YORK
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended December 31, 2011

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	\$ (79,689,938)
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 (\$184,030,034) exceeded depreciation (\$54,609,202) in the current period.	129,420,832
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to decrease net assets.	(4,471,643)
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.	(83,052,374)
Revenues reported in the governmental funds statements and not reported in the Statement of Activities.	9,051,533
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.	(320,973,246)
Change in net assets of governmental activities	\$ (349,714,836)

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, 2011

	<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	\$ 87,827,038	\$ 87,827,038	\$ 79,575,673	\$ (8,251,365)
Sales and use tax	1,022,064,852	1,022,064,852	1,015,143,531	(6,921,321)
New York State aid	294,127,037	298,300,641	256,824,324	(41,476,317)
Federal aid	202,634,797	213,673,903	245,335,602	31,661,699
Licenses, permits, fines, fees, etc.	171,053,513	171,067,951	152,716,524	(18,351,427)
Interest on investments	2,773,299	2,773,299	1,375,644	(1,397,655)
Miscellaneous	40,074,892	40,084,892	14,429,159	(25,655,733)
Total revenues	<u>1,820,555,428</u>	<u>1,835,792,576</u>	<u>1,765,400,457</u>	<u>(70,392,119)</u>
Expenditures				
Current:				
General government support:				
Audit and control	5,713,025	5,806,935	5,353,813	453,122
Board of elections	13,750,203	13,903,751	12,611,195	1,292,556
Civil service	5,664,486	5,740,292	5,487,975	252,317
County clerk	7,057,011	7,162,766	7,088,482	74,284
County ethics commission	212,200	214,407	132,155	82,252
County executive	4,611,654	4,572,302	4,328,604	243,698
District attorney	34,135,133	35,224,446	33,309,322	1,915,124
Finance and taxation	3,937,123	3,990,902	3,650,160	340,742
Information Technology Services	86,000	86,000	53,815	32,185
Law	11,385,304	13,886,142	13,521,796	364,346
Legal aid society	12,458,793	12,527,293	11,528,680	998,613
Legislative	10,678,255	11,040,983	10,061,390	979,593
Public administrator	410,947	433,261	413,740	19,521
Public works	83,366,037	78,835,446	77,475,644	1,359,802
Real property	1,519,471	1,594,908	1,582,604	12,304
Miscellaneous	27,842,380	18,016,619	10,449,209	7,567,410
Total general government support	<u>222,828,022</u>	<u>213,036,453</u>	<u>197,048,584</u>	<u>15,987,869</u>
Economic assistance and opportunity:				
County executive	17,155,671	16,798,218	15,585,581	1,212,637
Consumer affairs	2,141,853	2,177,975	1,899,366	278,609
Economic development	1,452,779	1,529,839	1,458,582	71,257
Labor	6,379,213	6,704,611	6,631,874	72,737
Probation	7,859,771	7,442,385	7,313,605	128,780
Social services	542,690,417	566,249,948	566,302,795	(52,847)
Total economic assistance and opportunity	<u>577,679,704</u>	<u>600,902,976</u>	<u>599,191,803</u>	<u>1,711,173</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, 2011

	<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>
Health	180,993,553	174,822,856	161,449,725	13,373,131
Public safety:				
Fire rescue and emergency service	14,669,019	13,192,982	9,772,400	3,420,582
Police	76,179,357	77,601,990	77,570,885	31,105
Probation	35,617,946	35,978,929	33,825,372	2,153,557
Public works	55,000	55,000	42,830	12,170
Sheriff	135,626,296	146,115,808	146,031,857	83,951
Total public safety	<u>262,147,618</u>	<u>272,944,709</u>	<u>267,243,344</u>	<u>5,701,365</u>
Culture and recreation:				
County executive	7,774,156	7,787,503	7,142,135	645,368
Parks	13,308,601	13,424,711	12,935,448	489,263
Miscellaneous	5,000	5,000	5,000	-
Total culture and recreation	<u>21,087,757</u>	<u>21,217,214</u>	<u>20,082,583</u>	<u>1,134,631</u>
Education:				
Health services	168,070,095	154,760,279	153,149,287	1,610,992
Miscellaneous	52,476,607	52,976,607	54,841,233	(1,864,626)
Total education	<u>220,546,702</u>	<u>207,736,886</u>	<u>207,990,520</u>	<u>(253,634)</u>
Home and community services:				
County executive	902,926	919,949	681,408	238,541
Environment and Energy	2,959,554	3,006,237	2,665,508	340,729
Law	454,801	464,803	364,265	100,538
Planning	1,713,039	1,805,862	1,849,599	(43,737)
Public works	687,250	687,250	596,235	91,015
Soil and water conservation	296,411	302,144	296,576	5,568
Total home and community services	<u>7,013,981</u>	<u>7,186,245</u>	<u>6,453,591</u>	<u>732,654</u>
Transportation:				
Public works	82,123,285	84,125,729	83,251,388	874,341
Employee benefits	97,632,123	98,812,750	98,610,254	202,496
Debt service - principal	43,075,435	43,442,525	43,442,525	-
Debt service - interest	32,399,955	36,971,465	34,880,068	2,091,397
Total debt service	<u>75,475,390</u>	<u>80,413,990</u>	<u>78,322,593</u>	<u>2,091,397</u>
Total expenditures	<u>1,747,528,135</u>	<u>1,761,199,808</u>	<u>1,719,644,385</u>	<u>41,555,423</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, 2011

	<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	73,027,293	74,592,768	45,756,072	(28,836,696)
Other financing sources (uses)				
Serial bonds issued	-	-	189,024	189,024
Premium on serial bonds issued	-	-	1,600	1,600
Transfers in	100,896,325	95,514,794	100,096,042	4,581,248
Transfers out	(211,887,605)	(213,234,281)	(208,398,752)	4,835,529
Total other financing sources (uses)	(110,991,280)	(117,719,487)	(108,112,086)	9,607,401
Net change in fund balances (budgetary basis)	(37,963,987)	(43,126,719)	(62,356,014)	(19,229,295)
Fund balances (deficits) at beginning of year (budgetary basis), as restated	37,963,987	2,714,538	2,714,538	-
Fund balances (deficits) at end of year (budgetary basis)	<u>\$ -</u>	<u>\$ (40,412,181)</u>	<u>\$ (59,641,476)</u>	<u>\$ (19,229,295)</u>

Reconciliation between the budgetary basis of accounting and GAAP basis:

Fund balance at end of year (budgetary basis)	\$ (59,641,476)
Plus: General Fund Components:	
Town village code enforcement (GAAP basis)	191,875
Interdepartment operation & service (GAAP basis)	1,724,860
Self insurance fund (GAAP basis)	2,055,902
Employee medical health plan (GAAP basis)	970,817
Building sanitation administration (GAAP basis)	222,312
Tax stabilization reserve (GAAP basis)	48,896,311
Retirement contribution reserve (GAAP basis)	10,587,566
Less: accrued pension expense	(38,617,987)
Less: accounting for sale of future revenues to STASC	(133,139,423)
Fund balance at end of year (GAAP basis)	<u>\$ (166,749,243)</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, 2011

	<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	\$ 464,373,751	\$ 464,373,751	\$ 465,422,064	\$ 1,048,313
Sales and use tax	84,343,593	84,343,593	84,343,593	-
New York State aid	407,750	1,666,909	674,287	(992,622)
Federal aid	-	630,445	660,035	29,590
Licenses, permits, fines, fees, etc.	1,915,070	1,915,070	2,734,062	818,992
Interest on investments	85,400	85,400	10,912	(74,488)
Miscellaneous	1,154,700	1,354,700	976,627	(378,073)
	<u>552,280,264</u>	<u>554,369,868</u>	<u>554,821,580</u>	<u>451,712</u>
Expenditures				
Current:				
General government support:				
Miscellaneous	1,043,605	1,122,480	1,171,002	(48,522)
Public safety:				
Police	359,623,686	359,483,106	363,686,738	(4,203,632)
Employee benefits	76,069,844	76,095,954	74,947,687	1,148,267
Debt Service:				
Principal	2,091,976	2,108,874	2,108,874	-
Interest and other charges	1,225,329	1,236,606	1,236,606	-
	<u>440,054,440</u>	<u>440,047,020</u>	<u>443,150,907</u>	<u>(3,103,887)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>112,225,824</u>	<u>114,322,848</u>	<u>111,670,673</u>	<u>(2,652,175)</u>
Other financing sources (uses)				
Transfers in	1,043,605	1,043,605	1,109,557	65,952
Transfers out	(115,005,798)	(115,005,798)	(114,925,518)	80,280
	<u>(113,962,193)</u>	<u>(113,962,193)</u>	<u>(113,815,961)</u>	<u>146,232</u>
Net change in fund balances (budgetary basis)	(1,736,369)	360,655	(2,145,288)	(2,505,943)
Fund balances (deficits) at beginning of year (budgetary basis)	<u>1,736,369</u>	<u>4,622,449</u>	<u>4,622,449</u>	<u>-</u>
Fund balances (deficits) at end of year (budgetary basis)	<u>\$ -</u>	<u>\$ 4,983,104</u>	<u>\$ 2,477,161</u>	<u>\$ (2,505,943)</u>

Reconciliation between the budgetary basis of accounting and GAAP basis:

Fund balance at end of year (budgetary basis)	\$ 2,477,161
Less: accrued pension expense	(48,072,125)
Less: accounting for sale of future revenues to STASC	(5,752,602)
Fund balance at end of year (GAAP basis)	<u>\$ (51,347,566)</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, 2011

	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	\$ 131,055	\$ 461,911	\$ 32,867	\$ 48	\$ 992,595	\$ 1,618,476
Investments	-	-	-	-	548,438	548,438
Accounts receivable (net of allowance for doubtful accounts)	-	-	-	-	6,652,643	6,652,643
Due from New York State and federal source	-	-	1,043,647	-	4,827,110	5,870,757
Due from other funds	-	-	857,137	28,900	34,249	920,286
Other receivables	-	255,200	186,542	-	259,249	700,991
Total current assets	<u>131,055</u>	<u>717,111</u>	<u>2,120,193</u>	<u>28,948</u>	<u>13,314,284</u>	<u>16,311,591</u>
Noncurrent assets:						
Restricted:						
Cash and cash equivalents	108,801	-	-	-	-	108,801
Other receivables	-	-	-	-	390,825	390,825
Deferred bond issuance cost	-	-	-	-	31,889	31,889
Capital assets:						
Nondepreciable	-	2,092,831	35,114,230	-	-	37,207,061
Depreciable, net	-	12,797,556	6,315,318	-	15,623,221	34,736,095
Total noncurrent assets	<u>108,801</u>	<u>14,890,387</u>	<u>41,429,548</u>	<u>-</u>	<u>16,045,935</u>	<u>72,474,671</u>
Total assets	<u>239,856</u>	<u>15,607,498</u>	<u>43,549,741</u>	<u>28,948</u>	<u>29,360,219</u>	<u>88,786,262</u>

(Continued)

SUFFOLK COUNTY, NEW YORK
Statement of Net Assets
Enterprise Funds
December 31, 2011

	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	23,420	11,638	480,075	-	3,072,978	3,588,111
Accrued liabilities	-	-	-	-	40,830	40,830
Contract retainage payable	-	-	4,250	-	-	4,250
Due to other funds	216,436	-	4,055,024	-	22,539,103	26,810,563
Accumulated vacation and sick leave	-	-	-	-	87,046	87,046
Current portion of long-term obligations	-	303,255	463,417	-	2,008,542	2,775,214
Total current liabilities	239,856	314,893	5,002,766	-	27,748,499	33,306,014
Noncurrent liabilities:						
Funds held in trust	-	-	-	-	390,825	390,825
Accumulated vacation and sick leave	-	-	-	-	1,629,063	1,629,063
Long-term obligations	-	1,593,631	7,444,484	-	12,890,103	21,928,218
Obligation for postemployment benefits other than pensions	-	-	1,330,000	-	32,380,000	33,710,000
Total noncurrent liabilities	-	1,593,631	8,774,484	-	47,289,991	57,658,106
Total liabilities	239,856	1,908,524	13,777,250	-	75,038,490	90,964,120
Net Assets						
Invested in capital assets, net of related debt	-	12,993,500	34,378,786	-	724,576	48,096,862
Unrestricted (deficit)	-	705,474	(4,606,295)	28,948	(46,402,847)	(50,274,720)
Total net assets	-	\$ 13,698,974	\$ 29,772,491	\$ 28,948	\$ (45,678,271)	\$ (2,177,858)

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, 2011

	Suffolk Health Plan	Suffolk County Ball Park	Francis S. Gabreski Airport	Regional Economic Development Initiative	John J. Foley Skilled Nursing Facility	Total
Operating revenues						
Net patient revenues	\$ -	\$ -	\$ -	\$ -	\$ 24,033,145	\$ 24,033,145
Licenses, permits, fines, fees, etc.	-	927,339	1,122,011	-	-	2,049,350
Miscellaneous	40,995	-	1,546,505	-	89,090	1,676,590
Total operating revenues	40,995	927,339	2,668,516	-	24,122,235	27,759,085
Operating expenses						
Medical expenses	523	-	-	-	-	523
Salaries and wages	-	-	619,126	-	12,660,366	13,279,492
Administrative expenses	-	-	283,648	-	7,517,219	7,800,867
Depreciation	-	457,056	267,744	-	1,744,547	2,469,347
Miscellaneous	-	38,061	-	-	-	38,061
Employee benefits	-	-	419,457	-	9,863,866	10,283,323
Debt service interest	-	105,832	275,338	-	744,672	1,125,842
Total operating expenses	523	600,949	1,865,313	-	32,530,670	34,997,455
Operating income (loss)	40,472	326,390	803,203	-	(8,408,435)	(7,238,370)
Nonoperating revenues (expenses)						
Revenue from other governments	-	-	-	-	-	-
Interest on investments	5,015	2,910	717	1	9,452,802	9,452,802
Capital Grants	-	-	3,254,568	-	9,159	17,802
Total nonoperating revenues (expenses)	5,015	2,910	3,255,285	1	9,461,961	3,254,568
Income (loss) before transfers	45,487	329,300	4,058,488	1	1,053,526	5,486,802
Transfers in	-	-	1,217,170	28,900	43,142	1,289,212
Transfers out	(722,021)	-	(3,415,854)	-	(7,982,483)	(12,120,358)
Total other financing sources (uses)	(722,021)	-	(2,198,684)	28,900	(7,939,341)	(10,831,146)
Change in net assets	(676,534)	329,300	1,859,804	28,901	(6,885,815)	(5,344,344)
Total net assets at beginning of year	676,534	13,369,674	27,912,687	47	(38,792,456)	3,166,486
Total net assets at end of year	\$ -	\$ 13,698,974	\$ 29,772,491	\$ 28,948	\$ (45,678,271)	\$ (2,177,858)

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, 2011

	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	\$ 116,934	\$ 706,560	\$ 947,968	\$ -	\$ 28,000,873	\$ 29,772,335
Receipts from other revenue	-	-	44,014	-	4,111	48,125
Payments for medical expenses	(45,041)	-	-	-	-	(45,041)
Payments to suppliers	-	-	(319,776)	-	(7,891,138)	(8,210,914)
Payments for contractual services	-	-	(22,225)	-	-	(22,225)
Miscellaneous expenses	-	(24,833)	-	-	-	(24,833)
Payments to employees	-	-	(562,548)	-	(7,380,931)	(7,943,479)
Payments for employee benefits	-	-	(10,779)	-	(9,863,866)	(9,874,645)
Net cash provided (used) by operating activities	71,893	681,727	76,654	-	2,869,049	3,699,323
Cash flows from noncapital financing activities						
Payments from other governments	-	-	-	-	8,217,873	8,217,873
Transfer from other funds	-	1,602	-	-	-	1,602
Transfer to other funds	(1,050,000)	-	(2,142,798)	-	(7,982,483)	(11,175,281)
Net cash provided (used) by noncapital financing activities	(1,050,000)	1,602	(2,142,798)	-	235,390	(2,955,806)
Cash flows from capital and related financing activities						
Proceeds from capital debt	-	-	1,055,564	-	8,885	1,064,449
Capital grants	-	-	3,254,568	-	-	3,254,568
Purchase of capital assets	-	-	(1,660,195)	-	(47,492)	(1,707,687)
Principal paid on capital debt	-	(444,755)	(445,421)	-	(2,011,598)	(2,901,774)
Interest paid on capital debt	-	(105,832)	(275,338)	-	(758,319)	(1,139,489)
Net cash provided (used) by capital and related financing activities	-	(550,587)	1,929,178	-	(2,808,524)	(1,429,933)

(Continued)

SUFFOLK COUNTY, NEW YORK
Statement of Cash Flows
Enterprise Funds

For the Year Ended December 31, 2011

	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	2,628	2,910	718	1	381,172	387,429
Net cash provided (used) by investing activities	2,628	2,910	718	1	381,172	387,429
Net increase (decrease) in cash and cash equivalents	(975,479)	135,652	(136,248)	1	677,087	(298,987)
Cash and cash equivalents at beginning of year	1,215,335	326,259	169,115	47	315,508	2,026,264
Cash and cash equivalents at end of year	<u>\$ 239,856</u>	<u>\$ 461,911</u>	<u>\$ 32,867</u>	<u>\$ 48</u>	<u>\$ 992,595</u>	<u>\$ 1,727,277</u>
Reconciliation of operating income (loss) to net cash provided by operating activities						
Operating income (loss)	\$ 40,472	\$ 326,390	\$ 803,203	\$ -	\$ (8,408,435)	\$ (7,238,370)
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	-	457,056	267,744	-	1,744,547	2,469,347
Provision for doubtful accounts receivable	-	-	-	-	1,221,643	1,221,643
Other increase (decrease)	-	105,832	275,338	-	775,305	1,156,475
Change in assets and liabilities:						
Receivables, net	(77,692)	(220,779)	(1,676,534)	-	2,795,150	820,145
Accounts and other payables	109,113	13,228	406,903	-	4,740,839	5,270,083
Net cash provided (used) by operating activities	<u>\$ 71,893</u>	<u>\$ 681,727</u>	<u>\$ 76,654</u>	<u>\$ -</u>	<u>\$ 2,869,049</u>	<u>\$ 3,699,323</u>

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, 2011

	<u>Private-Purpose Trusts</u>	<u>Agency Funds</u>
Assets		
Cash and cash equivalents	\$ 288,805	\$ 52,213,210
Cash with fiscal agents	-	262
Investments	9,075,542	8,971,508
Total assets	<u>9,364,347</u>	<u>61,184,980</u>
Liabilities		
Accounts payable and accrued liabilities	9,360,582	1,364,895
Agency fund liabilities	-	59,820,085
Total liabilities	<u>9,360,582</u>	<u>61,184,980</u>
Net Assets		
Held in trust	<u>\$ 3,765</u>	

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, 2011

	Private-Purpose Trusts
Additions	
Investment income:	
Interest	\$ 339
Transfer in	963,881
Other revenue	855,038
Total additions	1,819,258
Deductions	
Administrative and general expenses	1,818,919
Change in net assets	339
Net assets at beginning of year	3,426
Net assets at end of year	\$ 3,765

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, 2011

With Suffolk County Community College as of August 31, 2011

Assets	Suffolk County Community College	Suffolk Regional Off-Track Betting Corporation	Suffolk County Industrial Development Agency	Suffolk County Economic Development Corporation	Total
Current assets:					
Cash and cash equivalents	\$ 56,461,375	\$ 1,249,786	\$ 4,283,257	\$ 127,445	\$ 62,121,863
Investments	11,214,442	-	-	-	11,214,442
Accounts receivable	3,462,563	78,307	42,476	-	3,583,346
Students accounts receivable, net	4,957,508	-	-	-	4,957,508
Due from other governments	1,345,164	358,047	-	-	1,703,211
Other assets	112,296	494,398	5,044	-	611,738
Total current assets	<u>77,553,348</u>	<u>2,180,538</u>	<u>4,330,777</u>	<u>127,445</u>	<u>84,192,108</u>
Noncurrent assets:					
Restricted:					
Cash and cash equivalents	-	1,963,936	-	-	1,963,936
Investments	13,853,282	-	-	-	13,853,282
Capital assets:					
Nondepreciable	5,897,218	2,113,564	-	-	8,010,782
Depreciable, net	120,285,141	8,381,378	2,604	-	128,669,123
Other receivables	1,489,728	-	-	-	1,489,728
Other	-	-	147,288	-	147,288
Total noncurrent assets	<u>141,525,369</u>	<u>12,458,878</u>	<u>149,892</u>	<u>-</u>	<u>154,134,139</u>
Total assets	<u>219,078,717</u>	<u>14,639,416</u>	<u>4,480,669</u>	<u>127,445</u>	<u>238,326,247</u>

(Continued)

SUFFOLK COUNTY, NEW YORK
Statement of Net Assets
Component Units
December 31, 2011

With Suffolk County Community College as of August 31, 2011

	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	14,810,263	10,459,322	11,376	-	25,280,961
Due to primary government	9,948,155	-	-	-	9,948,155
Due to NYS retirement system	-	2,142,158	-	-	2,142,158
Deferred revenue	24,837,156	-	-	-	24,837,156
Accumulated vacation and sick leave	2,861,948	-	-	-	2,861,948
Other liabilities	939,452	-	15,158	9,500	964,110
Mortgage payable	6,789,472	251,092	-	-	251,092
Bonds payable	-	-	-	-	6,789,472
Total current liabilities	<u>60,186,446</u>	<u>12,852,572</u>	<u>26,534</u>	<u>9,500</u>	<u>73,075,052</u>
Noncurrent liabilities:					
Accumulated vacation and sick leave	25,357,969	659,166	127,243	-	26,144,378
Due to NYS retirement system	-	815,187	-	-	815,187
Obligation for postemployment benefits other than pensions	122,257,000	11,731,746	-	-	133,988,746
Mortgage payable	-	5,354,141	-	-	5,354,141
Bonds payable	103,669,745	-	-	-	103,669,745
Total noncurrent liabilities	<u>251,284,714</u>	<u>18,560,240</u>	<u>127,243</u>	<u>-</u>	<u>269,972,197</u>
Total liabilities	<u>311,471,160</u>	<u>31,412,812</u>	<u>153,777</u>	<u>9,500</u>	<u>343,047,249</u>
Net Assets					
Invested in capital assets, net of related debt	23,396,944	4,889,709	2,604	-	28,289,257
Restricted for capital projects	11,167,425	-	-	-	11,167,425
Unrestricted (deficit)	(126,956,812)	(21,663,105)	4,324,288	117,945	(144,177,684)
Total net assets	<u>\$(92,392,443)</u>	<u>\$(16,773,396)</u>	<u>\$ 4,326,892</u>	<u>\$ 117,945</u>	<u>\$(104,721,002)</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, 2011

With Suffolk County Community College as of August 31, 2011

	Suffolk County Community College	Suffolk Regional Off-Track Betting Corporation	Suffolk County Industrial Development Agency	Suffolk County Economic Development Corporation	Total
Expenses:					
Program operations	\$ 211,675,402	\$ 19,890,520	\$ 593,384	\$ 307,963	\$ 232,467,269
Depreciation and amortization	6,839,399	678,743	3,402	-	7,521,544
Other expenses	6,942,976	15,774,739	-	-	22,717,715
Total expenses	<u>225,457,777</u>	<u>36,344,002</u>	<u>596,786</u>	<u>307,963</u>	<u>262,706,528</u>
Program revenues:					
Charges for Services	84,865,786	30,003,495	708,845	395,340	115,973,466
Operating Grants and Contributions	6,015,332	-	-	-	6,015,332
Total program revenues	<u>90,881,118</u>	<u>30,003,495</u>	<u>708,845</u>	<u>395,340</u>	<u>121,988,798</u>
Net program revenues (expenses)	<u>(134,576,659)</u>	<u>(6,340,507)</u>	<u>112,059</u>	<u>87,377</u>	<u>(140,717,730)</u>
General revenues (expenses):					
Payments from primary government Grants and contributions	45,248,444	-	-	-	45,248,444
not restricted to specific programs	72,599,953	-	-	-	72,599,953
Interest on investments	1,595,545	-	22,882	223	1,618,650
Interest on long-term debt	(5,309,352)	-	-	-	(5,309,352)
Total general revenues	<u>114,134,590</u>	<u>-</u>	<u>22,882</u>	<u>223</u>	<u>114,157,695</u>
Change in net assets	<u>(20,442,069)</u>	<u>(6,340,507)</u>	<u>134,941</u>	<u>87,600</u>	<u>(26,560,035)</u>
Net assets at beginning of year, as restated	<u>(71,950,374)</u>	<u>(10,432,889)</u>	<u>4,191,951</u>	<u>30,345</u>	<u>(78,160,967)</u>
Net assets at end of year	<u><u>(92,392,443)</u></u>	<u><u>(16,773,396)</u></u>	<u><u>4,326,892</u></u>	<u><u>117,945</u></u>	<u><u>(104,721,002)</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 percent of annual payments through December 31, 2012 and 75 percent 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, 2011

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 21 percent 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 percent 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 18, 2011 OTB filed for protection under chapter 9 of Title 11, United States Bankruptcy Code (Chapter 9). The Court dismissed OTB's petition on the objection of an out-of-state creditor and OTB appealed that order. In March 2012, the NYS Legislature passed legislation authorizing OTB to file under Chapter 9, which will allow use of the Capital Acquisition Fund for any corporate purpose.

OTB has restated the net assets of the Corporation as of December 31, 2010 to reflect the NYS retirement incentive liability in the amount of \$1,058,575, which was not accrued during 2010.

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

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2011

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 do 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 is 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.

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2011

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

The County reports the following major governmental funds:

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

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

The police district fund, a special revenue 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 Suffolk Tobacco Asset Securitization Corporation, a special revenue fund, 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 account's 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.

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2011

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

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

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

Additionally, the County reports the following fiduciary funds:

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

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

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.

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2011

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.

The County reports the following stabilization and reserve funds:

The tax stabilization reserve fund was established in 1997 by the adoption of County Resolution No. 1154-1997, as authorized under Section 6-e of NYS General Municipal Law. Originally this reserve fund was subject to Local Law 29 of 1995, which requires a minimum

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2011

of 25 percent of the general fund discretionary fund balance surplus be transferred to the tax stabilization reserve fund or debt service reserve fund. However, this requirement was amended by LL 43-2006 which requires that once the tax stabilization reserve fund exceeds the greater of \$120 million or 5 percent of the general fund operating budget, use of funds in excess of the \$120 million may be returned to the taxpayers or appropriated for specific purposes as specified in the local law. Additionally, Local Law 19-2009 was passed to suspend the required general fund transfer to the tax stabilization reserve fund for the years 2009-2016.

Expenditures from the fund are used to avoid a projected increase in the real property tax levy in excess of 2.5 percent. The County Executive is also authorized to recommend transfers from the tax stabilization reserve fund to the general fund to address an unanticipated loss of revenues or unanticipated expenses. For financial reporting purposes, the tax stabilization reserve fund is reported within the general fund. The balance in the tax stabilization reserve fund at December 31, 2011 was \$48,896,311.

The assessment stabilization reserve fund receives funding from $\frac{1}{4}$ percent of the County's sales tax revenues pursuant to NYS Tax Law §1210. The fund received 100 percent of the $\frac{1}{4}$ percent tax from 1985 to 1989. Between 1989 and 1999, the $\frac{1}{4}$ percent sales tax revenues were redirected. Beginning in 2000 the $\frac{1}{4}$ percent sales tax was deposited into the Suffolk County water protection fund which then transferred 35.7 percent of this tax revenue to the assessment stabilization reserve fund. The passage of Local Law No. 24-2007 amended the percentage of sales tax receipts transferred to the assessment stabilization reserve fund from 35.7 percent to 25 percent.

The assessment stabilization reserve fund provides funding to the County's sewer district funds for stabilization of sewer rates and fees in addition to infrastructure and capital improvements within the sewer districts. Local Law No. 35-1999 required sewer districts to increase rates by a minimum of 3 percent before funds could be transferred from assessment stabilization reserve fund to stabilize sewer taxes/usage fees in a district.

In 2011 the County adopted Resolution No. 625-2011 which provides that if the assessment stabilization reserve fund's fund balance exceeds \$140 million in fiscal years 2011 through 2013; 62.5 percent of the excess can be used if accepted by duly approved resolutions, for specific sewer district costs. Additionally, the remaining 37.5 percent of the excess fund balance shall be appropriated, via duly approved resolutions, to a reserve fund for bonded indebtedness or a reserve fund for retirement contributions. The resolution provides that in fiscal years 2014-2021, any fund balance in excess of \$140 million shall be used exclusively, via duly approved resolutions, for specific sewer district costs. For financial reporting purposes, the assessment stabilization reserve fund is reported within the water quality protection reserve fund, a nonmajor governmental fund. The balance in the assessment stabilization reserve fund at December 31, 2011 was \$148,312,508.

The southwest assessment stabilization reserve fund was established to stabilize rates within the southwest sewer district (sewer district #3). The southwest assessment stabilization reserve fund is governed by NYS General Municipal Law, Article 2, Section 6-o which restricts expenditures from this fund to the purpose of design, construction and operation of a

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2011

solid waste management facility. For financial reporting purposes, the southwest assessment stabilization reserve fund is reported within the sewer district #3 fund, a nonmajor government fund. The balance in the southwest assessment stabilization reserve fund at December 31, 2011 was \$1,176,699.

The retirement contribution reserve fund was established pursuant to NYS General Municipal Law, Article 2, and Section 6-r. As required by law, expenditures from this fund are limited to the purpose of financing retirement contributions. For financial reporting purposes, the retirement contribution reserve fund is reported within the general fund. The balance in the retirement contribution reserve fund at December 31, 2011 was \$10,587,566.

The water quality protection reserve fund received ¼ percent sales tax revenues due to the County under NYS Tax Law §1210-a, beginning in 1989 until 2000. In December of 2000, the ¼ percent sales tax revenues were redirected to the Suffolk County water protection fund. The remaining fund balance in the water quality protection reserve fund is restricted, per NYS law, for the purpose of the operation of certain groundwater protection programs; including toxic waste cleanup and purchase of open-space land. The balance in the water quality protection reserve fund at December 31, 2011 was \$988,727, prior to the reclassification of the environmental trust fund in the amount of \$5,867,612 and the assessment stabilization reserve fund in the amount of \$148,312,508.

The Suffolk County water protection fund serves as a repository for the County's ¼ percent sales tax. Pursuant to NYS Tax Law § 1210-a, the ¼ percent sales tax revenue is restricted to specifically dedicated purposes. County Local Law determines the allocation of funding to these legally restricted purposes. Therefore, dedicated sales tax revenue is distributed from this fund to other governmental funds, in order to fund the various components of the program. The balance in the Suffolk County water protection fund at December 31, 2011 was \$33,000,872.

D. Restatement of beginning balances

Effective January 1, 2011, the County implemented GASB 54, "Fund Balance Reporting and Governmental Fund Type Definitions." In connection with the implementation of this new standard, all of the County's funds were analyzed by management in order to address the necessary changes to its financial statements. Based on GASB 54's revised fund type definitions, the following which were previously classified as special revenue funds have been reclassified into the general fund: Downtown Revitalization, Building Sanitation Administration, General Capital Reserve, Tax Stabilization Reserve, Retirement Contribution Reserve, and Debt Service Reserve. In addition, the following funds did not meet GASB 54's criteria to be reported as separate special revenue funds and have been reclassified as follows: Environment Trust is reported as part of Water Quality Protection Reserve, Community Development Administration and Guaranteed Loan Program are reported as part of Community Development, Assessment Stabilization Reserve is reported as part of Suffolk County Water Protection, and both Sewer Operation & Maintenance, and Southwest Assessment Stabilization are reported as part of Sewer District #3. As a result of the above,

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2011

reclassifications, the fund financial statements as of December 31, 2010 were restated as follows:

<u>Entity/Reporting Level</u>	<u>Fund Balance</u>		
	<u>As Previously Reported</u>	<u>Adjustment</u>	<u>Restated</u>
Government Funds:			
Building Sanitation Administration	\$ (104,720)	\$ 104,720	\$ -
Tax Stabilization Reserve	89,000,382	(89,000,382)	-
Retirement Contribution Reserve	105,693	(105,693)	-
General Fund	(130,486,588)	89,001,355	(41,485,233)
Sewer Maintenance & Operation	2,297,823	(2,297,823)	-
Southwest Assessment Stabilization Reserve	1,166,477	(1,166,477)	-
Sewer District #3	8,010,843	3,464,300	11,475,143
Environmental Trust	6,703,052	(6,703,052)	-
Assessment Stabilization Reserve	108,794,318	(108,794,318)	-
Water Quality Protection Reserve	1,022,840	115,497,370	116,520,210
Community Development Administration	(1,353,353)	1,353,353	-
Guarenteed Loan Program	2,742	(2,742)	-
Community Development	(77,468)	(1,350,611)	(1,428,079)
Total Governmental Funds:	<u>\$ 85,082,041</u>	<u>\$ -</u>	<u>\$ 85,082,041</u>

E. 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 percent to 105 percent of the deposited amount. Collateral may be maintained either by the County or by a custodial bank with which the County has entered into a custodial agreement.

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

2. Receivables and payables

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

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

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

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.

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2011

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, 2011 and 2010 were approximately 95.9 and 95.7 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 2011:

Lien date	June 1, 2010
Levy date	December 1, 2010
Tax bills mailed	December 1, 2010
Property taxes recorded	January 1, 2011
First installment payment due	January 10, 2011
Second installment payment due	May 31, 2011
Taxes become overdue	June 1, 2011

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

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2011

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 \$1,607,310 during 2011.

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

Effective January 1, 2010, the County adopted GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," which establishes new standards of accounting and financial reporting that are intended to improve the usefulness of information provided to financial report users about fund balance by providing clearer, more structured fund balance classifications, and clarifying the definitions of existing governmental fund types. The classifications are based primarily on the extent to which the County is bound to honor external and internal constraints on the specific purpose for which the amounts in those funds can be spent. Fund balances are reported in the following categories:

Non-spendable fund balances include amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact.

Restricted fund balances are externally constrained by legal restrictions from creditors, grant agreements or laws and regulations of other governments or legally enforceable enabling legislation.

Committed fund balances are amounts that are constrained for specific purposes imposed by formal action of the County's highest level of decision-making authority. For Suffolk County, this authority is the Suffolk County Legislature and the Suffolk County Executive through the adoption of a resolution or a local law. The County has no committed fund balances.

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2011

Assigned fund balances are constrained by the government's intent to use such funds for specific purposes, but are neither restricted nor committed. The County reports encumbrances, authorized by the County Executive's Budget Office within the assigned fund balance of the general fund. Encumbrances represent the County's only assigned fund balance because the County's governing bodies have not delegated authority to any other parties. The assigned fund balance has been eliminated by reducing the deficit in the general fund's unassigned fund balance. Therefore, no assigned fund balance is reported by the County.

Unassigned fund balance is the residual classification for the County's general fund and includes all spendable amounts that have not been restricted, committed or assigned. Any negative residual amounts within the County's fund financial statements are classified as unassigned.

The fund balance categories of the governmental funds are shown on the face of the Balance Sheet.

The County uses restricted amounts first when both restricted and unrestricted fund balances are available. The County uses unrestricted fund balances in the following order: committed, assigned and unassigned.

9. Encumbrances

The County uses encumbrances in order to budgetarily designate resources for specific commitments. Encumbered amounts are not displayed separately on the face of the financial statements but rather reported within the restricted classifications of the individual funds or within the assigned fund balance of the general fund. Encumbered balances at December 31, 2011 are as follows:

Major Funds

Capital fund	\$ 93,637,270
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Non-Major Funds

Capital Sewer fund	\$ 39,497,498
Capital Southwest Sewer fund	\$ 13,126,433

F. 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 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 affect the County's reporting of its OPEB obligations.

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 an 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 and should not have a significant impact in the County's 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.

In June 2011, the GASB issued Statement No. 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." This statement will improve financial reporting by standardizing the presentation of deferred outflows and inflows of resources and their effects on a government's net position. The county is required to adopt GASB Statement No. 63 for its 2012 financial statements and it is not anticipated that it will have a significant impact on the County's financial statements.

In June 2011, the GASB issued Statement No. 64 "Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53." The objective of this statement is to clarify the circumstances in which hedge accounting should continue to be applied after the replacement of a swap counterparty or a swap counterparty's credit support provider. The County is required to adopt GASB Statement No. 64 for its 2012 financial statements. The implementation of this statement is not expected to effect the financial position of the County.

G. Adoption of New Accounting Standards

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

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2011

governmental fund types. The County adopted GASB Statement No. 54 effective January 1, 2011. The implementation of this statement resulted in the restatement of prior period balances (Note I.D.) and a reclassification of fund balance within the governmental fund statements. In accordance with new fund type definitions, per GASB 54, some of the funds previously considered special revenue funds are now included as part of the General fund or another special revenue fund.

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 adopted GASB Statement No. 59 in 2011; however, the implementation of this Statement did not have a significant impact on the financial position of the County.

II. Stewardship, compliance, and accountability

A. Budgetary information

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

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

Governmental funds with legally adopted annual budgets include:

General Fund	Sewer District # 10
Police District	Sewer District # 11
Tax Certiorari	Sewer District # 12
Public Safety Communications System E-911	Sewer District # 13
County Road	Sewer District # 14
Handicapped Parking Education	Sewer District # 15
MTA Payroll Tax	Sewer District # 18
District Court	Sewer District # 19
Hotel/Motel Tax Culture and History	Sewer District # 20
Sewer District # 1	Sewer District # 21
Sewer District # 2	Sewer District # 22
Sewer District # 3	Sewer District #23
Sewer District # 5	Sewer District #28
Sewer District # 6	Workforce Investment Revenue
Sewer District # 7	Medicaid Compliance Fund
Sewer District # 8	Suffolk County Water Protection
Sewer District # 9	

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2011

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

Electrical Authority Fund	Water Quality Protection Reserve Fund
NYS Affordable Housing Corporation	Assets Forfeiture - Probation
Community Development Fund	Assets Forfeiture - Sheriff
Home Investment Partnership	Assets Forfeiture - Police
Emergency Shelter Grants Program	Assets Forfeiture - District Attorney
Neighborhood Stabilization	New York State Assets Forfeiture
Homeless Prevention	DWI Asset Seizure
NYS Neighborhood Revitalization Program	

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.
- (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 2011, General Fund supplementary appropriations were authorized and aggregated approximately \$13,671,673.

B. Excess of expenditures over appropriations

For the year ended December 31, 2011, expenditures exceeded appropriations for the following category of expenditures within each of the respective funds:

General Fund:	
· Economic assistance and opportunity:	
Social services	\$ 52,847
· Education:	
Miscellaneous	\$ 1,864,626
· Home and community services:	
Planning	\$ 43,737
	(Continued)

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2011

Police District:		
· General government support:		
Miscellaneous	\$	48,522
· Public safety:		
Police	\$	4,203,632
Public Safety Communications System E-911:		
· Public safety:		
Police	\$	437,474
· Employee benefits	\$	25,751
Hotel/Motel Tax Culture and History:		
· Employee benefits	\$	1,105
Sewer District #18:		
· Home and community services:		
Public works	\$	1,631
· Debt service:		
Interest and other charges	\$	6,792

C. Deficit fund equity

The following funds have deficit fund balances at December 31, 2011:

GENERAL FUND	\$ 166,749,243
SPECIAL REVENUE FUNDS:	
· Police District	\$ 51,347,566
· Public Safety Communications System E-911	2,732,156
· County Road Fund	2,094,726
· Electrical Authority Fund	115,006
· Workforce Investment Revenue	494,924
· Community Development	939,076
· Medicaid Compliance Fund	1,548,482
PROPRIETARY FUNDS:	
· John J. Foley Skilled Nursing Facility	\$ 45,678,271

The County plans to eliminate the deficits listed above through prospective tax levies and other revenue generating or cost saving methods.

III. Detailed notes on all funds

A. Deposits and investments

At year end, 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 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 percent of invested monies shall be invested in obligations of the State of New York;
- No more than 15 percent of invested monies shall be invested in obligations pursuant to LFL Section 24.00 or 25.00;
- No more than 15 percent 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, 2011 the fair value of this trust was \$53,112,253 and consisted of 5 Treasury Strips bearing 0.000 percent interest maturing from February 15, 2012 through August 15, 2013, and 9 Treasury Notes bearing interest ranging from 2.875 percent to 4.75 percent and maturing from January 31, 2012 through July 31, 2013.

The County's agency funds invested in cooperative investment programs totaled \$8,971,508 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, 2011, STASC deposits with a financial institution were \$230,573. Of these balances \$230,212 was insured by the Federal Deposit Insurance Corporation and \$361 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 Agreement dated August 21, 2008. STASC's share of investments in this repurchase agreement was \$18,760,231 at December 31, 2011, is due to mature on June 1, 2048, and earns interest at 4.614 percent annually. The Repurchase Agreement is fully collateralized by debt obligations having fair values that range from 100 percent to 102 percent 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

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2011

securities and equities (within a 5 percent to 10 percent 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	\$ 9,075,542
Total investments	<u>\$ 9,075,542</u>

Component Units

At August 31, 2011, Suffolk County Community College's investment balances were as follows:

<u>Investment by Type</u>	<u>Fair Value</u>
Corporate securities	\$ 8,366,288
Government obligations	14,792,590
Mutual funds	1,908,846
Total investments	<u>\$ 25,067,724</u>

B. Receivables

Receivables at December 31, 2011 were as follows:

	<u>Governmental Funds</u>					<u>Total Governmental Receivables</u>
	<u>General</u>	<u>Police District</u>	<u>Capital</u>	<u>STASC</u>	<u>Other Governmental</u>	
Receivables:						
Property tax	\$ 213,430,394	\$ -	\$ -	\$ -	\$ -	\$ 213,430,394
Sales tax	133,920,701	-	-	-	7,508,218	141,428,919
Other funds	79,142,400	27,875,998	36,819,676	192,979,247	139,624,664	476,441,985
Intergovernmental accounts	361,122,312	576,989	21,402,062	-	14,418,391	397,519,754
Other	28,532,795	35,084	-	-	4,368,378	32,936,257
Total receivables	<u>816,148,602</u>	<u>28,488,071</u>	<u>58,221,738</u>	<u>192,979,247</u>	<u>165,919,651</u>	<u>1,261,757,309</u>
Allowance for doubtful accounts	(13,940,627)	-	-	-	-	(13,940,627)
Receivables, net	<u>\$ 802,207,975</u>	<u>\$ 28,488,071</u>	<u>\$ 58,221,738</u>	<u>\$ 192,979,247</u>	<u>\$ 165,919,651</u>	<u>\$ 1,247,816,682</u>

(Continued)

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2011

	Enterprise Funds					
	Suffolk Health Plan	Suffolk County Ball Park	Francis S. Gabreski Airport	Regional Economic Dev Initiative	John J. Foley Skilled Nursing Facility	Total Enterprise Receivables
Receivables:						
Accounts	\$ -	\$ -	\$ -	\$ -	\$ 9,349,535	\$ 9,349,535
Other	-	255,200	2,087,326	28,900	5,511,433	7,882,859
Total receivables	-	255,200	2,087,326	28,900	14,860,968	17,232,394
Allowance for doubtful accounts	-	-	-	-	(2,696,892)	(2,696,892)
Receivables, net	\$ -	\$ 255,200	\$ 2,087,326	\$ 28,900	\$ 12,164,076	\$ 14,535,502

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)	\$ 185,988,506	\$ -
New York State Department of Health:		
Mental health and alcohol advances for County programs (general fund)	-	15,061,335
Federal and State government receivables (general fund)	16,353,381	-
Tobacco settlement receipts (general fund)	-	254,664
Stop DWI (general and police district fund)	-	94,974
Hospital mortgages (general fund)	-	640,637
Total deferred/unearned revenue for governmental funds	<u>\$ 202,341,887</u>	<u>\$ 16,051,610</u>

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2011

C. Capital Assets

Capital asset activity for the year ended December 31, 2011 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being				
Land	\$ 764,758,670	\$ 52,010,188	\$ -	\$ 816,768,858
Development rights	215,432,741	5,266,415	-	220,699,156
Historic buildings	4,607,607	-	-	4,607,607
Construction in progress	531,204,807	108,077,431	(32,360,750)	606,921,488
Total capital assets, not being depreciated	1,516,003,825	165,354,034	(32,360,750)	1,648,997,109
Capital assets, being depreciated:				
Buildings	640,740,830	201,880	-	640,942,710
Improvements other than buildings	48,868,379	411,594	-	49,279,973
Vehicles and equipment	323,579,796	15,387,558	(25,153,567)	313,813,787
Infrastructure	935,343,137	31,810,569	-	967,153,706
Total capital assets, being depreciated	1,948,532,142	47,811,601	(25,153,567)	1,971,190,176
Less accumulated depreciation for:				
Buildings	(365,674,392)	(10,872,568)	-	(376,546,960)
Improvements other than buildings	(19,978,482)	(1,717,042)	-	(21,695,524)
Vehicles and equipment	(187,115,245)	(22,842,426)	23,907,073	(186,050,598)
Infrastructure	(395,843,507)	(19,177,166)	-	(415,020,673)
Total accumulated depreciation	(968,611,626)	(54,609,202)	23,907,073	(999,313,755)
Total capital assets, being depreciated, net	979,920,516	(6,797,601)	(1,246,494)	971,876,421
Governmental activities capital	<u>\$ 2,495,924,341</u>	<u>\$ 158,556,433</u>	<u>\$ (33,607,244)</u>	<u>\$ 2,620,873,530</u>

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2011

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 22,092,831	\$ -	\$ -	\$ 22,092,831
Construction in progress	13,936,300	1,290,619	(112,689)	15,114,230
Total capital assets, not being depreciated	36,029,131	1,290,619	(112,689)	37,207,061
Capital assets, being depreciated:				
Buildings	58,505,464	22,008	-	58,527,472
Improvements other than buildings	6,499,471	474,310	-	6,973,781
Vehicles and equipment	5,210,188	33,439	-	5,243,627
Total capital assets, being depreciated	70,215,123	529,757	-	70,744,880
Less accumulated depreciation for:				
Buildings	(28,568,671)	(1,833,245)	-	(30,401,916)
Improvements other than buildings	(1,636,009)	(223,535)	-	(1,859,544)
Vehicles and equipment	(3,334,759)	(412,566)	-	(3,747,325)
Total accumulated depreciation	(33,539,439)	(2,469,346)	-	(36,008,785)
Total capital assets, being depreciated, net	36,675,684	(1,939,589)	-	34,736,095
Business-type activities capital assets, net	<u>\$ 72,704,815</u>	<u>\$ (648,970)</u>	<u>\$ (112,689)</u>	<u>\$ 71,943,156</u>

Depreciation expense and amortization for the year ended December 31, 2011 was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government support	\$ 14,522,410
Economic assistance and opportunity	166,075
Health	1,926,565
Public safety	6,863,786
Culture and recreation	2,321,301
Home and community services	9,564,826
Transportation	14,821,582
Legislative	113,400
Judicial	4,309,257
Total depreciation expense-governmental activities	<u>\$ 54,609,202</u>
Business-type activities:	
Suffolk County Ball Park	\$ 457,056
Francis S. Gabreski Airport	267,743
John J. Foley Skilled Nursing Facility	1,744,547
Total depreciation expense-business-type activities	<u>\$ 2,469,346</u>

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2011

Construction commitments

The County has a number of active construction project commitments at December 31, 2011. Active projects for which amounts spent as of December 31, 2011 exceed \$10,000,000 include 32 projects. The total spent as of December 31, 2011 for these projects amounts to approximately \$1 billion. Remaining commitments for these projects amount to approximately \$174 million.

Discretely presented component units

Capital asset activity for Suffolk County Community College (College) for the year ended August 31, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 4,948,118	\$ -	\$ -	\$ 4,948,118
Construction in progress	8,066,255	421,728	(7,538,883)	949,100
Total capital assets, not being depreciated	<u>13,014,373</u>	<u>421,728</u>	<u>(7,538,883)</u>	<u>5,897,218</u>
Capital assets, being depreciated:				
Buildings	152,318,168	13,170,392	-	165,488,560
Improvements other than buildings	11,986,245	80,119	-	12,066,364
Vehicles and equipment	20,340,341	1,940,082	-	22,280,423
Infrastructure	6,147,034	265,739	-	6,412,773
Total capital assets, being depreciated	<u>190,791,788</u>	<u>15,456,332</u>	<u>-</u>	<u>206,248,120</u>
Less accumulated depreciation for:				
Buildings	(62,315,317)	(3,914,063)	-	(66,229,380)
Improvements other than buildings	(4,940,065)	(462,754)	-	(5,402,819)
Vehicles and equipment	(10,216,630)	(2,311,205)	-	(12,527,835)
Infrastructure	(1,502,399)	(300,546)	-	(1,802,945)
Total accumulated depreciation	<u>(78,974,411)</u>	<u>(6,988,568)</u>	<u>-</u>	<u>(85,962,979)</u>
Total capital assets, being depreciated, net	<u>111,817,377</u>	<u>8,467,764</u>	<u>-</u>	<u>120,285,141</u>
College capital assets, net	<u>\$124,831,750</u>	<u>\$ 8,889,492</u>	<u>\$ (7,538,883)</u>	<u>\$126,182,359</u>

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2011

Capital asset activity for the Suffolk Regional Off-Track Betting Corporation (OTB) for the year ended December 31, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,058,343	\$ -	\$ -	\$ 2,058,343
Construction in progress	25,209	69,255	(39,243)	55,221
Total capital assets, not being depreciated	<u>2,083,552</u>	<u>69,255</u>	<u>(39,243)</u>	<u>2,113,564</u>
Capital assets, being depreciated:				
Building & leasehold improvements	14,122,989	63,338	(1,897,440)	12,288,887
Vehicles and equipment	<u>3,068,745</u>	<u>89,064</u>	<u>(178,162)</u>	<u>2,979,647</u>
Total capital assets, being depreciated	17,191,734	152,402	(2,075,602)	15,268,534
Less accumulated depreciation:	(6,841,931)	(678,743)	633,518	(6,887,156)
Total capital assets, being depreciated, net	<u>10,349,803</u>	<u>(526,341)</u>	<u>(1,442,084)</u>	<u>8,381,378</u>
OTB capital assets, net	<u>\$ 12,433,355</u>	<u>\$ (457,086)</u>	<u>\$ (1,481,327)</u>	<u>\$ 10,494,942</u>

Capital asset activity for the Suffolk County Industrial Development Agency (IDA) for the year ended December 31, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Total capital assets, not being depreciated	-	-	-	-
Capital assets, being depreciated:				
Vehicles and equipment	<u>58,345</u>	-	-	<u>58,345</u>
Total capital assets, being depreciated	58,345	-	-	58,345
Less accumulated depreciation for:				
Vehicles and equipment	<u>(52,339)</u>	<u>(3,402)</u>	-	<u>(55,741)</u>
Total accumulated depreciation	(52,339)	(3,402)	-	(55,741)
Total capital assets, being depreciated, net	<u>6,006</u>	<u>(3,402)</u>	-	<u>2,604</u>
IDA capital assets, net	<u>\$ 6,006</u>	<u>\$ (3,402)</u>	<u>\$ -</u>	<u>\$ 2,604</u>

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2011

D. Payables and accrued liabilities

Payables and accrued liabilities at December 31, 2011, were as follows:

	Other Governments	Salaries	Vouchers	Other	Total
Governmental activities:					
General	\$ 994,875	\$ 51,887,885	\$ 106,439,133	\$ 60,483,735	\$ 219,805,628
Police district	891	59,613,827	7,823,033	142,423	67,580,174
Capital	-	-	27,334,046	3,820,673	31,154,719
STASC	5,220	-	-	-	5,220
Other governmental	-	8,249,247	11,478,486	3,734,926	23,462,659
Total governmental activities	<u>\$ 1,000,986</u>	<u>\$ 119,750,959</u>	<u>\$ 153,074,698</u>	<u>\$ 68,181,757</u>	<u>\$ 342,008,400</u>
Business-type activities:					
Suffolk Health Plan	\$ -	\$ -	\$ 23,420	\$ -	\$ 23,420
Suffolk County Ball Park	-	-	11,638	-	11,638
Francis S. Grabeski Airport	-	64,023	416,052	-	480,075
Regional Economic Development Initiative	-	-	-	-	-
John J. Foley Skilled Nursing Facility	-	265,037	2,715,612	133,159	3,113,808
Total business-type activities	<u>\$ -</u>	<u>\$ 329,060</u>	<u>\$ 3,166,722</u>	<u>\$ 133,159</u>	<u>\$ 3,628,941</u>

E. Interfund balances and transfers

The composition of interfund balances as of December 31, 2011 is as follows:

Due to general fund from:	
Police	\$ 6,301,444
Capital	345,410
Nonmajor gov't funds	39,613,147
Suffolk Health Plan	216,436
Francis S. Gabreski Airport	2,331,046
John J. Foley Skilled Nursing Facility	21,015,692
Total due to general fund from other funds	<u>\$ 69,823,175</u>
Due to police fund from:	
General	\$ 27,849,664
Nonmajor gov't funds	26,334
Total due to police fund from other funds	<u>\$ 27,875,998</u>
Due to capital fund from:	
General	\$ 7,532,173
Police	10,982
Nonmajor Gov't Funds	28,512,228
Francis S. Gabreski Airport	764,293
Total due to capital fund from other funds	<u>\$ 36,819,676</u>

(Continued)

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2011

Due to STASC from:	
General	\$ 183,905,302
Police	7,550,534
John J. Foley Skilled Nursing Facility	1,523,411
Total due to STASC from other funds	<u>\$ 192,979,247</u>
Due to nonmajor governmental funds from:	
General	\$ 80,666,104
Capital	1,854,903
Nonmajor gov't funds	56,143,972
Francis S. Gabreski Airport	959,685
Total due to nonmajor gov't funds from other funds	<u>\$ 139,624,664</u>
Due to John J. Foley Skilled Nursing Facility from:	
General fund	\$ 34,249
Total due to skilled nursing facility from other funds	<u>\$ 34,249</u>
Due to Francis S. Gabreski Airport from:	
Capital	\$ 857,137
Total due to airport from other funds	<u>\$ 857,137</u>
Due to Regional Economic Development Initiative from:	
General fund	\$ 28,900
Total due to Regional Economic Development Initiative from other funds:	<u>\$ 28,900</u>

These balances resulted from the time lag between the dates that transactions are recorded in the accounting system, and payments between funds are made. All of the interfund balances are expected to be liquidated within one year, with the exception of amounts reported as due to STASC. These interfund balances represent the deferral of revenues from the sale of Future Tobacco Settlement Revenues. The deferred revenues are being amortized to the maturity of the Tobacco Settlement Asset-Backed Bonds Series 2008 issued by STASC.

Individual fund transfers for the year ended December 31, 2011 were as follows:

Transfers to general fund from:	
Police fund	\$ 110,000,511
Capital fund	2,876,000
STASC	16,980,432
Nonmajor governmental funds	76,502,066
Suffolk Health Plan	722,021
Francis S. Gabreski Airport	197,347
John J. Foley Skilled Nursing Facility	7,982,483
Total transfers to general fund	<u>\$ 215,260,860</u>
Transfers to police fund from:	
Capital fund	\$ 65,952
STASC	213,827
Nonmajor governmental funds	1,043,605
Total transfers to police fund	<u>\$ 1,323,384</u>

(Continued)

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2011

Transfers to capital fund from:	
General fund	\$ 50,000
Nonmajor governmental funds	28,125,746
Francis S. Gabreski Airport	3,195,262
Total transfers to capital fund	<u>\$ 31,371,008</u>
Transfers to nonmajor governmental funds from:	
General fund	\$ 14,210,299
Police fund	4,925,007
Capital fund	3,446,616
Nonmajor governmental funds	86,764,274
Francis S. Gabreski Airport	23,245
Total transfers to nonmajor governmental funds	<u>\$ 109,369,441</u>
Transfers to Francis S. Gabreski Airport from:	
General fund	\$ 1,841
Capital fund	1,215,329
Total transfers to Francis S. Gabreski Airport	<u>\$ 1,217,170</u>
Transfers to Regional Economic Development Initiative from:	
General fund	\$ 28,900
Total transfers to Regional Economic Development Initiative	<u>\$ 28,900</u>
Transfers to John J. Foley Skilled Nursing Facility from:	
STASC	\$ 43,142
Total transfers to John J. Foley Skilled Nursing Facility	<u>\$ 43,142</u>

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

F. Leases

Operating Leases

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

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2011

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, 2011:

<u>Years Ending December 31</u>	<u>Amount</u>
2012	\$ 19,342,744
2013	18,850,145
2014	17,865,549
2015	14,975,153
2016	11,816,125
2017-2021	55,609,333
2022-2026	39,796,291
Thereafter	16,682,614
Total	<u><u>\$ 194,937,954</u></u>

Rent expenditures for the year ended December 31, 2011 approximated \$22,960,733.

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.

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>
2012	\$ 492,900
2013	492,900
2014	492,900
2015	492,900
2016	492,900
2017-2018	<u>575,050</u>
Total minimum lease payments	3,039,550
Less: Imputed interest	<u>177,440</u>
Present value of future minimum lease payments	<u><u>\$ 2,862,110</u></u>

Assets acquired from the aforementioned capital lease are recorded on the County's financial statements in the amount of \$5,256,000 which represents net book value as of December 31, 2011.

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2011

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 \$2,538,974,479. During the year, general obligation bonds totaling \$174,012,133 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:

Purpose	Interest Rates	Amount
Governmental activities	0.50 - 9.0%	\$ 1,198,073,217
Governmental activities-refunding	2.75 - 6.0%	118,435,522
Business-type activities	2.50 - 5.5%	11,673,713
Business-type activities-refunding	3.00 - 5.0%	13,029,719
		<u>\$ 1,341,212,171</u>

As of December 31, 2011, approximately \$25,160 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 2011, the County paid \$9,949 in interest and principal on this debt and received reimbursements of \$272,032. The County has recorded receivable and related deferred revenue of \$640,635, which represents future principal payments to be received from the hospitals at December 31, 2011.

Additionally, \$14,898,645 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, \$9,804,787 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.

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2011

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
2012	\$ 100,410,939	\$ 52,258,675	\$ 2,775,215	\$ 1,072,698
2013	99,274,421	47,016,981	2,745,891	934,476
2014	97,360,548	43,260,487	2,538,378	824,941
2015	93,976,901	39,468,022	2,473,639	719,668
2016	94,306,074	35,733,188	2,468,981	603,463
2017-2021	378,412,367	130,162,035	7,793,161	1,637,412
2022-2026	340,083,456	60,816,746	3,277,684	528,997
2022-2031	110,786,649	5,849,198	811,023	46,640
	<u>1,314,611,355</u>	<u>414,565,332</u>	<u>24,883,972</u>	<u>6,368,295</u>
Deferred charge on refunding:	(5,786,567)	-	(996,658)	-
Premium on refunding:	<u>7,683,951</u>	<u>-</u>	<u>816,118</u>	<u>-</u>
Total	<u>\$ 1,316,508,739</u>	<u>\$ 414,565,332</u>	<u>\$ 24,703,432</u>	<u>\$ 6,368,295</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 \$95,136,382. During the year, general obligation bonds totaling \$4,984,458 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 \$40,288,540 at August 31, 2011 and such serial bonds were issued with interest rates that ranged from 2.0 percent to 5.25 percent.

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

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2011

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 \$68,292,048 at August 31, 2011 and such bonds were issued with interest rates that range from 2.5 percent to 6.0 percent.

Annual principal and interest requirements to service all College debt outstanding as of August 31, 2011 are as follows:

	Authority	General Obligations	Total Principal	Interest	Total
Year ending August 31:					
2012	\$ 2,427,247	\$ 4,362,225	\$ 6,789,472	\$ 5,228,554	\$ 12,018,026
2013	2,855,899	3,978,407	6,834,306	4,884,868	11,719,174
2014	3,048,531	3,529,149	6,577,680	4,576,683	11,154,363
2015	3,120,771	3,350,568	6,471,339	4,280,377	10,751,716
2016	3,232,539	3,399,527	6,632,066	3,973,344	10,605,410
2017-2021	18,538,937	13,650,708	32,189,645	15,224,174	47,413,819
2022-2026	20,621,909	5,937,369	26,559,278	7,898,329	34,457,607
2027-2031	10,718,786	2,080,587	12,799,373	2,558,307	15,357,680
2032-2036	3,727,429	-	3,727,429	538,527	4,265,956
	-	-	-	-	-
	<u>\$ 68,292,048</u>	<u>\$ 40,288,540</u>	<u>\$ 108,580,588</u>	<u>\$ 49,163,163</u>	<u>\$ 157,743,751</u>
Less: Deferred Loss			(1,949,770)		
Plus: Unamortized Premium			3,828,399		
			<u>\$ 110,459,217</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

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2011

the defeased bonds are not included in the County's financial statements. On December 31, 2011, \$236,175,000 of bonds outstanding is 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 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. Principal and interest paid on these bonds in 2011 totaled \$7,531,510. Interest on the Series 2008 Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code.

Any additional revenues received above the required debt service payments are used to turbo redeem the outstanding bonds. The Corporation received sufficient TSRs to make the required debt service payment of \$7,446,509 and a Turbo Principal Payment of \$85,000 against its Series 2008 Bonds during 2011.

Pledged revenues consist of a portion of the TSRs equal to 36 percent of future annual payments through December 31, 2012, and 75 percent thereafter and like percentages of any lump sum payments in lieu of such annual payments. Pledged revenue received in 2011 amounted to \$6,615,815, or 88 percent of total principal and interest payments made during the year.

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

The amount of TSRs received is dependent on many factors, including future domestic cigarette consumption, the financial capability of the Participating Manufacturers (the "PMs"), 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, 2011, are as follows:

<u>Description</u>	<u>Original Date Issued</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount Outstanding</u>
				06/01/2012 -	
2008A	08/21/2008	\$ 9,765,000	4.000 - 5.000%	06/01/2018	\$ 7,260,000
2008B (2028)	08/21/2008	40,045,000	5.375%	06/01/2028	37,620,000
2008B (2048)	08/21/2008	62,295,000	6.000%	06/01/2048	62,295,000
2008C	08/21/2008	107,671,781	6.625%	06/01/2044	107,671,781
2008D	08/24/2008	13,375,082	8.000%	06/01/2048	13,375,082
				Total	<u>\$ 228,221,863</u>

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2011

The following table summarizes the STASC's estimated future debt service requirements as of December 31, 2011 based on future projected TSRs:

	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
2012	\$ 1,445,000	\$ 6,073,122	\$ 7,518,122
2013	285,000	15,464,306	15,749,306
2014	445,000	15,448,516	15,893,516
2015	610,000	15,424,675	16,034,675
2016	815,000	15,390,194	16,205,194
2017 - 2021	3,660,000	76,166,594	79,826,594
2022 - 2026	-	75,934,094	75,934,094
2027 - 2031	37,620,000	68,856,831	106,476,831
2032 - 2036	-	65,823,719	65,823,719
2037 - 2041	-	65,823,719	65,823,719
2042 - 2046	107,671,781	76,879,329	184,551,110
2047 - 2048	75,670,082	295,240,728	370,910,810
	<u>228,221,863</u>	<u>\$ 792,525,827</u>	<u>\$ 1,020,747,690</u>
Accreted Interest	30,419,497		
Unamortized Discount	(3,613,760)		
Total	<u>\$ 255,027,600</u>		

A summary of changes in long-term liabilities for the year ended December 31, 2011 is as follows:

	<u>Balance 1/1/2011</u>	<u>Increases</u>	<u>Reductions</u>	<u>Balance 12/31/2011</u>	<u>Non-current Liabilities due within one year</u>
Tobacco securitization bonds	<u>\$ 246,498,599</u>	<u>\$ 9,773,306</u>	<u>\$ (1,244,305)</u>	<u>\$ 255,027,600</u>	<u>\$ 1,289,305</u>

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2011

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2011 was as follows:

Governmental activities	Beginning Balance	Additions	Reductions	Ending Balance	Due within one Year
Bonds payable:					
General obligation debt	\$ 1,099,451,165	\$ 172,947,684	\$ 74,325,632	\$ 1,198,073,217	\$ 76,820,893
Advanced refunding debt	142,204,210	-	25,666,073	116,538,137	23,949,128
Plus (minus) deferred amounts					
For unamortized Premium or					
Discounts on refundings	2,280,322	-	382,937	1,897,385	(359,082)
STASC bonds	229,621,863	-	1,400,000	228,221,863	1,445,000
Plus accreted interest	20,646,191	9,773,306	-	30,419,497	-
Less unamortized deferred discount	3,769,455	-	155,695	3,613,760	155,695
Total bonds payable	<u>1,490,434,296</u>	<u>182,720,990</u>	<u>101,618,947</u>	<u>1,571,536,339</u>	<u>101,700,244</u>
Compensated absences	409,968,886	23,774,440	18,752,957	414,990,369	21,049,608
Claims and judgements	612,271,069	55,722,220	41,005,050	626,988,239	36,936,752
Other postemployment					
benefits other than pensions	1,121,680,000	371,170,000	94,910,000	1,397,940,000	-
Capital leases	3,293,897	-	431,787	2,862,110	440,503
Due to NYS retirement system	-	19,080,350	-	19,080,350	2,470,993
Governmental activity					
Long-term liabilities	<u>\$ 3,637,648,148</u>	<u>\$ 652,468,000</u>	<u>\$ 256,718,741</u>	<u>\$ 4,033,397,407</u>	<u>\$ 162,598,100</u>
Business-type activities					
Bonds payable:					
Francis S. Gabreski Airport	\$ 7,298,793	\$ 1,055,564	\$ 446,456	\$ 7,907,901	\$ 463,417
John J. Foley Skilled					
Nursing Facility	16,887,468	8,885	1,997,708	14,898,645	2,008,542
Suffolk County Ball Park	2,340,039	-	443,153	1,896,886	303,255
Total bonds payable	<u>26,526,300</u>	<u>1,064,449</u>	<u>2,887,317</u>	<u>24,703,432</u>	<u>2,775,214</u>
Compensated absences	1,828,518	205,885	318,294	1,716,109	87,046
Other postemployment					
benefits other than pensions	27,560,000	8,440,000	2,290,000	33,710,000	-
Business-type activity					
Long-term liabilities	<u>\$ 55,914,818</u>	<u>\$ 9,710,334</u>	<u>\$ 5,495,611</u>	<u>\$ 60,129,541</u>	<u>\$ 2,862,260</u>

(Continued)

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2011

Component units	Beginning Balance	Additions	Reductions	Ending Balance	Due within one Year
County general obligation bonds (Comm. College)	\$ 41,879,315	\$ 5,886,948	\$ 5,599,094	\$ 42,167,169	\$ 4,362,225
Dormitory Authority	70,864,117	-	2,572,069	68,292,048	2,427,247
Total bonds payable	<u>112,743,432</u>	<u>5,886,948</u>	<u>8,171,163</u>	<u>110,459,217</u>	<u>6,789,472</u>
Compensated absences	30,292,970	10,120	1,296,764	29,006,326	2,861,948
Other postemployment benefits other than pensions	103,504,278	46,469,700	15,985,232	133,988,746	-
Mortgage Payable	5,740,384	-	135,151	5,605,233	251,092
Due to NYS Retirement Sytem	-	2,957,345	-	2,957,345	2,142,158
Component units Long-term liabilities	<u>\$ 252,281,064</u>	<u>\$ 55,324,113</u>	<u>\$ 25,588,310</u>	<u>\$ 282,016,867</u>	<u>\$ 12,044,670</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, pension obligations and other postemployment benefit obligations.

H. Short-term debt

Short-term debt activity for the year ended December 31, 2011 was as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance
Tax anticipation notes	\$ 390,000,000	\$ 300,000,000	\$ 390,000,000	\$ 300,000,000
Delinquent tax anticipation notes	120,000,000	120,000,000	120,000,000	120,000,000
Public improvement bond anticipation notes	29,224,970	5,126,000	29,224,970	5,126,000
Governmental activities short-term debt	<u>\$ 539,224,970</u>	<u>\$ 425,126,000</u>	<u>\$ 539,224,970</u>	<u>\$ 425,126,000</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 risk management program is operated solely by and for the benefit of the Suffolk County

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2011

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 coverage's 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 12/31/2010	Year ended 12/31/2011
Unpaid claims, beginning of fiscal year	\$ 528,010,541	\$ 612,271,069
Incurred claims (including IBNRs)	59,614,991	55,928,735
Changes in the estimate for claims of prior years	57,513,990	(206,515)
Claim payments	(32,868,453)	(41,005,050)
Unpaid claims, end of fiscal year	<u>\$ 612,271,069</u>	<u>\$ 626,988,239</u>

B. Subsequent events

On January 5, 2012, Suffolk County issued \$88,120,000 refunding serial bonds. The proceeds of the bonds will be used to refund all or a portion of the outstanding principal of County bonds specified by the Refunding Plan. The Refunding Plan will permit the County to realize, as a result of the issuance of the bonds, cumulative dollar and present value debt service savings. The interest rates on the refunded bonds, ranged from 3.375 percent to 5.25 percent and the interest rates on the refunding bonds range from 2.375 percent to 5 percent.

Local Law 9-2012 authorized the sale by Suffolk County to Suffolk Tobacco Asset Securitization Corporation (STASC) of the County's ownership interest in the residual trust. The sale closed on April 4, 2012. The net proceeds of the tobacco bond securitization will be used as follows:

1. Defeasance of County general bond debt service, in the amount of \$30,465,000.
2. Working capital in the amount of \$2,500,000.

On May 1, 2012, the County issued \$85,000,000 Revenue Anticipation Notes with an interest rate of 2 percent. The notes were issued in anticipation of the receipt of certain revenues expected to be received by the County for the 2012 fiscal year from State aid and Federal aid.

On June 14, 2012, the County issued \$60,090,000 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 rates on the bonds range from 3.00 to 4.00 percent. Bonds mature in varying amounts on May 15 of years 2013 through 2026.

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 2011). Eligible spouses who already receive Part B reimbursement from another employer are not eligible for the County’s reimbursement. The County contributes 100 percent of the cost of retirees healthcare benefit on a pay-as-you-go basis, which amounted to \$97.20 million for 2011.

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 2011, the County’s annual OPEB cost (expense) of \$398.45

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2011

million was equal to the ARC. The County's 2011 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.

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	\$ 398.45
Contributions Made	(97.20)
Increase in net OPEB	<u>301.25</u>
Interest on net OPEB obligation	51.72
Adjustment to annual required contribution	<u>(70.56)</u>
Net OPEB obligation - beginning of year	<u>1,149.24</u>
Net OPEB obligation - end of year	<u><u>\$ 1,431.65</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost, contributed to the Plan, and the net OPEB obligation for 2009, 2010, and 2011 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>
12/31/2009	\$370.43	21.7%	\$890.60
12/31/2010	\$344.80	25.0%	\$1,149.24
12/31/2011	\$379.61	25.6%	\$1,431.65

Funded status and funding progress. As of December 31, 2011, actuarial accrued liability for benefits was \$4.414 billion and was equal to the unfunded actuarial accrued liability (UAAL). The covered payroll (annual payroll of active employees covered by the Plan) was \$853.39 million and the ratio of UAAL to the covered payroll was 517 percent.

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

Actuarial methods and assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the

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

In the January 1, 2011, actuarial valuation, the projected unit credit method was used. The actuarial assumptions include an inflation rate of 3.0 percent, a 4.5 percent discount rate and an annual healthcare cost trend rate of 9.50 percent for medical and prescription drugs grading down to a rate of 4.5 after ten years. The UAAL is being amortized as a level dollar amount over thirty years based on an open group.

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

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2011

accumulation fund. The required contribution rate is determined on an actuarial basis. The County's contributions to ERS and PFRS for 2011, 2010, and 2009 were as follows (dollars in thousands):

Year	ERS		PFRS	
	Required	Made	Required	Made
2011	\$ 60,433	\$ 55,713	\$ 64,900	\$ 57,970
2010	51,775	39,961	56,613	52,542
2009	42,098	-	53,851	-

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 reported on the December 31, 2011 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, 2011 the fund balance of the retirement contribution reserve fund was \$10,587,566.

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 \$24,802,537 of the Employee Retirement System invoice and \$20,900,357 of the Police and Fire Retirement System invoice for the period April 1, 2011 through March 31, 2012.

Deferred compensation

All permanent County employees and elected officials may participate in a deferred compensation program designated as an Internal Revenue Code Section 457 plan. This

program enables employees to contribute a portion of their salary, on a tax deferred basis, to group variable annuity contracts. Effective January 1, 1999, all amounts, property, and rights held for the purposes of the Plan are held for the exclusive benefit of the Plan's participants and their beneficiaries, as permitted by Internal Revenue Code §457 (b) (6) & (g).

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

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

New York State & Local Employee Retirement System (ERS)

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

Funding policy. The plan's funding policy is also disclosed above under primary government pension plans. The College's contributions to the ERS for 2011, 2010, and 2009 were \$3,776,000, \$2,857,000, and \$2,084,000, respectively, and were equal to the required contributions for each year.

New York State Teachers' Retirement System (TRS)

Plan description. The TRS is a cost sharing multiple-employer defined contribution pension plan. TRS provides retirement, disability, and death benefits to plan members. Obligations of employers and employees to contribute and benefits to employees are governed by New York State Retirement and Social Security Law. TRS issues a publicly available financial report that includes financial statements and required supplementary information. This 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 is non-contributory except for employees in tiers 3 and 4 who contribute 3.5 percent without regard to their years of service. Pursuant to Article 11 of Education Law, contribution rates are established annually for TRS by the New York State Teachers' Retirement Board. The College's contributions to TRS for 2011, 2010 and 2009 were \$2,129,000, \$1,377,000, and \$1,653,000, 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. The TIAA-CREF is a privately operated contribution retirement plan which provides benefits to certain employees of the College. TIAA-CREF issue publicly available financial reports that include financial statements and required supplementary information. This report may be obtained by writing to the Teachers' Insurance and Annuity Association – College Retirement Equities Fund, 730 Third Avenue, New York, NY 10017.

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2011

Funding policy. Under the plan, the College is required to make contributions based on gross salaries of the participants. Certain participants are also required to make a participating contribution. The College's contributions to TIAA-CREF for 2011, 2010, and 2009 were \$5,297,000, \$4,698,000, and \$4,400,000, respectively, and were equal to the required contributions for each year.

F. Employee benefits

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

During 2011, the County made contribution payments in the following amounts to the indicated Benefit Funds:

Suffolk County Municipal Employees Benefit Fund	\$ 11,456,626
Suffolk County Police Benevolent Association Benefit Fund	4,233,471
Suffolk County Police Benevolent Association Legal Fund	175
Suffolk County Police Superior Officers Association Benefit Fund	128,852
Total	<u>\$ 15,819,124</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, 2009	-	\$4,170.34	\$4,170.34	0%	\$859.34	485%
December 31, 2010	-	\$3,944.17	\$3,944.17	0%	\$903.29	416%
December 31, 2011	-	\$4,416.16	\$4,414.16	0%	\$853.39	517%

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Supplemental Schedule

County of Suffolk, New York

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2011

Federal Grantor/Pass-Through Grantor/Program Title (Refer to Note 6 for Clusters)	Federal CFDA Number	Federal/Pass-Through Grantor – Note 7	Federal/Pass-Through Grantor's Number	2011 Amount Provided to Sub-Recipients	2011 Expenditures
U.S. Department of Agriculture					
SNAP 11	N/A	NYS OTDA	N/A	\$ –	\$ 4,414
School Breakfast Program	10.553	NYS ED	N/A	–	41,954
National School Lunch Program	10.555	NYS ED	N/A	–	64,736
Special Supplemental Nutrition (Food) Program for Women, Infants and Children 2010 (WIC)	10.557	NYS DOH – BNA	C012653	–	2,356,564
Special Supplemental Nutrition (Food) Program for Women, Infants and Children 2011 (WIC)	10.557	NYS DOH – BNA	C012653	–	500,972
Special Supplemental Nutrition Program for Women, Infant and Children: Special Formula and Food Checks (Note 3)	10.557	NYS DOH – BNA	F012342	–	15,262,959
Non-Monetary Assist				–	18,120,495
Total CFDA 10.557				–	18,120,495
State Administrative Matching Grants for Supplemental Nutrition Assistance Program (Administrative Costs) (Food Stamp Program)	10.561	NYS OTDA	18000	128,093	13,141,301
Environmental Quality Incentives Program – Natural Resource Conservation Service- Environmental Quality Incentives Program	10.912	Direct Federal	68-2C31-0-125	–	4,650
Agricultural Management Assistance – Natural Resource Conservation Service- Environmental Quality Incentives Program	10.917	Direct Federal	68-2C31-0-138	–	3,924
Total – U.S. Department of Agriculture				128,093	31,381,474
U.S. Department of Housing and Urban Development					
Community Development Block and Entitlement Grants	14.218	Direct Federal	N/A	4,562,933	4,819,037
NSP-Neighborhood Stabilization Grant	14.218	Direct Federal	N/A	260,279	438,124
Total CFDA 14.218				4,823,212	5,257,161
Community Development Block Grants/States Program and Non-Entitlement Grants in Hawaii- Neighborhood Revitalization Program (NSP State)	14.228	NYS HFA	N/A	1,941,353	2,006,780
Emergency Shelter Grants Program	14.231	Direct Federal	N/A	–	2,784
Emergency Shelter Grants Program	14.231	Direct Federal	N/A	137,024	145,256
Total CFDA 14.231				137,024	148,040
Shelter Plus Care	14.238	NYS OTDA	18000	44,899	98,818
Home Investment Partnerships Program	14.239	Direct Federal	N/A	859,711	1,892,793
ARRA – Community Development Block Grant ARRA Entitlement Grants	14.253	Direct Federal	N/A	98,314	132,372
ARRA – Homelessness Prevention Grant and Rapid Re-Housing	14.257	Direct Federal	N/A	487,607	493,583
Total – U.S. Department of Housing and Urban Development				8,392,120	10,029,547
U.S. Department of the Interior					
Clean Vessel Assistance Program	15.616	NYS EFC	N/A	–	7,166
Total – U.S. Department of the Interior				–	7,166
U.S. Department of Justice					
Federal Forfeiture Funds (Police)	16.000	Direct Federal	N/A	–	669,479
Federal Forfeiture Funds (District Attorney)	16.000	Direct Federal	N/A	431,169	1,182,906
Federal Forfeiture Funds (Sheriff)	16.000	Direct Federal	N/A	22,907	151,068
Federal Forfeiture Funds (Probation)	16.000	Direct Federal	N/A	–	77,481
Total CFDA 16.000				454,076	2,080,934

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2011

Federal Grantor/Pass-Through Grantor/Program Title (Refer to Note 6 for Clusters)	Federal CFDA Number	Federal/Pass-Through Grantor – Note 7	Federal/Pass-Through Grantor's Number	2011 Amount Provided to Sub-Recipients	2011 Expenditures
U.S. Department of Justice (continued)					
FBI/Joint Terrorism Task Force 2011	N/A	Direct Federal	N/A	\$ –	\$ 11,960
FBI Joint Terrorism Task Force 2012	N/A	Direct Federal	N/A	–	3,392
Long Island Joint Firearms Task Force 2011	N/A	Direct Federal	11NY-142-AFF	–	19,039
Long Island Joint Firearms Task Force 2012	N/A	Direct Federal	12NY-142-AFF	–	5,784
Organized Crime Drug Enforcement Task Force – 2011	N/A	Direct Federal	NY-NYE-0661	–	25,077
OCDETF	N/A	Direct Federal	NE-MA-539	–	4,727
DEA LI Task Force 2011	N/A	Direct Federal	N/A	–	25,803
DEA LI Task Force 2012	N/A	Direct Federal	N/A	–	8,601
DA LI DEA Task Force 11	N/A	Direct Federal	D-10-NY-1797	–	21,107
DA LI DEA Task Force 12	N/A	Direct Federal	N/A	–	3,364
Tactical Diversion Task Force 2011	N/A	Direct Federal	N/A	–	8,291
Tactical Diversion Task Force 2012	N/A	Direct Federal	N/A	–	4,096
US Marshals/Regional Fugitive Task Force 2011	N/A	Direct Federal	FATF-11-0035	–	9,321
US Marshals/Regional Fugitive Task Force 2012	N/A	Direct Federal	JLEO-12-0035	–	6,505
US Marshals/Regional Fugitive Task Force 2011	N/A	Direct Federal	FATF-11-0034	–	6,053
US Marshals/Regional Fugitive Task Force 2012	N/A	Direct Federal	JLEO-12-0034	–	2,769
US Marshals/Regional Fugitive Task Force 2011	N/A	Direct Federal	FATF-11-0028	–	11,146
US Marshals/Regional Fugitive Task Force 2012	N/A	Direct Federal	JLEO-12-0028	–	4,404
US Marshals/Regional Fugitive Task Force 2011	N/A	Direct Federal	FATF-11-0041	–	10,205
US Marshals/Regional Fugitive Task Force 2012	N/A	Direct Federal	JLEO-12-0041	–	3,449
US Marshals/Operation SCORE	N/A	Direct Federal	D5311-0209/FWM3000F	–	9,879
ICE – Joint Operations Task Force – US Customs – SLOT-11	N/A	Direct Federal	111-NY-1548	–	9,623
ICE – Joint Operations Task Force – US Customs – SLOT-12	N/A	Direct Federal	112-NY-1548	–	22,655
FBI/Long Island Cyber Crime Task Force 2011	N/A	Direct Federal	625F-NY-C302997-LICCTF	–	11,428
FBI/Long Island Cyber Crime Task Force 2012	N/A	Direct Federal	62F-NY-C302997-LICCTF	–	3,343
FBI/Safe Streets Task Force 2011	N/A	Direct Federal	281D-NY-C284477	–	36,347
FBI/Safe Streets Task Force 2012	N/A	Direct Federal	281D-NY-C285260	–	10,068
FBI LI Gang Task Force	N/A	Direct Federal	281D-NY-C285869	–	15,372
Housing of Federal Prisoner / Inmate Housing	N/A	Direct Federal	53-91-0038NY	–	38,115
DEA/LI Task Force 2011	N/A	LI DEA	N/A	–	63,944
DEA/LI Task Force 2012	N/A	LI DEA	N/A	–	10,493
Comprehensive Approaches to Sex Offender Management					
Discretionary Grant-Sex Offender Court	16.203	NYS UCS	2006-WP-BX-0006	–	8,000
Services for Tracking Victims – Human Trafficking Task Force 2010	16.320	Direct Federal	VT-BX-0018	–	94,491
OJJDP FY 08 Part E: Developing Testing and Demonstrating Promising New Programs- Edward Byrne Memorial Earmarks – Computer Crimes Initiative & ID Theft	16.541	Direct Federal	DD-BX-K081	–	16,903
Edward Byrne Memorial Local Law Enforcement-Human Trafficking Task Force Supplemental	16.580	Direct Federal	VT-BX-0009	–	2,303
ARRA-Violence Against Women Formula Grant					
STOP Violence Against Women	16.588	NYS DCJS	VR09652032	52,508	36,110
ARRA-Violence Against Women Formula Grant STOP Violence Against Women	16.588	NYS DCJS	VR09852033	–	15,284
Violence Against Women Formula Grant – STOP Violence Against Women 09	16.588	NYS DCJS	C543643	–	1,068
Violence Against Women Formula Grant – STOP Violence Against Women 10	16.588	NYS DCJS	VW09543644	126,124	131,085
Violence Against Women Formula Grant – STOP Violence Against Women 10	16.588	NYS DCJS	VW11-1006-DOU	19,444	19,444
Total CFDA 16.588				198,076	202,991

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2011

Federal Grantor/Pass-Through Grantor/Program Title (Refer to Note 6 for Clusters)	Federal CFDA Number	Federal/ Pass-Through Grantor – Note 7	Federal/ Pass-Through Grantor's Number	2011 Amount Provided to Sub-Recipients	2011 Expenditures
U.S. Department of Justice (continued)					
OVW Grants to Encourage Arrest Policies & Enforcement of Protection Orders – SCOPE 07	16.590	Direct Federal	WEAX0016	\$ 49,068	\$ 216,933
Community Defined Solutions to Violence Against Women Grant Program – SCOPE 10	16.590	Direct Federal	WEAX0061	173,681	321,157
Total CFDA 16.590				222,749	538,090
State Criminal Alien Assistance Program – Incarceration of Illegal Aliens	16.606	NYS JJDP	APBX1112	–	2,267,597
Public Safety Partnership & Community Policing Grants-2004 Technology Initiative -COPS 2004 Technology	16.710	Direct Federal	CKWX0130	–	13,324
Public Safety Partnership & Community Policing Grants – COPS 09 Child Sexual Predator Program	16.710	Direct Federal	2009CSWX0018	2,248	123,249
Total CFDA 16.710				2,248	136,573
Edward Byrne Memorial Justice Asst Grant Program – Criminal Justice System Improvement Project 2007	16.738	Direct Federal	DJ-BX-0765	–	65,946
Edward Byrne Memorial Justice Asst Grant Program – Criminal Justice System Improvement Project 2008	16.738	Direct Federal	DJ-BX-0316	–	37,752
Edward Byrne Memorial Justice Asst Grant Program – JAG-07	16.738	Direct Federal	DJ-BX-0768	–	6,329
Edward Byrne Memorial Justice Asst Grant Program – Edward Byrne JAG 09	16.738	Direct Federal	DJ-BX-0405	–	135,417
Edward Byrne Memorial Justice Asst Grant Program – Edward Byrne JAG 10	16.738	Direct Federal	DJ-BX-1559	–	100,434
Edward Byrne Memorial Justice Asst Grant Program – Firearm Backlog Reduction Initiative	16.738	Direct Federal	C-632347	–	9,611
Edward Byrne Memorial Justice Asst Grant Program – DNA Burglary Backlog Reduction Initiative	16.738	NYS DCJS	C-632321	–	82,824
Edward Byrne Memorial Justice Asst Grant Program – Legal Aid Society Sex Offender Program 2010	16.738	NYS DCJS	BJ10632200	85,600	85,600
Edward Byrne Memorial Justice Asst Grant Program – Legal Aid Society Sex Offender Program 2011	16.738	NYS DCJS	BJ11632507	28,457	28,457
Total CFDA 16.738				114,057	552,370
Forensic DNA Backlog Reduction Program – DNA Forensic Backlog Reduction 2009/2010	16.741	Direct Federal	DN-BX-K072/DN-BX-K084	–	367,347
Paul Coverdell NFSI Grant Program – Tox Lab Improvement 2010	16.742	NYS DCJS	C-108147	–	63,588
Paul Coverdell NFSI Grant Program – Tox Lab Improvement 2009	16.742	NYS DCJS	T-099171	–	9,337
Paul Coverdell NFSI Grant Program -Crime Lab Improvement 2010	16.742	NYS DCJS	C-108148	–	62,053
Paul Coverdell NFSI Grant Program -Crime Lab Improvement 2009	16.742	NYS DCJS	T-099177	–	17,281
Total CFDA 16.742				–	152,259
Economic High Tech & Cyber Crime Prevention – Intellectual Property 11	16.752	Direct Federal	BE-BX-0010	–	22,688
Congressionally Selected Award Program – Illegal Firearms Prevention Program	16.753	Direct Federal	DI-BX-0149	–	134,538
Congressionally Selected Award Program – Internet Safety in Suffolk	16.753	Direct Federal	DD-BX-0481	–	78,557
Total CFDA 16.753				–	213,095

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2011

Federal Grantor/Pass-Through Grantor/Program Title (Refer to Note 6 for Clusters)	Federal CFDA Number	Federal/Pass-Through Grantor – Note 7	Federal/Pass-Through Grantor's Number	2011 Amount Provided to Sub-Recipients	2011 Expenditures
U.S. Department of Justice (continued)					
ARRA-Internet Crimes Against Children Task Force – Computer Crimes ICAC	16.800	NYS Police	SM-B9-K023	\$ –	\$ 22,235
ARRA-Edward Byrne Memorial JAG Program Grants to States & Territories – Rockefeller Drug Law Reform	16.803	NYS DCJS	C632638	–	103,668
ARRA-Edward Byrne Memorial JAG Program Grants to States & Territories – Drug Diversion Program	16.803	NYS DCJS	BR09637030	–	100,000
Total CFDA 16.803				–	203,668
ARRA-Edward Byrne Memorial JAG Program Grants to Units of Local Government – Recovery Act 09	16.804	Direct Federal	SB-B9-0782	–	1,835
ARRA-Edward Byrne Memorial JAG Program Grants to Units of Local Government – Recovery Act 09	16.804	Direct Federal	SB-B9-0782	–	307,373
Total CFDA 16.804				–	309,208
Second Chance Act Prisoner Reentry Program – SC Second Chance Program	16.812	Direct Federal	RW-BX-0020	–	65,819
Second Chance Act Prisoner Reentry Program – SC Second Chance Program	16.812	Direct Federal	RW-BX-0020	–	15,865
Total CFDA 16.812				–	81,684
Total – U.S. Department of Justice				991,206	7,698,796
U.S. Department of Labor					
Trade Adjustment Assistance Program	17.245	NYS DOL	N/A	–	28,524
ARRA – WIA – Adult Program	17.258	NYS DOL	AA-17139-08-55-A-36	–	102,071
ARRA – WIA – Adult Program – Admin	17.258	NYS DOL	AA-17139-08-55-A-36	–	3,141
WIA – Adult Program – Admin	17.258	NYS DOL	N/A	–	135,404
ARRA – WIA – Statewide Activities Incentive Grant (Adult)	17.258	NYS DOL	N/A	–	61,559
WIA – Adult Program	17.258	NYS DOL	N/A	–	1,843,996
Total CFDA 17.258				–	2,146,171
ARRA – WIA – Youth Activities	17.259	NYS DOL	AA-17139-08-55-A-36	–	18,709
ARRA -WIA – Youth Activities- Admin	17.259	NYS DOL	AA-17139-08-55-A-36	–	576
WIA – Youth Activities	17.259	NYS DOL	N/A	–	2,075,508
WIA Summer Jobs Express	17.259	NYS DOL	N/A	–	523,401
WIA – Youth Activities- Admin	17.259	NYS DOL	N/A	–	215,502
Total CFDA 17.259				–	2,833,696
ARRA – WIA – Dislocated Worker	17.260	NYS DOL	AA-17139-08-55-A-36	–	123,256
ARRA – WIA – Dislocated Worker – Admin	17.260	NYS DOL	AA-17139-08-55-A-36	–	3,793
WIA – Dislocated Worker	17.260	NYS DOL	N/A	–	114,528
WIA Dislocated Workers – NEG Grant	17.260	NYS DOL	N/A	–	62,137
WIA – Dislocated Worker- Admin	17.260	NYS DOL	N/A	–	11,856
Total CFDA 17.260				–	315,570

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2011

Federal Grantor/Pass-Through Grantor/Program Title (Refer to Note 6 for Clusters)	Federal CFDA Number	Federal/Pass-Through Grantor – Note 7	Federal/Pass-Through Grantor's Number	2011 Amount Provided to Sub-Recipients	2011 Expenditures
U.S. Department of Labor (continued)					
Work Incentive Grants – 25% Match Disability Program Navigator	17.266	NYS DOL	N/A	\$ –	\$ 7,000
			AA-17139-08-55-		
ARRA – WIA – Dislocated Worker Formula Grants	17.278	NYS DOL	A-36	–	314,769
WIA – Dislocated Worker	17.278	NYS DOL	N/A	–	2,015,881
Work Incentive Grants – 25% Match Disability Program Navigator	17.278	NYS DOL	N/A	–	3,659
WIA – Dislocated Worker-Admin	17.278	NYS DOL	N/A	–	166,194
Total CFDA 17.278				–	2,500,503
Total – U.S. Department of Labor				–	7,831,464
U.S. Department of Transportation					
Airport Improvement Program – Phase II	20.106	NYS DOT AB	N/A	–	1,037,664
Airport Improvement Program – Phase III	20.106	NYS DOT AB	N/A	–	486,227
Total CFDA 20.106				–	1,523,891
ARRA – Highway Planning and Construction	20.205	NYS DOT	Various	–	679,870
Highway Planning and Construction	20.205	NYS DOT	Various	–	26,005,665
Highway Planning and Construction – Sub Regional Transportation Planning	20.205	NYS DOT	D000646	–	179,801
Highway Planning and Construction – LIE/HOV Express Bus Demo Project	20.205	NYS DOT	C005011	–	620,000
Highway Planning and Construction – LIE HOV Lane Enforcement Program	20.205	NYS DOT	N/A	–	776,366
Total CFDA 20.205				–	28,261,702
National Motor Carrier Safety – MCSAP High Priority 11	20.218	Federal Direct	FM-MHP-0046-11-01-00	–	35,891
Recreational Trails Program	20.219	NYS DOT	N/A	–	24,242
Federal Transit Capital Investment Grants	20.500	Direct Federal	N/A	–	111,948
Metropolitan Transportation Planning – Federal Transit Metropolitan Planning	20.505	NYS DOT	D000646	–	95,915
Federal Transit Formula Grants	20.507	Direct Federal	N/A	–	2,710,838
Federal Transit Formula Grants	20.507	Direct Federal	N/A	–	1,005,534
Total CFDA 20.507				–	3,716,372
State and Community Highway Safety – Motorcycle Safety Enforcement 2011	20.600	NYS GSTC	SCPD-00245-(052)	–	30,450
State and Community Highway Safety – Selective Traffic Enforcement Program STEP 2011	20.600	NYS GSTC	SCPD00207-(052)	–	105,210
State and Community Highway Safety – Selective Traffic Enforcement Program STEP 2011	20.600	NYS GSTC	SO-00030-(052)	–	41,162
State & Community Highway Safety – Ignition Interlock Device Monitoring Program 11	20.600	NYS GSTC	C523435	–	189,189
State & Community Highway Safety – Ignition Interlock Device Monitoring Program 12	20.600	NYS GSTC	C523587	–	60,426
Total CFDA 20.600				–	426,437
Occupant Protection Incentive Grants – Child Passenger Safety	20.602	NYS GSTC	SO-00024-(052)	–	11,375
Safety Incentive Grants for Use of Seatbelts – Buckle Up New York 2011	20.604	NYS GSTC	SCPD00298-(052)	–	44,643
Safety Incentive Grants for Use of Seatbelts – Buckle Up New York 2011	20.604	NYS GSTC	SO-00025-(052)	–	9,073
Total CFDA 20.604				–	53,716
Total – U.S. Department of Transportation				–	34,261,489

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2011

Federal Grantor/Pass-Through Grantor/Program Title (Refer to Note 6 for Clusters)	Federal CFDA Number	Federal/ Pass-Through Grantor – Note 7	Federal/ Pass-Through Grantor's Number	2011 Amount Provided to Sub-Recipients	2011 Expenditures
U.S. Department of Treasury					
Federal Forfeiture Funds (Police)	21.000	Federal Direct	N/A	\$ –	\$ 180,237
Federal Forfeiture Funds (District Attorney)	21.000	Federal Direct	N/A	–	114,307
Federal Forfeiture Funds (Sheriff)	21.000	Federal Direct	N/A	–	136,035
Total CFDA 21.000				–	430,579
EL Dorado – Joint Terrorism Task Force 2011	N/A	Federal Direct	N/A	–	23,544
EL Dorado – Joint Terrorism Task Force 2012	N/A	Federal Direct	N/A	–	5,079
Suffolk Treasury Enhanced Prosecution Program 2011	N/A	Federal Direct	N/A	–	35,732
Suffolk Treasury Enhanced Prosecution Program 2012	N/A	Federal Direct	N/A	–	6,733
Total – U.S. Department of Treasury				–	501,667
U.S. Environmental Protection Agency					
National Estuary Program FY 04	66.456	Federal Direct	CE992002-12	163,464	173,535
National Estuary Program FY 05	66.456	Federal Direct	CE992002-13	103,860	162,995
National Estuary Program FY 06	66.456	Federal Direct	CE992002-14	65,561	73,009
National Estuary Program FY 07	66.456	Federal Direct	CE992002-15	34,460	109,777
National Estuary Program FY 08	66.456	Federal Direct	CE992002-16	–	54,758
National Estuary Program FY 09	66.456	Federal Direct	CE992002-17	16,895	31,509
National Estuary Program FY 10	66.456	Federal Direct	CE992002-18	–	68,163
Total CFDA 66.456				384,240	673,746
Water Quality Cooperative Agreements – Peconic Estuary Pathogen TMDL Support Program	66.463	Federal Direct	CP98293200	–	34,230
Beach Monitoring & Notification Program Implementation Grants – Bath Beach Water Quality Monitoring 2011/ 2012	66.472	NYS DOH	C024972	–	91,334
Beach Monitoring & Notification Program Implementation Grants- Bathing Beach Water Sanitary Survey	66.472	NYS DOH	C026222	–	69,977
Total CFDA 66.472				–	161,311
Performance Partnership Grants – Water Quality Management Planning 2011	66.605	NYS EC	C006137	–	30,960
Performance Partnership Grants – Water Quality Management Planning 2012	66.605	NYS EC	C008468	70,000	73,403
Total CFDA 66.605				70,000	104,363
Research, Development, Monitoring, Public Education, Training, Demonstrations, and Studies – Curbing Pesticide – Homeowners How-To	66.716	Federal Direct	X8-97281300	–	37,462
Total – U.S. Environmental Protection Agency				454,240	1,011,112
U.S. Department of Energy					
ARRA – State Energy Program	81.041	NYSERDA	N/A	–	923,465
ARRA – Conservation Research & Development Grant-Clean Cities Petroleum Reduction Technologies Projects for the Trans Sector	81.086	GLICCC	N/A	–	2,077,075
ARRA – Energy Efficiency & Conservation Block Grant	81.128	Federal Direct	N/A	–	222,547
Total – U.S. Department of Energy				–	3,223,087

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2011

Federal Grantor/Pass-Through Grantor/Program Title (Refer to Note 6 for Clusters)	Federal CFDA Number	Federal/ Pass-Through Grantor – Note 7	Federal/ Pass-Through Grantor's Number	2011 Amount Provided to Sub-Recipients	2011 Expenditures
U.S. Department of Education					
Special Education Grants for Infants & Families – Child Find 2010	84.181	NYS DOH	C021824	\$ –	\$ 256,338
Special Education Grants for Infants & Families – Early Intervention Admin 2010	84.181	NYS DOH	C021824	–	525,269
Special Education Grant for Infants & Families – Child Find 2011	84.181	NYS DOH	C027511	–	111,476
Special Education Grants for Infants & Families – Early Intervention Admin 2011	84.181	NYS DOH	C027511	–	189,791
Total CFDA 84.181				–	1,082,874
ARRA Special Education – Grants for Infants and Families, Recovery Act – ARRA Early Intervention Admin Program	84.393	NYS DOH	C-025247	–	517,159
Total – U.S. Department of Education				–	1,600,033
U.S. Election Assistance Commission					
Help America Vote Act Requirement Payments (Note 3) Non-Monetary Assistance	90.401	NYS BOE	N/A	–	879,544
Total – U.S. Election Assistance Commission				–	879,544
U.S. Department of Health and Human Services					
Mammography Inspection 2010	N/A	NYS DOH	C022070	–	33,315
Special Programs for the Aging Long Term Care Ombudsman Services for Older Individuals (Title VII)	93.042	NYS OA	N/A	63,053	63,053
Special Programs for the Aging Disease Prevention and Health Promotion Services (Title IIID)	93.043	NYS OA	N/A	26,113	26,113
Special Programs for the Aging Grants for Supportive Services and Senior Centers (Title IIIB)	93.044	Federal Direct	N/A	407,234	1,084,829
Special Programs for the Aging Nutritional Services for the Elderly , Part C-1 (Title IIIC-1)	93.045	Federal Direct	N/A	1,318,105	1,442,345
Special Programs for the Aging Nutritional Services for the Elderly, Part C-2 (Title IIIC-2)	93.045	Federal Direct	N/A	622,682	838,745
Total CFDA 93.045				1,940,787	2,281,090
National Family Caregiver Support – Care Giver Training (Title IIIE)	93.052	NYS OA	N/A	78,129	531,501
Nutrition Services Incentive Program (NSIP)	93.053	Federal Direct	N/A	381,285	403,412
Public Health Emergency Preparedness – HRI-H1N1 Bioterrorism	93.069	NYS DOH – HRI	C001618-09	–	824,939
Public Health Emergency Preparedness – HRI-H1N1 Bioterrorism Centers for Disease Control & Prevention Investigation & Technical Assistance – Public Health Emergency Preparedness HRI-CRI (Bio Terr)	93.069	NYS DOH – HRI	C001618-10	–	264,517
Total CFDA 93.069		NYS DOH – HRI	C-1618-10	–	1,600
				–	1,091,056

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2011

Federal Grantor/Pass-Through Grantor/Program Title (Refer to Note 6 for Clusters)	Federal CFDA Number	Federal/ Pass-Through Grantor – Note 7	Federal/ Pass-Through Grantor's Number	2011 Amount Provided to Sub-Recipients	2011 Expenditures
U.S. Department of Health and Human Services (continued)					
Medicare Enrollment Assistance Program – Medicare Improvements for Patients & Providers Act (MIPPA)	93.071	NYS OA	N/A	\$ –	\$ 36,785
Affordable Care Act Health Profession Opportunity Grant – SCHOOL	93.093	Federal Direct	N/A	–	1,207,447
Projects for Assistance in Transition from Homelessness – McKinney Homeless	93.150	NYS DOH – OMH	N/A	161,953	161,953
Projects for Assistance in Transition from Homelessness – Peer Advocacy	93.150	NYS DOH – OMH	N/A	112,000	112,000
Total CFDA 93.150				273,953	273,953
Family Planning Services – Reproductive Health Program 2010	93.217	NYS DOH	C019953	–	7,109
Family Planning Services – Reproductive Health Program 2011	93.217	NYS DOH	C027057	–	1,323,256
Total CFDA 93.217				–	1,330,365
Immunization Cooperative Agreements – Immunization Action Plan 2009-2010	93.268	NYS DOH	C023273	–	277,373
Temporary Assistance for Needy Families – TANF	93.558	NYS OTDA	18000	403,876	90,985,425
Child Support Enforcement – Title IV D	93.563	NYS OTDA	18000	129,058	9,924,433
Refugee and Entrant Assistance -State Administered Programs – Refugee Health Assessment 10/11	93.566	NYS DOH	C026125	–	2,123
Refugee and Entrant Assistance -State Administered Programs – Refugee Health Assessment 11/12	93.566	NYS DOH	C026125	–	2,742
Total CFDA 93.566				–	4,865
Low Income Home Energy Assistance (Note 4)	93.568	NYS OTDA	18000	–	17,613,007
Low Income Home Energy Assistance – Weatherization Referral & Packaging Pilot (WRAP)	93.568	NYS OA	N/A	125,411	199,225
Total CFDA 93.568				125,411	17,812,232
Child Care and Development Block Grant	93.575	NYS OCFS	18000	991,427	40,071,100
Voting Access for Individuals w/ Disabilities Grants to States	93.617	NYS BOE	C003085	–	39,505
Foster Care Title IV E	93.658	NYS OCFS	18000	–	21,499,956
Adoption Assistance Title IV E	93.659	NYS OCFS	18000	–	5,692,351
Social Services Block Grant Title XX	93.667	NYS OCFS	18000	2,301,195	9,097,937
Chafee Foster Care Independence Program	93.674	NYS OCFS	18000	269,668	276,804
ARRA Immunization – Immunization Program Plan 09-11	93.712	NYS DOH	C025306	–	15,880
ARRA Immunization – Vaccine Billing Capacity	93.712	NYS DOH	T-027728	–	2,929
Total CFDA 93.712				–	18,809
ARRA – Child Care and Development Block Grant	93.713	NYS OCFS	18000	–	1,726,882

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2011

Federal Grantor/Pass-Through Grantor/Program Title (Refer to Note 6 for Clusters)	Federal CFDA Number	Federal/Pass-Through Grantor – Note 7	Federal/Pass-Through Grantor's Number	2011 Amount Provided to Sub-Recipients	2011 Expenditures
U.S. Department of Health and Human Services (continued)					
ARRA Prevention & Wellness State Territories- Menu Labeling Program	93.723	NYS DOH – HRI	4143-01	\$ –	\$ 16,452
ARRA Communities Putting Prevention to Work Chronic Disease Self Management Program	93.725	NYS OA	N/A	36,340	36,340
Medical Assistance Program – Community Health Worker Program 2010-2011	93.778	NYS DOH	C021380	–	322,636
Medical Assistance Program – Federal Medicaid Salary Sharing	93.778	NYS DOH – OMH	N/A	–	352,120
Medical Assistance Program- Title XIX	93.778	NYS DOH	18000	–	30,284,520
ARRA – Medical Assistance Program – FMAP Title XIX	93.778	NYS DOH	18000	–	3,795,734
Total CFDA 93.778				–	34,755,010
Centers for Medicare & Medicaid Services Research, Demos & Evaluations Health Insurance Information & Counseling Assistance (HIICAP)	93.779	NYS OA	N/A	–	26,420
Specially Selected Health Projects- Electronic Medical Record Implementation -Family Health Center Network	93.888	Federal Direct	D18RH20374	–	39,781
HIV Emergency Relief Project Grants – Ryan White Title I AIDS Dentistry Grants 2011	93.914	UWLI	W10072	–	187,572
HIV Emergency Relief Project Grants – Ryan White HIV Prerelease Services to Inmates 2011	93.914	UWLI	W10726	23,593	66,814
HIV Emergency Relief Project Grants- Ryan White Part A , Minority Aids Initiative 2011	93.914	UWLI	11MA17	19,565	55,826
Total CFDA 93.914				43,158	310,212
Grants to Provide Outpatient Early Invention Services for HIV Disease – Ryan White Title III – HIV Early Intervention	93.918	Federal Direct	C2H76HA0036-20-00	357,451	409,813
HIV Prevention Activities Health Department Based – CDC Expand HIV Testing for Disproportionately Affected Pops	93.940	NYS DOH – HRI	4135-01	121,113	159,566
HIV Prevention Activities Health Department Based – CDC HIV Primary Care & Prevention Services	93.940	NYS DOH – HRI	4049-01	35,333	95,604
Total CFDA 93.940				156,446	255,170
Block Grants for Community Mental Health Services – Adult Clinical Infrastructure – CMHS	93.958	NYS DOH – OMH	N/A	357,604	507,466
Block Grants for Community Mental Health Services – Child & Family Clinical Infrastructure Program- CMHS	93.958	NYS DOH – OMH	N/A	116,375	116,375
Block Grants for Community Mental Health Services – Child & Family Community Support Programs – CMHS	93.958	NYS DOH – OMH	N/A	257,358	257,358
Block Grants for Community Mental Health Services – Children & Family Emergency Services – CMHS	93.958	NYS DOH – OMH	N/A	225,000	225,000
Block Grants for Community Mental Health Services – Mentally Ill Chemical Abuser Program	93.958	NYS DOH – OMH	N/A	434,750	434,750
Total CFDA 93.958				1,391,087	1,540,949
Block Grants for Prevention and Treatment of Substance Abuse – Community Residential	93.959	NYS DOH – OASAS	N/A	852,359	840,028
Block Grants for Prevention and Treatment of Substance Abuse – CD Prevention – Outpatient	93.959	NYS DOH – OASAS	N/A	1,169,596	1,169,596
Block Grants for Prevention and Treatment of Substance Abuse – Medically Monitored Withdrawal – Crisis	93.959	NYS DOH – OASAS	N/A	1,590,576	1,600,284
Block Grants for Prevention and Treatment of Substance Abuse – Medically Supervised Outpatient	93.959	NYS DOH – OASAS	N/A	1,939,443	1,878,674
Block Grants for Prevention and Treatment of Substance Abuse – Vocational Rehabilitation	93.959	NYS DOH – OASAS	N/A	25,000	47,882

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2011

Federal Grantor/Pass-Through Grantor/Program Title (Refer to Note 6 for Clusters)	Federal CFDA Number	Federal/Pass-Through Grantor – Note 7	Federal/Pass-Through Grantor's Number	2011 Amount Provided to Sub-Recipients	2011 Expenditures
U.S. Department of Health and Human Services (continued)					
Block Grants for Prevention and Treatment of Substance Abuse – Methadone Maintenance Outpatient	93.959	NYS DOH – OASAS	N/A	\$ –	\$ 558,616
Total CFDA 93.959				5,576,974	6,095,080
Preventative Health & Health Services Block Grant – Linkage of Migrant Health Services 2011	93.991	NYS DOH	C023005	–	31,047
Preventative Health & Health Services Block Grant – Linkage of Migrant Health Services 2010	93.991	NYS DOH	C023005	–	4,602
Total CFDA 93.991				–	35,649
Maternal and Child Health Services Block Grant to the States – Childhood Lead Poisoning	93.994	NYS DOH	C026539	–	225,959
Maternal and Child Health Services Block Grant to the States - Children with Special Health Care Needs 2010-2011	93.994	NYS DOH	C024645	–	78,018
Maternal and Child Health Services Block Grant to the States– School Based Health Care Needs 2010-2011	93.994	NYS DOH	C-022481	–	2,808
Total CFDA 93.994				–	306,785
Total – U.S. Department of Health and Human Services				14,952,645	249,618,252
U.S. Department of Social Security Administration					
Supplemental Security Income – Social Security Administration Incentive Program	96.006	Federal Direct	NY0170	–	79,400
Total – U.S. Department of Social Security Administration				–	79,400
U.S. Department of Homeland Security					
Federal Emergency Management Agency (FEMA) Disaster Relief- Severe Storms & Floods	N/A	Federal Direct	FEMA-Storm #DR-1957-NY	–	101,851
Federal Emergency Management Agency (FEMA) Disaster Relief- Severe Storms & Floods	N/A	Federal Direct	FEMA-Storm #DR-1957-NY	–	21,203
Federal Emergency Management Agency (FEMA) Disaster Relief- Severe Storms & Floods	N/A	Federal Direct	FEMA-Storm #DR-1899-NY	–	97,739
Federal Emergency Management Agency (FEMA) Disaster Relief- Severe Storms & Floods	N/A	Federal Direct	FEMA-Storm #DR-1957-NY	–	14,015
Federal Emergency Management Agency (FEMA) Disaster Relief- Severe Storms & Floods	N/A	Federal Direct	FEMA-Storm #DR-1957-NY	–	2,551
Federal Emergency Management Agency (FEMA) Disaster Relief- Severe Storm & Floods Shinnecock East March 2010 Storm	N/A	Federal Direct	FEMA 1899-DR-NY-PW524	–	35,679
Interoperable Emergency Communications 2009	97.001	NYS OHS	WM09152895	–	148,228
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	Federal Direct	HSFE02-12-P-4027 DR4020	–	8,164
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS EMO	FEMA-Storm #DR-1957-NY	–	9,937
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS EMO	FEMA – Storm #DR-3328	–	2,562
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS EMO	Hurricane Irene FEMA – Storm #DR-4420	–	80,033
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS EMO	Hurricane Irene FEMA – Storm #DR-4420	–	18,079
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS EMO	Hurricane Irene FEMA – Storm #DR-4420	–	2,224,250
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS EMO	Hurricane Irene FEMA – Storm #DR-4420	–	29,197
Total CFDA 97.036				–	2,372,222

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2011

Federal Grantor/Pass-Through Grantor/Program Title (Refer to Note 6 for Clusters)	Federal CFDA Number	Federal/Pass-Through Grantor – Note 7	Federal/Pass-Through Grantor's Number	2011 Amount Provided to Sub-Recipients	2011 Expenditures
U.S. Department of Homeland Security (continued)					
Emergency Management Preparedness Grants – Local Emergency Management Planning Grant (LEMPG) 2010	97.042	NYS DMNA	N/A	\$ –	\$ 10,491
Emergency Management Preparedness Grants – Local Emergency Management Planning Grant (LEMPG) 2011	97.042	NYS DMNA	N/A	–	412,039
Emergency Management Preparedness Grants – Local Emergency Management Planning Grant (LEMPG) 2012	97.042	NYS DMNA	N/A	–	137,346
Total CFDA 97.042				–	559,876
Citizens Community Resilience Innovation Challenge – Citizens Corp Council 2009	97.053	NYS EMO	N/A	1,200	18,937
Port Security Grant Program – Port Security 2009	97.056	Federal Direct	PU-T9-0152	–	81,943
Port Security Grant Program – Port Security 2008	97.056	Federal Direct	GB-T8-0051	–	18,942
Total CFDA 97.056				–	100,885
Homeland Security Grant Program – Urban Area Security Initiative 2007 (UASI)	97.067	NYS OHS	WM07834073	–	197,439
Homeland Security Grant Program – Urban Area Security Initiative 2008 (UASI)	97.067	NYS OHS	WM08834083	–	199,259
Homeland Security Grant Program – Urban Area Security Initiative 2009 (UASI)	97.067	NYS OHS	WM08834093	–	980,855
Homeland Security Grant Program – Urban Area Security Initiative 2010 (UASI)	97.067	NYS OHS	UN10-1009-E00	–	95,556
Homeland Security Grant Program – State Homeland Security Planning 2006 (SHSP)	97.067	NYS OHS	WM06834060	–	47,432
Homeland Security Grant Program – State Homeland Security Planning 2007 (SHSP)	97.067	NYS OHS	WM07834070	–	107,607
Homeland Security Grant Program – State Homeland Security Planning 2008 (SHSP)	97.067	NYS OHS	WM08834080	–	219,409
Homeland Security Grant Program – State Homeland Security Planning 2008 (SHSP)-Bomb Initiative	97.067	NYS OHS	WM08834081	–	135,528
Homeland Security Grant Program – State Homeland Security Planning 2009 (SHSP)	97.067	NYS OHS	WM09834090	–	271,610
Homeland Security Grant Program – Law Enforcement Terrorism Prevention 2009- Bomb Initiative	97.067	NYS OHS	WM09152891	–	1,475
Homeland Security Grant Program – State Law Enforcement Terrorism Prevention Program 2008 (SLETPP)	97.067	NYS OHS	WM08834082	–	101,739
Homeland Security Grant Program – State Law Enforcement Terrorism Prevention Program 2009 (SLETPP)	97.067	NYS OHS	C-834092	–	314,303
Homeland Security Grant Program – State Law Enforcement Terrorism Prevention Program 2010 (SLETPP)	97.067	NYS OHS	LE10-1077-E00	–	79,945
Homeland Security Grant Program – Explosive Detection Canine 2010	97.067	NYS OHS	CP10-1016-E00	–	10,386
Homeland Security Grant Program – Operation Shield 10	97.067	NYS OHS	WM09193090	–	21,548
Homeland Security Grant Program – Operation Shield 10	97.067	NYS OHS	WM07884272	–	41,199
Homeland Security Grant Program – Law Enforcement Terrorism Prevention 2007 (LETPP)	97.067	NYS OHS	WM07834072	–	82,702
Homeland Security Grant Program – Public Health Emergency Preparedness HRI Base (Bio Terr)	97.067	NYS DOH – HRI	C-834094	–	10,703
Homeland Security Grant Program – Public Health Emergency Preparedness (Bio Terr)	97.067	NYS OHS	N/A	–	259,024
Total CFDA 97.067				–	3,177,719

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2011

Federal Grantor/Pass-Through Grantor/Program Title (Refer to Note 6 for Clusters)	Federal CFDA Number	Federal/ Pass-Through Grantor – Note 7	Federal/ Pass-Through Grantor's Number	2011 Amount Provided to Sub-Recipients	2011 Expenditures
U.S. Department of Homeland Security (continued)					
State Homeland Security Program – Urban Area Security Initiative 2006 (UASI)	97.073	NYS OHS	WM06834063	\$ –	\$ 31,866
Law Enforcement Terrorism Prevention Program – (LETPP) 2006	97.074	NYS OHS	WM06834062	–	8,121
Buffer Zone Protection Program – (BZPP) 2007	97.078	NYS OHS	WM07152876	–	369,781
Staffing for Adequate Fire & Emergency Response (SAFER)	97.083	Federal Direct	EMW-2009- FF-00543	–	363,855
Securing the Cities – 2008	97.106	NYC Police	N/A	–	147,664
Securing the Cities – 2009	97.106	NYC Police	N/A	–	36,317
Total CFDA 97.106				–	183,981
ARRA Port Security Program	97.116	Federal Direct	PU-R1-0379	–	7,397
Total – U.S. Department of Homeland Security				1,200	7,615,906
Total – Expenditures of Federal Awards				\$ 24,919,504	\$ 355,738,937

See accompanying notes.

County of Suffolk, New York

Schedule of Expenditures of State Transportation Assistance Awards

Year Ended December 31, 2011

State Grantor Program Title	State Contract # or CP#	2011 Expenditures
Suffolk County Department of Public Works		
Federal Transit Capital and Operating Assistance Formula Grants – § 5307	K006578	\$ 3,764
Federal Transit Capital and Operating Assistance Formula Grants – § 5307	K006799	148,169
		<u>151,933</u>
State Transportation Operating Assistance (STOA)	STOA	20,382,300
LIE/HOV Express Bus Demo Project	C005011	155,000
		<u>20,537,300</u>
CHIPS – Consolidated Street & Highway Improvement Program	N/A	5,615,387
		<u>5,615,387</u>
NYS Department of Transportation: Highway Planning & Construction		
Closed Loop Traffic Signal System	D013802	249,196
Reconstruct CR67 Bridge	D011517	1,014,870
Reconstruct CR16	D010688	1,075,583
Reconstruct CR80	D010664	276,299
Reconstruct CR57	D010856	566,635
		<u>3,182,583</u>
Suffolk County Economic Development- Airport		
NYS Aviation Division: Airport Improvement Project		
Rehab Runway 6-24 Phase II	K007029	27,307
Rehab Runway 6-24 Phase III	K007029	12,795
		<u>40,102</u>
Noise Berm	K006883	101,219
Suffolk County Sheriff Department		
LIE HOV Lane Enforcement Program	C-032055	190,732
Total – Expenditures of State Transportation Assistance Awards		<u><u>\$ 29,819,256</u></u>

See accompanying notes.

Suffolk County, New York

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

Year Ended December 31, 2011

1. Basis of Presentation

The accompanying schedule of expenditures of federal and state transportation assistance awards presents the activity of federal and state transportation 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 general purpose financial statements. All federal financial assistance passed through other government agencies is included in the schedules of expenditures of federal awards.

2. Basis of Accounting

The accompanying schedules of expenditures of federal and state transportation assistance awards of the County are presented on the accrual basis of accounting.

The regulations and guidelines governing the preparation of federal and state financial reports vary by state and federal agency. Accordingly, the amounts reported in the federal and the state financial reports do not necessarily agree with the amounts reported in the accompanying schedule of expenditures of federal and state transportation assistance awards, which is prepared as explained above.

3. Nonmonetary Federal Program

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

During the year ended December 31, 2011 the County distributed \$15,262,959 worth of WIC Food Checks and WIC Special Formula Food Instruments to eligible participants in the Special Supplemental Food Program for Women, Infants and Children, WIC (CFDA # 10.557).

During the year ended December 31, 2011 the County received \$879,544 worth of voting machines from the NYS Board of Elections as part of the Help America Vote Act (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 \$17,613,007 in payments made by the NY Office of the State Comptroller on behalf of Suffolk DSS 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 sub-recipients are indicated by each program.

6. Program Clusters

The following tables detail program clusters referred to in the Schedule.

Federal agency	CFDA #	Name of program	Expenditures
<i>Child Nutrition Cluster</i>			
USDA	10.553	School Breakfast Program	\$ 41,954
	10.555	National School Lunch Program	64,736
		Total Child Nutrition Cluster	\$ 106,690
<i>SNAP Cluster</i>			
USDA	10.561	State Administrative Matching Grants for Supplemental Nutrition Program (Administrative Costs)	\$ 13,141,301
		Total SNAP Cluster	\$ 13,141,301
<i>CDBG—Entitlement Grants Cluster</i>			
HUD	14.218	Community Development Block and Entitlement Grants	\$ 5,257,161
	14.253	ARRA—Community Development Block Grants Entitlement Grants	132,372
		Total CDBG-Entitlement Grants Cluster	\$ 5,389,533
<i>CDBG—State Administered CDBG Cluster</i>			
HUD	14.228	Community Development Block Grants/State Program and Non-Entitlement Grants in Hawaii	\$ 2,006,780
		Total CDBG-State Administered CDBG Cluster	\$ 2,006,780

Suffolk County, New York

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

6. Program Clusters (continued)

Federal agency	CFDA #	Name of program	Expenditures
<i>JAG Program Cluster</i>			
DOJ	16.738	Edward Byrne Memorial Justice Assistance Grant	\$ 552,370
	16.803	ARRA—Edward Byrne Memorial JAG Program Grants to States and Territories	203,668
	16.804	ARRA—Edward Byrne Memorial JAG Program Grants to Units of Local Government	309,208
		Total JAG Cluster	\$ 1,065,246
<i>WIA Cluster</i>			
DOL	17.258	ARRA—WIA Adult Program	\$ 166,771
	17.258	WIA Adult Program	1,979,400
	17.259	ARRA—WIA Youth Activities	19,285
	17.259	WIA Youth Activities	2,814,411
	17.260	ARRA—WIA Dislocated Workers	127,049
	17.260	WIA Dislocated Worker	188,521
	17.278	ARRA—WIA Dislocated Worker Formula Grants	314,769
	17.278	WIA Dislocated Worker Formula Grants	2,185,734
		Total WIA Cluster	\$ 7,795,940
<i>Highway Planning and Construction Cluster</i>			
DOT	20.205	ARRA—Highway Planning and Construction	\$ 679,870
	20.205	Highway Planning and Construction	27,581,832
	20.219	Recreational Trails Program	24,242
		Total Highway Planning and Construction Cluster	\$ 28,285,944
<i>Federal Transit Cluster</i>			
DOT	20.500	Federal Transit Capital Investment Grants	\$ 111,948
	20.507	Federal Transit Formula Grants	3,716,372
		Total Federal Transit Cluster	\$ 3,828,320
<i>Highway Safety Cluster</i>			
DOT	20.600	State and Community Highway Safety	\$ 426,437
	20.602	Occupant Protection Incentive Grants	11,375
	20.604	Safety Incentive Grants for Use of Seatbelts	53,716
		Total Highway Safety Cluster	\$ 491,528

Suffolk County, New York

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

6. Program Clusters (continued)

Federal agency	CFDA #	Name of program	Expenditures
<i>Early Intervention Services (IDEA) Cluster</i>			
ED	84.181	Special Education Grants for Infants & Families	\$ 1,082,874
	84.393	ARRA—Special Education Grants for Infants & Families	517,159
		Total IDEA Cluster	\$ 1,600,033
<i>Aging Cluster</i>			
HHS	93.044	Special Programs for the Aging—Grants for Supportive Services and Senior Centers (Title III-B)	\$ 1,084,829
	93.045	Special Programs for the Aging—Nutrition Services (Title III-C)	2,281,090
	93.053	Nutrition Services Incentive Program (NSIP)	403,412
		Total Aging Cluster	\$ 3,769,331
<i>Immunization Cluster</i>			
HHS	93.268	Immunization Grants	\$ 277,373
	93.712	ARRA—Immunization	18,809
		Total Immunization Cluster	\$ 296,182
<i>TANF Cluster</i>			
HHS	93.558	Temporary Assistance for Needy Families (TANF)	\$ 90,985,425
		Total TANF Cluster	\$ 90,985,425
<i>CCDF Cluster</i>			
HHS	93.575	Child Care and Development Block Grant	\$ 40,071,100
	93.713	ARRA—Child Care and Development Block Grant	1,726,882
		Total CCDF Cluster	\$ 41,797,982
<i>Medicaid Cluster</i>			
HHS	93.778	ARRA—Medical Assistance Program	\$ 3,795,734
	93.778	Medical Assistance Program	30,959,276
		Total Medicaid Cluster	\$ 34,755,010
<i>Disability Insurance/ SSI Cluster</i>			
SSA	96.006	Supplemental Security Income—Social Security Administration Incentive Program	\$ 79,400
		Total Disability Insurance/SSI Cluster	\$ 79,400

Suffolk County, New York

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

6. Program Clusters (continued)

Federal agency	CFDA #	Name of program	Expenditures
<i>Homeland Security Cluster</i>			
DHS	97.053	Citizens Corp	\$ 18,937
	97.067	Homeland Security Grant Program	3,177,719
		Total Homeland Security Cluster	\$ 3,196,656

7. Glossary of Pass-Through Grantors

The following is a glossary of pass-through grantor acronyms which may be used in the Schedule of Expenditures of Federal Awards.

Acronym	Agency
GLICCC	Greater Long Island Clean Cities Coalition
LI DEA	L.I. Drug Enforcement Administration:
NYC Police	New York City Police Department
NYS BOE	New York State Board of Elections
NYS DCJS	New York State Division of Criminal Justice Services
NYS DMNA	New York State Division of Military & Naval Affairs
NYS DOH	New York State Department of Health
NYS DOH – BNA	New York State Department of Health – Bureau of Nutrition Assistance
NYS DOH – OMH	New York State Department of Health – Office of Mental Health
NYS DOH – HRI	New York State Department of Health – Health Research, Inc.
NYS DOH – OASAS	New York State Department of Health – Office of Alcohol & Substance Abuse Services
NYS DOL	New York State Department of Labor
NYS DOT	New York State Department of Transportation
NYS DOT – AB	New York State Department of Transportation Aviation Bureau
NYS EC	New York State Department of Environmental Conservation
NYS ED	New York State Department of Education
NYS EFC	New York State Environmental Facilities Corporation
NYS EMO	New York State Emergency Management Office
NYS GTSC	New York State Governor's Traffic Safety Committee
NYS HFA	New York State Housing Finance Agency
NYS JJDP	New York State Office of Juvenile Justice & Delinquency Prevention
NYS OA	New York State Office of the Aging
NYS OCFS	New York State Office of Children and Family Services
NYS OHS	New York State Office of Homeland Security
NYS OTDA	New York State Office of Temporary and Disability Assistance
NYS Police	New York State Police Department
NYSERDA	New York State Energy & Research Development Authority
NYS UCS	New York State Unified Court System
UWLI	United Way of Long Island

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, 2011 and have issued our report thereon dated June 26, 2012. 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.

Internal Control Over Financial Reporting

Management of the County is responsible for establishing and maintaining effective 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.

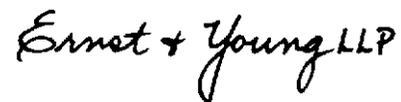
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination 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.

The signature of Ernst & Young LLP is written in a cursive, handwritten style in black ink.

June 26, 2012

Report of Independent Auditors 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, 2011. 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 \$58,787,008 in federal awards which is not included in the schedule during the year ended December 31, 2011. 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 compliance 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, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2011-01 and 2011-02.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal and state transportation assistance programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state transportation assistance program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with 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 in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2011-01 and 2011-02. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

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

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

Ernst + Young LLP

September 21, 2012

Suffolk County, New York

Schedule of Findings and Questioned Costs

Year Ended December 31, 2011

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor’s report issued:	<u>Unqualified</u>		
Internal control over financial reporting:			
Material weakness(es) identified?	_____ Yes	_____ <u>X</u> _____	No
Significant deficiency(ies) identified?	_____ Yes	_____ <u>X</u> _____	None Reported
Noncompliance material to financial statements noted?	_____ Yes	_____ <u>X</u> _____	No

Federal Awards Section

Internal control over major programs:			
Material weakness(es) identified?	_____ Yes	_____ <u>X</u> _____	No
Significant deficiency(ies) identified?	_____ <u>X</u> _____	_____ Yes _____	None Reported
Type of auditor’s report issued on compliance for major programs:	<u>Unqualified</u>		
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?	_____ <u>X</u> _____	Yes _____	No

Suffolk County, New York

Schedule of Findings and Questioned Costs (continued)

Year Ended December 31, 2011

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

Federal Awards Section (continued)

Identification of major programs:

CFDA No./ Grant No.	Funding Source	Program
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 Funds
16.738, 16.803, 16.804	U.S. Department of Justice	JAG Program Cluster
17.258, 17.259, 17.260, 17.278	U.S. Department of Labor	Workforce Investment Act (WIA) Cluster
21.000	U.S. Department of the Treasury	Federal Forfeiture Funds
81.041	U.S. Department of Energy	ARRA- State Energy Program
81.086	U.S. Department of Energy	ARRA- Conservation R&D
84.181, 84.393	U.S. Department of Education	Early Intervention Services (IDEA) Cluster
93.558	U.S. Department of Health and Human Services	TANF
93.575, 93.713	U.S. Department of Health and Human Services	CCDF Cluster
93.778	U.S. Department of Health and Human Services	Medical Assistance Program
97.053,97.067	U.S. Department of Homeland Security	Homeland Security Cluster

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

\$3,000,000

Auditee qualified as low-risk auditee?

 Yes X No

Suffolk County, New York

Schedule of Findings and Questioned Costs

Year Ended December 31, 2011

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

State Transportation Assistance Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified? _____ Yes X 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 X No

State Program Numbers	Name of State Program or Cluster
STOA	State Transportation Operating Assistance

Dollar threshold used to determine Type A programs: _____ \$894,578

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

Suffolk County, New York

Schedule of Findings and Questioned Costs (continued)

Year Ended December 31, 2011

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, 2011

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

**Finding 2011-01 Noncompliance with SEFA reporting requirements, noncompliance with special tests and provisions for awards with ARRA funding
U.S. Department of Energy—CFDA 81.086 ARRA-Conservation Research and Development (passed through GLICCC)
Program Year: January 1, 2011 – December 31, 2011**

Criteria or Specific Requirement:

In accordance with section .310(b) of Circular A-133, auditees are responsible for preparing a schedule of expenditures of Federal awards (“SEFA”). The SEFA, among other requirements, should include total Federal awards expended for each individual Federal program and the Catalog of Federal Domestic Assistance (“CFDA”) number or other identifying number when the CFDA information is not available. In addition, 2 CFR section 176.210 requires recipients and subrecipients of ARRA awards to separately identify expenditures for Federal awards under the American Recovery and Reinvestment Act (“ARRA”) on the SEFA.

Condition:

In our review of the County’s SEFA, we noted an instance where an incorrect CFDA number had originally been utilized for the ARRA-funded Conservation Research and Development program with expenditures totaling \$2,077,075.

Questioned Costs:

None

Context:

While the above exception was not material to the total amount of expenditures reported in the SEFA, this error was significant to the SEFA presentation for the Conservation Research and Development program. The original CFDA number utilized was also for an ARRA program and had been identified with an “ARRA-“ prefix. However, due to the increased transparency and accountability surrounding ARRA awards, the use of the incorrect CFDA number, albeit still an ARRA-funded one, is an exception related to the presentation of ARRA funds. The final SEFA as presented in this report reflects this correction.

This error had no impact on expenditures actually submitted for reimbursement to the pass-through grantor entity.

County of Suffolk, New York

Schedule of Findings and Questioned Costs (continued)

Year Ended December 31, 2011

Finding 2011-01 (continued)

Effect:

If these errors had not been identified and corrected, the SEFA would not have been prepared in accordance with section .310(b) of Circular A-133.

Cause:

Individual County departments are responsible for preparing a SEFA containing expenditures incurred during the year for their respective department and identifying the applicable CFDA number and grantor information. The County's Division of Audit & Control (A&C) utilizes this information in preparing the County-wide SEFA. Although A&C performs a detail review at each department to test the accuracy of the SEFA and to materially reconcile the expenditures to the County's financial statements, the Department of Public Works (DPW) did not perform a detailed review to ensure that all information was accurately listed on the department's SEFA.

Recommendation:

Operationally, the departments are in the best position to determine that the information included on their respective SEFAs is presented correctly. Detailed reviews should be performed within each department to confirm the accuracy of information presented on the departmental SEFAs. Additionally it is recommended that the County management holds training sessions to ensure each department is following the same policies and procedures with respect to the preparation of the SEFA.

View of Responsible Officials and Planned Corrective Action:

A secondary review of the Departmental Schedule of Expenditures of Federal Awards (SEFA) will be performed by a DPW employee to ensure the CFDA numbers are accurate. In addition, DPW will ensure all award letters, extensions and modifications are forwarded to Audit & Control prior to the completion of the Departmental SEFA.

County of Suffolk, New York

Schedule of Findings and Questioned Costs (continued)

Year Ended December 31, 2011

Finding 2011-02 Noncompliance with SEFA reporting requirements

U.S. Department of Education—CFDA 84.181 Special Education Grants for Infants and Families (passed through NYS DOH)

U.S. Department of Homeland Security—CFDA 97.067 (contract C-834094) Homeland Security Grant Program (passed through NYS DOH-HRI)

Program Year: January 1, 2011 – December 31, 2011

Criteria or Specific Requirement:

In accordance with section .310(b) of Circular A-133, auditees are responsible for preparing a SEFA. The SEFA, among other requirements, should include total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.

Condition:

In our review of the County's SEFA, we noted the following:

- One instance where \$301,267 of expenditures incurred during 2011 had not been included in the SEFA for the Early Intervention Services (IDEA) Cluster.
- One instance where expenditures totaling \$571,654 had mistakenly been included twice in the expenditures on the SEFA for the Homeland Security Cluster.

Questioned Costs:

None

Context:

While the above instances were not material to the total amount of expenditures reported in the SEFA, these errors were significant the SEFA presentation for the individual programs to which they pertained. The final SEFA as presented in this report reflects these corrections.

These errors had no impact on expenditures actually submitted for reimbursement from Federal or pass-through entities.

Effect:

If these errors had not been identified and corrected, the SEFA would not have been prepared in accordance with section .310(b) of Circular A-133.

County of Suffolk, New York

Schedule of Findings and Questioned Costs (continued)

Year Ended December 31, 2011

Finding 2011-02 (continued)

Cause:

Individual County departments are responsible for preparing a SEFA containing expenditures incurred during the year for their respective department and identifying the applicable CFDA number and grantor information. The County's Division of Audit & Control (A&C) utilizes this information in preparing the County-wide SEFA. Although A&C performs a detail review at each department to test the accuracy of the SEFA and to materially reconcile the expenditures to the County's financial statements, the Department of Health Services (HSV) did not perform a detailed review to ensure that all information was accurately listed on the department's SEFA.

Recommendation:

Operationally, the departments are in the best position to determine that the information included on their respective SEFAs is presented correctly. Detailed reviews should be performed within each department to confirm the accuracy of information presented on the departmental SEFAs. Additionally it is recommended that the County management holds training sessions to ensure each department is following the same policies and procedures with respect to the preparation of the SEFA.

View of Responsible Officials and Planned Corrective Action:

The Department converted the manual tracking system of grants to the Grants Management System (GMS). The preparation of the SEFA report has been facilitated and improved by GMS, but these recent findings revealed a potential system issue which is being addressed through Corrective Action. When a grant is entered into GMS, the CFDA # is not always known, so this field had been left blank until the CFDA # can be determined. The SEFA report keys off the CFDA # field. If this field is left blank, the grant will not be included.

On the specific exceptions identified:

Exception 1. The \$301,267 was an accrual that was not picked up on the 2011 SEFA report. It was a 2011 expense for the 4th quarter of 2011 but was paid out in 2012. It was for the Early Intervention Grant. **CAUSE:** It was an oversight and/or an omission of a voucher in the GMS system.

Exception 2. The expenditure of \$571,654.28 contained a voucher in the amount of \$307,137.04. This voucher was recorded as a reconciling item for the PHEP – HRI Base grant on the 2011 SEFA report. In addition, an accrual was made for the same amount on the PHEP – H1N1 grant. This resulted in the expenditure being recorded twice on the 2011 SEFA report.

County of Suffolk, New York

Schedule of Findings and Questioned Costs (continued)

Year Ended December 31, 2011

Finding 2011-02 (continued)

The expenditure was correctly recorded and charged to the H1N1 grant. **CAUSE:** Due to a misunderstanding concerning these grants, the expense was inadvertently reported on the SEFA report for both grants.

The Department agrees with both findings, and will implement the following corrective actions:

- 1) Staff will enter a “dummy” CFDA # (99.999) if the correct # is unknown. That will indicate an unknown CFDA#. Staff will then contact the grant award agency to obtain that number. Any report that is generated will ensure that all federal grants are captured, and any grants that list the dummy CFDA # will be corrected. This procedure will be incorporated into the written GMS Policies and Procedures document to ensure that the SEFA report contains all the necessary data.
- 2) To ensure compliance with section .310(b) of Circular A-133, the Department will hold a planning meeting with Audit & Control prior to the preparation of the SEFA report for the Single Audit. This will ensure that all of the reporting requirements for the SEFA are known prior to compiling the report. Staff will ensure that all vouchers are entered to avoid Exception #1 in the future. Staff will gain a better understanding of the grants listed in Exception #2, to avoid the same finding in the future. In addition, the Department will perform a more detailed review of the SEFA report prior to submitting it to Audit & Control with sign-off by appropriate staff of the review.

Suffolk County, New York

Summary Schedule of Prior Audit Findings

Years Ended December 31, 2010 and 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.