

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, 2008

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COMPTROLLER

Report No.: 2009-08 CPA

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

Year Ended December 31, 2008

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Report of Independent Auditors

To 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, 2008, 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 an opinion on these financial statements based on our audit. We did not audit the financial statements of the Suffolk County Regional Off-Track Betting Corporation, and the Suffolk County Industrial Development Agency, which are included as discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us and, our opinion, insofar as it relates to the amounts included for such component units, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Suffolk County Regional Off-Track Betting Corporation were not audited in accordance with *Government Auditing Standards*. We were not engaged to perform an audit of the County’s internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides 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, 2008, 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 IV. D., the County adopted Governmental Accounting Standards Board Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Equity Transfers of Assets and Future Revenues* and Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, during 2008. The County adopted Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, during 2007.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2009 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis and the schedule of funding progress, on pages 3 to 15, and page 81, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedules of expenditures of federal and state transportation assistance awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the Preliminary Draft Part 43 of the New York State Codification of Rules and Regulations, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Ernst & Young LLP

June 22, 2009

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, 2008.

Financial Highlights

- The assets of Suffolk County exceeded its liabilities at the close of the most recent fiscal year by \$257,011,293 (net assets). This amount includes \$119,977,527 (restricted net assets) and is net of a deficit of \$1,223,260,959 in unrestricted net assets.
- Suffolk County's total net assets decreased by \$294,202,817.
- As of the close of the current fiscal year, Suffolk County's governmental funds reported combined fund balances of \$638,165,440 an increase of \$112,300,087, in comparison with the prior year. Approximately 76 percent of this amount, \$485,277,161, is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$29,331,140 or 1.44 percent of total general fund expenditures.
- Suffolk County's total bonded debt increased by \$302,581,597 (34.59 percent) during the current fiscal year. The key factor in this increase was the issuance of tobacco asset-backed bonds by Suffolk Tobacco Asset Securitization Corp., a blended component unit of Suffolk County.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Suffolk County's basic financial statements. Suffolk County's financial statements comprise three components:

1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

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

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

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the

government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Suffolk County maintains 59 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and two special revenue funds (Police District Fund and Suffolk Tobacco Asset Securitization Corp.), and one capital project fund, all of which are considered to be major funds. Data from the other 55 nonmajor governmental funds are combined into a single aggregated presentation. Individual fund data for each of these 55 nonmajor governmental funds is provided in the form of combining statements, which is included with the Combining and Individual Fund Statements and Schedules.

Suffolk County adopts an annual appropriated budget for its general fund and 40 of its special revenue funds. A budgetary comparison statement has been provided for the general fund and one major special revenue fund to demonstrate compliance with the budget. We have also provided budgetary comparison schedules for the 39 nonmajor special revenue funds, which are included with the Combining and Individual Fund Statements and Schedules.

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

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37-78 of this report.

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

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time, as a useful indicator of a government's financial position. As the following table demonstrates, the County's assets exceeded its liabilities by \$257,011,293 at the close of the most recent fiscal year.

A summary of the County's net assets for 2008 is presented below, together with comparative 2007 information.

	Suffolk County's Net Assets					
	Governmental Activities		Business-type Activities		Totals	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Current and other assets	\$ 1,231,209,964	\$ 1,072,563,957	\$ 14,101,795	\$ 19,834,786	\$ 1,245,311,759	\$ 1,092,398,743
Capital assets	2,114,159,386	1,960,884,162	62,598,643	64,540,315	2,176,758,029	2,025,424,477
Total assets	<u>3,345,369,350</u>	<u>3,033,448,119</u>	<u>76,700,438</u>	<u>84,375,101</u>	<u>3,422,069,788</u>	<u>3,117,823,220</u>
Long term liabilities						
outstanding	2,493,544,479	1,807,444,832	41,658,748	37,058,201	2,535,203,227	1,844,503,033
Other liabilities	620,398,144	703,632,525	9,457,124	18,473,552	629,855,268	722,106,077
Total liabilities	<u>3,113,942,623</u>	<u>2,511,077,357</u>	<u>51,115,872</u>	<u>55,531,753</u>	<u>3,165,058,495</u>	<u>2,566,609,110</u>
<u>Net assets:</u>						
Invested in capital assets						
net of related debt	1,187,734,215	1,078,418,826	35,526,744	34,918,679	1,223,260,959	1,113,337,505
Restricted	119,206,095	109,150,725	771,432	2,364,924	119,977,527	111,515,649
Unrestricted	(1,075,513,583)	(665,198,789)	(10,713,610)	(8,440,255)	(1,086,227,193)	(673,639,044)
Total net assets	<u>\$ 231,426,727</u>	<u>\$ 522,370,762</u>	<u>\$ 25,584,566</u>	<u>\$ 28,843,348</u>	<u>\$ 257,011,293</u>	<u>\$ 551,214,110</u>

Net assets includes, \$1,223,260,959 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, \$119,977,527 represents resources that are subject to external restrictions on how they may be used. The remaining balance is a deficit in unrestricted net assets of \$1,086,227,193 and substantially represents the funding of long-term liabilities as they come due rather than when they are incurred.

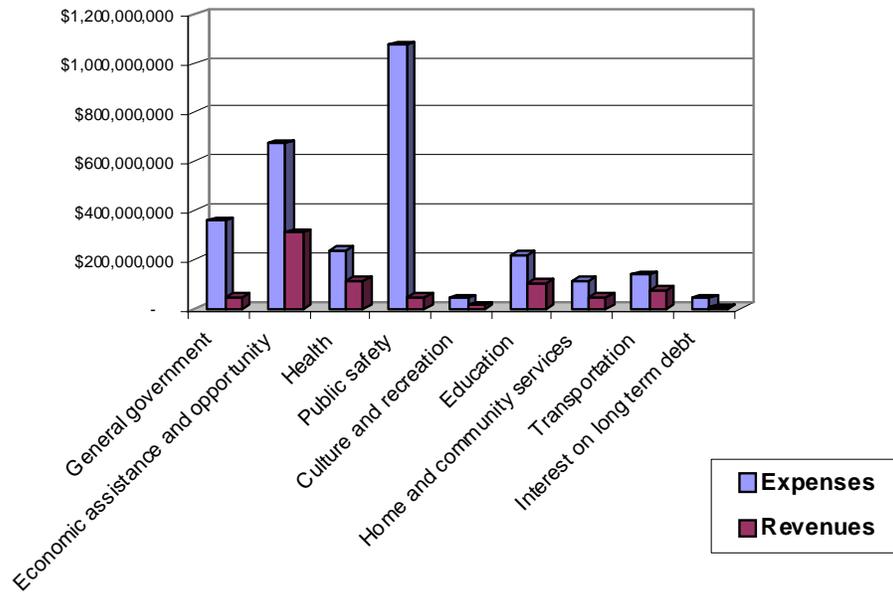
Suffolk County's Changes in Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$184,419,649	\$196,281,774	\$75,716,942	\$67,473,445	\$260,136,591	\$263,755,219
Operating grants and contributions	538,173,269	513,547,542	18,754,637	8,427,134	556,927,906	521,974,676
Capital grants and contributions	29,058,511	23,997,626	-	-	29,058,511	23,997,626
General revenues:						
Property taxes	594,613,826	574,848,568	-	-	594,613,826	574,848,568
Sales and use tax	1,169,096,220	1,182,946,104	-	-	1,169,096,220	1,182,946,104
Other, net	71,059,341	73,556,273	829,238	1,314,349	71,888,579	74,870,622
Total revenues	<u>2,586,420,816</u>	<u>2,565,177,887</u>	<u>95,300,817</u>	<u>77,214,928</u>	<u>2,681,721,633</u>	<u>2,642,392,815</u>
Expenses:						
General government	356,042,292	266,044,275	-	-	356,042,292	266,044,275
Economic assistance and opportunity	672,657,450	644,283,169	-	-	672,657,450	644,283,169
Health	236,028,750	233,623,220	-	-	236,028,750	233,623,220
Public safety	1,075,941,533	1,070,057,358	-	-	1,075,941,533	1,070,057,358
Culture and recreation	40,962,087	48,352,112	-	-	40,962,087	48,352,112
Education	218,326,714	213,599,457	-	-	218,326,714	213,599,457
Home and community services	111,552,055	109,949,143	-	-	111,552,055	109,949,143
Transportation	138,259,270	124,651,693	-	-	138,259,270	124,651,693
Skilled nursing	-	-	45,171,633	46,063,747	45,171,633	46,063,747
Regional Economic Development Initiative	-	-	29,000	-	29,000	-
Health plan	-	-	35,598,824	40,678,932	35,598,824	40,678,932
Ball park	-	-	716,056	798,131	716,056	798,131
Gabreski airport	-	-	1,396,725	1,574,786	1,396,725	1,574,786
Interest on long term debt	43,242,061	35,045,173	-	-	43,242,061	35,045,173
Total expenses	<u>2,893,012,212</u>	<u>2,745,605,600</u>	<u>82,912,238</u>	<u>89,115,596</u>	<u>2,975,924,450</u>	<u>2,834,721,196</u>
Change in net assets before transfers	(306,591,396)	(180,427,713)	12,388,579	(11,900,668)	(294,202,817)	(192,328,381)
Transfers	15,647,361	(1,331,905)	(15,647,361)	1,331,905	-	-
Change in net assets	<u>(290,944,035)</u>	<u>(181,759,618)</u>	<u>(3,258,782)</u>	<u>(10,568,763)</u>	<u>(294,202,817)</u>	<u>(192,328,381)</u>
Net assets - beginning	<u>522,370,762</u>	<u>704,130,380</u>	<u>28,843,348</u>	<u>39,412,111</u>	<u>551,214,110</u>	<u>743,542,491</u>
Net assets - ending	<u>\$231,426,727</u>	<u>522,370,762</u>	<u>\$25,584,566</u>	<u>\$28,843,348</u>	<u>\$257,011,293</u>	<u>\$551,214,110</u>

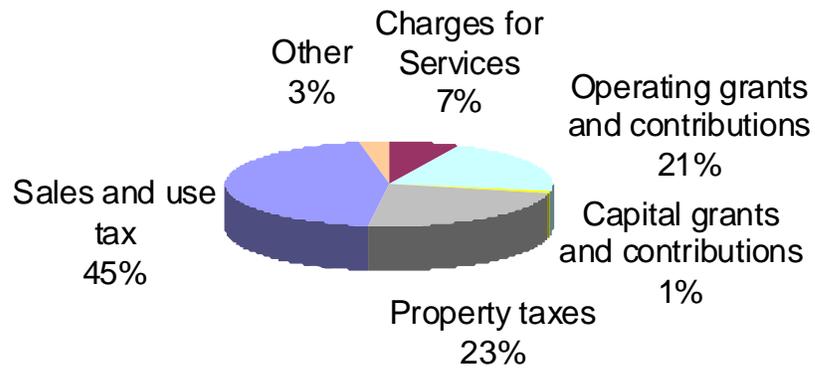
The County's net assets decreased by \$294,202,817 during the current fiscal year. The decrease is attributable to the liability accrual of \$296.6 million for post employment benefits required by GASB 45.

Governmental activities. Governmental activities decreased the County's net assets by \$290,944,035. The key element of the decrease was the liability accrual of \$289 million for the post employment benefits.

Expenses and Program Revenues-Governmental Activities

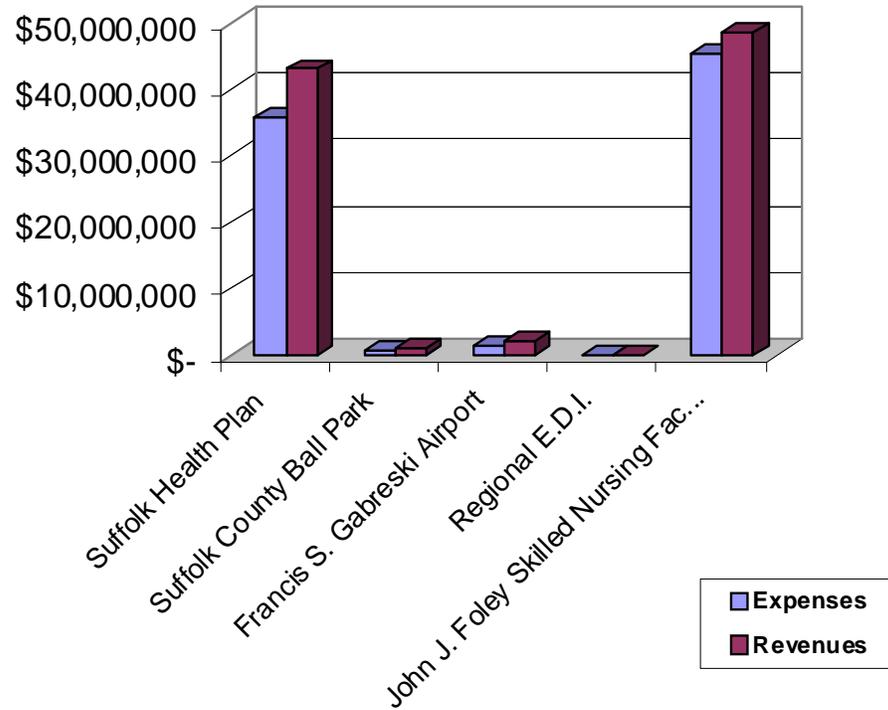


Revenues by Source-Governmental Activities

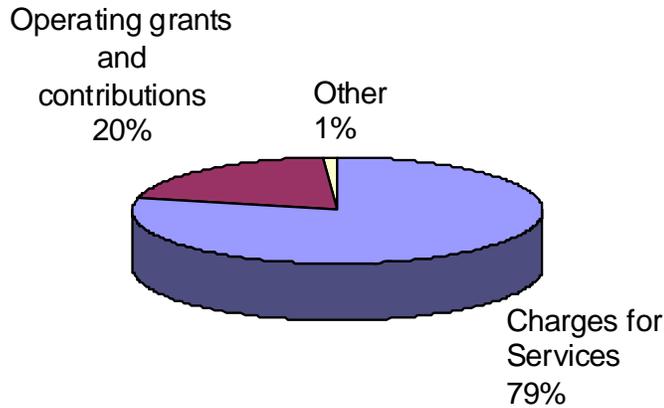


Business-type activities. Business-type activities decreased the County's net assets by \$3,258,782. Although program revenues exceeded program expenditures, overall the decrease was the result of a \$13.2 million transfer from Suffolk Health Plan to the general fund related to the sale of the plan's member roster.

Expenses and Program Revenues-Business-type Activities



Revenues by Source-Business-type Activities



Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$638,165,440, an increase of \$112,300,087 in comparison with the prior year. Of this amount \$485,277,161 constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$104,773,405), 2) to pay debt service (\$20,292,226), 3) to provide a reserve for prepaids (\$5,038), 4) to provide a reserve for general liability claims (\$3,534,725), 5) to provide a reserve for employee health claims (\$8,961,326), and 6) to provide a reserve for water quality protection (\$15,321,559).

The general fund is the chief operating fund of Suffolk County. At the end of the current fiscal year, unreserved fund balance of the general fund was \$29,331,140 while total fund balance reached \$42,060,764. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 1.44 percent of total general fund expenditures, while total fund balance represents 2.06 percent of that same amount.

The fund balance of Suffolk County's general fund decreased by \$98,501,210. The decrease to the general fund balance is primarily attributable to a decrease in sales tax and an increase in general government support, economic assistance and opportunity, and public safety.

The police district fund has a total fund deficit of \$17,049,372. The police district total fund balance increased during the current year by \$15,148,635. The increase in fund balance is attributed principally to an increase in the police district property tax warrants and the percentage of the sales and use tax allocated to the police district.

The capital fund has a total fund balance of \$105,096,489. Of this amount \$31,544,321 is unreserved and \$73,552,168 is reserved to liquidate contracts and purchase orders of the prior year. The capital fund total fund balance decreased during the current year by \$34,014,657. The decrease is attributed primarily to interfund transfers.

The Suffolk Tobacco Asset Securitization Corp is a blended component unit of the County and had a fund balance of \$225,128,438. This fund balance includes the proceeds of serial bonds issued in the amount of \$233,151,863.

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 \$5,980,879, \$100,600, \$46,481, \$0 and (\$16,841,570), respectively. The Suffolk Health Plan, which sold their membership roster during 2008, had a decrease in net assets for the year of \$5,565,382, whereas the Suffolk County Ball Park had an increase of \$204,302, the Francis S. Gabreski Airport had an increase of \$1,720,389, The Regional Economic Development Initiative which was initiated during 2008 closed the year with no net assets, and the John J. Foley Skilled Nursing Facility had an increase of \$381,909.

General Fund Budgetary Highlights

Differences between the original and final amended budget for expenditures resulted in a slight increase of .26 percent, (\$5.5 million increase in appropriations) and can be briefly summarized as follows:

- \$17.9 million decrease to general government support expenditures.
- \$2 million increase to health expenditures.

- \$17.7 million increase to public safety expenditures including fire rescue and emergency service, police, probation and sheriff.
- \$1.9 million increase to education.
- \$2.2 million increase in employee benefits.

Overall during the year, expenditures were less than budgetary estimates, resulting in an actual increase in fund balance that exceeded the final amended budget amount by \$62,000,534.

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, 2008, amounts to \$2,176,758,029 (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 7.47 percent (a 7.82 percent increase for governmental activities and a 3.01 percent decrease in business-type activities).

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

- The 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 \$229,799,842. Construction in progress as of the close of the fiscal year reached \$29,961,067. Of this amount \$9,385,914 was spent in 2008.
- Major renovation of the civil court building and construction of a nine courtroom addition are underway at the County Civil Court Complex in Riverhead. Construction in progress as of the close of the fiscal year reached \$41,592,338. A total of \$1,475,596 was spent in 2008. Completion of this construction 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 underway at the Hauppauge North County Complex. The total cost of constructing the building is estimated at \$27.9 million. Construction in progress as of the close of the fiscal year reached \$3,609,718. A total of \$2,559,505 was spent in 2008. This building will be constructed in accordance with the Green Building Rating System known as Leadership in Energy and Environmental Design (LEED).
- Land was acquired during 2008 pursuant to various land preservation and protection programs at a cost of \$47.9 million. In addition, \$44.0 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 2008. Construction in progress as of the close of the fiscal year reached \$61.8 million. In addition, \$20.0 million was transferred to infrastructure upon completion of the construction projects during 2008.

Suffolk County's Capital Assets
(net of depreciation)

	Governmental activities		Business-type activities		Totals	
	2008	2007	2008	2007	2008	2007
Land	\$700,160,352	\$652,307,865	\$22,092,831	\$22,092,831	\$722,253,183	\$674,400,696
Development rights	165,488,988	121,453,606	-	-	165,488,988	121,453,606
Historic buildings	4,607,607	4,607,607	-	-	4,607,607	4,607,607
Buildings	277,458,637	290,598,381	33,532,982	35,545,135	310,991,619	326,143,516
Improvements other than buildings	26,006,596	26,962,389	4,434,272	4,288,208	30,440,868	31,250,597
Vehicles and equipment	106,714,891	102,525,841	744,896	1,085,613	107,459,787	103,611,454
Infrastructure	546,621,220	542,358,928	-	-	546,621,220	542,358,928
Construction in progress	287,101,095	220,069,545	1,793,662	1,528,528	288,894,757	221,598,073
Total	\$2,114,159,386	\$1,960,884,162	\$62,598,643	\$64,540,315	\$2,176,758,029	\$2,025,424,477

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

Long-term debt. At the end of the current year, Suffolk County had total bonded debt outstanding of \$1,177,440,799. 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	
	2008	2007	2008	2007	2008	2007
General obligation bonds	\$917,569,134	\$844,783,515	\$27,843,331	\$30,075,687	\$945,412,465	\$874,859,202
STASC	232,028,334	-	-	-	232,028,334	-
Total bonds payable	\$1,149,597,468	\$844,783,515	\$27,843,331	\$30,075,687	\$1,177,440,799	\$874,859,202

Suffolk County's total bonded debt increased by \$302,581,597 (34.59 percent) during the current fiscal year. The key factor in this increase was the issuance of tobacco asset-backed bonds by Suffolk Tobacco Asset Securitization Corp., a blended component unit of Suffolk County.

Suffolk County maintains an “AA” rating from Standard & Poor’s, an “AA-” rating from Fitch and an “Aa3” rating from Moody’s for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7 percent of the average full valuation of taxable real estate of the County for the most recent five-year period. The current debt limitation for Suffolk County is \$17,673,667,839, which is significantly in excess of Suffolk County’s outstanding general obligation debt. The County has \$521,348,000 in bonds authorized, but un-issued.

Additional information on Suffolk County’s long-term debt can be found in note III.H., on pages 64-71 of this report.

Economic Factors and Next Year’s Budgets and Rates

- The unemployment rate for Suffolk County is currently 5.0 percent, which is an increase from a rate of 3.9 percent a year ago. This compares favorably to the state’s average unemployment rate of 5.4 percent and the national average rate of 5.8 percent.
- The vacancy rate of office properties located in the County over the past three years is 14.7, 13.8 and 15.7 percent for years 2006, 2007, and 2008, respectively.
- Inflationary trends in the region mirror the national indices. The annual 2008 NY metro area regional Consumer Price Index (CPI) was 3.9 percent, nearly the same as the U.S. city annual CPI, which was 3.8 percent.

All of these factors were considered in preparing the County’s budget for the 2009 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund decreased to \$29,331,140 (GAAP basis), and on the budgetary basis decreased to \$83,013,746. The County has appropriated the full amount of the unreserved general fund balance (budgetary basis) for spending in the 2009 fiscal year budget.

It is intended that the use of available fund balance will deter the need for significant property tax rate increases during the 2009 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, 2008

	Primary Government			Component Units
	Governmental Activities	Business - Type Activities	Totals	
Assets				
Current assets:				
Cash and cash equivalents	\$ 424,746,325	\$ 5,685,351	\$ 430,431,676	\$ 39,718,509
Investments	206,154,710	3,590,047	209,744,757	28,379,247
Property tax receivable, net of allowance for estimated uncollectibles of \$ 12,646,920	148,663,602	-	148,663,602	-
Accounts receivable, net	-	-	-	5,644,802
Due from:				
New York State and federal sources:				
Programs of assistance	64,176,166	-	64,176,166	-
Grants-in-aid	131,924,425	-	131,924,425	-
Sales tax	117,678,990	-	117,678,990	-
Other	-	-	-	2,048,419
Towns	96,764,905	-	96,764,905	-
Component units	4,554,862	-	4,554,862	-
Internal balances	9,004,773	(9,004,773)	-	-
Other receivables	23,683,233	12,915,310	36,598,543	2,329,716
Prepays	5,038	-	5,038	-
Direct financing lease receivables, current	-	-	-	10,790,000
Total current assets	<u>1,227,357,029</u>	<u>13,185,935</u>	<u>1,240,542,964</u>	<u>88,910,693</u>
Noncurrent assets:				
Restricted:				
Cash and cash equivalents	-	500,000	500,000	9,111,153
Investments	-	100,000	100,000	-
Other receivables	-	271,686	271,686	-
Deferred bond issuance cost	3,852,935	44,174	3,897,109	1,361,698
Capital assets:				
Nondepreciable	1,157,358,042	23,886,493	1,181,244,535	8,457,737
Depreciable, net	956,801,344	38,712,150	995,513,494	117,974,626
Total noncurrent assets	<u>2,118,012,321</u>	<u>63,514,503</u>	<u>2,181,526,824</u>	<u>136,905,214</u>
Total assets	<u>3,345,369,350</u>	<u>76,700,438</u>	<u>3,422,069,788</u>	<u>225,815,907</u>

(Continued)

SUFFOLK COUNTY, NEW YORK
Statement of Net Assets
December 31, 2008

	Primary Government			Component Units
	Governmental Activities	Business - Type Activities	Totals	
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 346,994,517	\$ 6,747,688	\$ 353,742,205	\$ 30,871,365
Contract retainage payable	6,335,844	-	6,335,844	-
Accrued interest payable	9,581,858	-	9,581,858	-
Notes payable	85,000,000	-	85,000,000	-
Due to:				
Component units	5,545	-	5,545	-
Primary government	-	-	-	2,937,401
Other unearned revenue, restricted	28,455,095	69,974	28,525,069	17,197,754
Accumulated vacation and sick leave	17,961,580	81,899	18,043,479	-
Estimated liability for claims	29,272,309	-	29,272,309	-
Obligations under capital leases	18,404,871	-	18,404,871	-
Long-term obligations	78,386,525	2,557,563	80,944,088	17,813,101
Total current liabilities	<u>620,398,144</u>	<u>9,457,124</u>	<u>629,855,268</u>	<u>68,819,621</u>
Noncurrent liabilities:				
Funds held in trust	-	284,052	284,052	-
Accumulated vacation and sick leave	333,122,949	1,518,928	334,641,877	24,817,335
Estimated liability for claims	429,689,445	-	429,689,445	-
Obligations under capital leases	74,027,142	-	74,027,142	-
Long-term obligations	1,071,210,943	25,285,768	1,096,496,711	113,376,572
Obligation for postemployment benefits other than pensions	585,494,000	14,570,000	600,064,000	52,451,418
Total noncurrent liabilities	<u>2,493,544,479</u>	<u>41,658,748</u>	<u>2,535,203,227</u>	<u>190,645,325</u>
Total liabilities	<u>3,113,942,623</u>	<u>51,115,872</u>	<u>3,165,058,495</u>	<u>259,464,946</u>
Net Assets				
Invested in capital assets, net of related debt	1,187,734,215	35,526,744	1,223,260,959	22,062,135
Restricted for:				
Capital projects	83,587,272	771,432	84,358,704	11,186,195
Bonded debt	20,292,226	-	20,292,226	-
Water quality protection	15,321,559	-	15,321,559	-
Prepays	5,038	-	5,038	-
Unrestricted (deficit)	(1,075,513,583)	(10,713,610)	(1,086,227,193)	(66,897,369)
Total net assets	<u>\$ 231,426,727</u>	<u>\$ 25,584,566</u>	<u>\$ 257,011,293</u>	<u>\$ (33,649,039)</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, 2008

	Net (Expenses) Revenue and Changes in Net Assets						Component Units	
	Primary Government			Business-Type Activities				Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total		
Functions/Programs								
Primary Government:								
Governmental activities:								
General government support	\$ 356,042,292	\$ 34,730,047	\$ 11,152,361	\$ -	\$ (310,159,884)	\$ -	\$ -	
Economic assistance and opportunity	672,657,450	24,532,961	284,111,289	15,200	(363,998,000)	-	-	
Health	236,028,750	27,515,181	84,930,424	-	(123,583,145)	-	-	
Public safety	1,075,941,533	23,136,830	21,154,451	907,976	(1,030,742,276)	-	-	
Culture and recreation	40,962,087	9,849,027	1,202,417	321,679	(29,588,964)	-	-	
Education	218,326,714	4,075,842	96,492,733	1,500,999	(116,257,140)	-	-	
Home and community services	111,552,055	37,776,868	7,798,712	361,545	(65,614,930)	-	-	
Transportation	138,259,270	18,001,694	31,330,882	25,951,112	(62,975,582)	-	-	
Interest on long-term debt	43,242,061	4,801,199	-	-	(38,440,862)	-	-	
Total governmental activities	<u>2,893,012,212</u>	<u>184,419,649</u>	<u>538,173,269</u>	<u>29,058,511</u>	<u>(2,141,360,783)</u>	<u>-</u>	<u>(2,141,360,783)</u>	
Business-type activities:								
John J. Foley Skilled Nursing Facility	45,171,633	29,688,126	18,754,637	-	-	3,271,130	-	
Regional Economic Develop. Initiative	29,000	-	-	-	-	(29,000)	-	
Suffolk Health Plan	35,598,824	42,961,703	-	-	-	7,362,879	-	
Suffolk County Ball Park	716,056	918,749	-	-	-	202,693	-	
Francis S. Gabreski Airport	1,396,725	2,148,364	-	-	-	751,639	-	
Total business-type activities	<u>82,912,238</u>	<u>75,716,942</u>	<u>18,754,637</u>	<u>-</u>	<u>-</u>	<u>11,559,341</u>	<u>-</u>	
Total primary government	<u>\$ 2,975,924,450</u>	<u>\$ 260,136,591</u>	<u>\$ 556,927,906</u>	<u>\$ 29,058,511</u>	<u>\$ (2,141,360,783)</u>	<u>\$ 11,559,341</u>	<u>\$ (2,129,801,442)</u>	
Component units:								
Suffolk County Community College	\$ 214,372,127	\$ 76,145,187	\$ 72,253,554	\$ -	\$ -	\$ -	\$ (65,973,386)	
Suffolk Regional Off-Track Betting Corp	48,712,411	43,874,834	-	-	-	-	(4,837,577)	
Suffolk County Industrial Development	2,044,141	466,530	-	-	-	-	(1,577,611)	
Total Component units	<u>\$ 265,128,679</u>	<u>\$ 120,486,551</u>	<u>\$ 72,253,554</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (72,388,574)</u>	
General Revenues:								
Taxes:								
Real property taxes					\$ 594,613,826	\$ -	\$ -	
Sales and use tax					1,169,096,220	-	1,169,096,220	
Payment from primary government					-	-	-	
Grants and contributions not restricted to specific programs					-	-	-	
Interest on investments					26,681,168	382,222	27,063,390	
Miscellaneous					44,378,173	447,016	44,825,189	
Transfer					15,647,361	(15,647,361)	-	
Total General revenues, special items, and transfers					<u>1,850,416,748</u>	<u>(14,818,123)</u>	<u>1,835,598,625</u>	
Change in net assets					<u>(290,944,035)</u>	<u>(3,258,782)</u>	<u>(294,202,817)</u>	
Net Assets at beginning of year					<u>522,370,762</u>	<u>28,843,348</u>	<u>551,214,110</u>	
Net assets at end of year					<u>\$ 231,426,727</u>	<u>\$ 25,584,566</u>	<u>\$ 257,011,293</u>	

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

SUFFOLK COUNTY, NEW YORK
Balance Sheet
Governmental Funds
December 31, 2008

	General	Police District	Capital	Suffolk Tobacco Asset Securitization Corp.	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 18,128,743	\$ 213,175	\$ 126,014,819	\$ 124,832	\$ 280,264,756	\$ 424,746,325
Investments	180,555,195	6,839,284	-	18,760,231	-	206,154,710
Property tax receivable, net of allowance for estimated uncollectibles of \$ 12,646,920	148,663,602	-	-	-	-	148,663,602
Due from:						
New York State and federal sources:						
Programs of assistance	52,882,673	-	-	-	11,293,493	64,176,166
Grants-in-aid	116,799,736	2,063,631	12,060,720	-	1,000,338	131,924,425
Sales tax	111,445,229	-	-	-	6,233,761	117,678,990
Towns	96,764,905	-	-	-	-	96,764,905
Other funds	53,555,120	48,422,561	6,873,481	206,270,222	150,398,458	465,519,842
Component units	4,554,862	-	-	-	-	4,554,862
Other receivables	19,859,144	196,361	-	-	3,555,595	23,611,100
Prepays	-	-	-	5,038	-	5,038
Total assets	\$ 803,209,209	\$ 57,735,012	\$ 144,949,020	\$ 225,160,323	\$ 452,746,401	\$ 1,683,799,965

Liabilities and Fund Balances

Liabilities:						
Accounts payable and accrued liabilities	\$ 225,885,470	\$ 47,164,189	\$ 25,436,537	\$ 5,000	\$ 19,920,680	\$ 318,411,876
Contract retainage payable	17,325	-	4,803,464	-	1,515,055	6,335,844
Notes payable	85,000,000	-	-	-	-	85,000,000
Due to:						
Other funds	280,502,828	27,564,660	617,796	26,885	147,802,900	456,515,069
Component units	5,545	-	-	-	-	5,545
Deferred tax revenue	137,575,605	-	-	-	-	137,575,605
Other deferred revenue	32,161,672	55,535	8,994,734	-	578,645	41,790,586
Total liabilities	761,148,445	74,784,384	39,852,531	31,885	169,817,280	1,045,634,525

Fund balances:

Reserved for:						
Encumbrances	233,573	465,063	73,552,168	-	30,522,601	104,773,405
Bonded debt	-	-	-	18,760,278	1,531,948	20,292,226
Prepays	-	-	-	5,038	-	5,038
General liability claims	3,534,725	-	-	-	-	3,534,725
Employee health claims	8,961,326	-	-	-	-	8,961,326
Water quality protection	-	-	-	-	-	-
Unreserved	29,331,140	(17,514,435)	31,544,321	206,363,122	15,321,559	249,724,148
Unreserved, reported in nonmajor:						
Special revenue funds	-	-	-	-	215,391,854	215,391,854
Capital project funds	-	-	-	-	20,161,159	20,161,159
Total fund balances	42,060,764	(17,049,372)	105,096,489	225,128,438	282,929,121	638,165,440
Total liabilities and fund balances	\$ 803,209,209	\$ 57,735,012	\$ 144,949,020	\$ 225,160,323	\$ 452,746,401	\$ 1,683,799,965

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, 2008

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		\$ 638,165,440
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:		2,114,159,386
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred:		3,852,935
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Accrued Liabilities	\$ (28,582,641)	
Accumulated vacation and sick leave	(351,084,529)	
Estimated liability for claims	(458,961,754)	
Obligations under capital leases-long term	(92,432,013)	
Interest Payables	(9,581,858)	
Long-term obligations	(1,149,781,278)	
Amortization of deferred amount	(847,824)	
Amortization of premium	1,031,634	
Obligation for postemployment benefits other than pensions	<u>(585,494,000)</u>	
Total long-term liabilities		(2,675,734,263)
Certain revenues are earned but not collected at year-end and therefore are reported as deferred revenue in the governmental funds balance sheets.		150,911,096
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		72,133
Net assets of governmental activities		<u><u>\$ 231,426,727</u></u>

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

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

For the Year Ended December 31, 2008

	General	Police District	Capital	Suffolk Tobacco Asset Securitization Corp.	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Real property taxes	\$ 65,962,878	\$ 444,323,531	\$ -	\$ -	\$ 62,740,357	\$ 573,026,766
Sales and use tax	1,012,171,841	87,059,643	-	-	69,864,736	1,169,096,220
New York State aid	298,093,234	441,482	5,704,251	-	20,766,783	325,005,750
Federal aid	165,891,504	2,532,999	22,870,589	-	29,707,331	221,002,423
Licenses, permits, fines, fees, etc.	124,055,449	1,436,640	500,000	-	57,564,515	183,556,604
Interest on investments	11,900,579	116,893	-	248,224	14,415,472	26,681,168
Miscellaneous	66,322,243	1,141,082	841,256	-	3,108,299	71,412,880
Total revenues	<u>1,744,397,728</u>	<u>537,052,270</u>	<u>29,916,096</u>	<u>248,224</u>	<u>258,167,493</u>	<u>2,569,781,811</u>
Expenditures						
Current:						
General government support	227,566,684	-	-	2,062	2,833,589	230,402,335
Economic assistance and opportunity	553,109,902	-	-	-	26,805,863	579,915,765
Health	171,242,875	-	-	-	-	171,242,875
Public safety	265,044,232	336,960,443	-	-	14,508,583	616,513,258
Culture and recreation	25,264,401	-	-	-	2,778,446	28,042,847
Education	218,326,714	-	-	-	-	218,326,714
Home and community services	11,390,721	-	-	-	92,750,130	104,140,851
Transportation	94,448,276	-	-	-	9,094,361	103,542,637
Employee benefits	375,715,035	75,605,567	-	-	9,945,041	461,265,643
Debt service:						
Principal	63,849,379	3,833,652	-	-	15,606,256	83,289,287
Interest and other charges	33,766,732	1,116,013	-	4,132,951	2,489,039	41,504,735
Capital outlay	-	-	208,975,690	-	11,775,331	220,751,021
Total expenditures	<u>2,039,724,951</u>	<u>417,515,675</u>	<u>208,975,690</u>	<u>4,135,013</u>	<u>188,586,639</u>	<u>2,858,937,968</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(295,327,223)</u>	<u>119,536,595</u>	<u>(179,059,594)</u>	<u>(3,886,789)</u>	<u>69,580,854</u>	<u>(289,156,157)</u>
Other financing sources (uses)						
Refunding bonds issued	19,129,284	-	-	-	-	19,129,284
Premium on refunding bonds issued	717,833	-	-	-	-	717,833
Payments to refunding bond escrow agent	(19,847,117)	-	-	-	-	(19,847,117)
Serial bonds issued	1,474,562	-	151,821,759	233,151,863	2,775,175	389,223,359
Discounts on obligations	-	-	-	(4,136,636)	-	(4,136,636)
Premium on serial bonds issued	438	-	45,489	-	825	46,752
Transfers in	413,790,992	29,673	2,121,763	-	114,875,990	530,818,418
Transfers out	(218,439,979)	(104,417,633)	(8,944,074)	-	(182,693,963)	(514,495,649)
Total other financing sources (uses)	<u>196,826,013</u>	<u>(104,387,960)</u>	<u>145,044,937</u>	<u>229,015,227</u>	<u>(65,041,973)</u>	<u>401,456,244</u>
Net change in fund balances	(98,501,210)	15,148,635	(34,014,657)	225,128,438	4,538,881	112,300,087
Fund balances (deficiency) at beginning of year	140,561,974	(32,198,007)	139,111,146	-	278,390,240	525,865,353
Fund balances (deficiency) at end of year	<u>\$ 42,060,764</u>	<u>\$ (17,049,372)</u>	<u>\$ 105,096,489</u>	<u>\$ 225,128,438</u>	<u>\$ 282,929,121</u>	<u>\$ 638,165,440</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, 2008

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	\$ 112,300,087
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 (\$216,404,742) exceeded depreciation (\$55,758,868) in the current period.	160,645,874
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to decrease net assets.	(7,370,650)
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.	(303,581,514)
Revenues reported in the governmental funds statements and not reported in the Statement of Activities.	22,578,199
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.	(275,516,031)
Change in net assets of governmental activities	<u><u>\$ (290,944,035)</u></u>

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

SUFFOLK COUNTY, NEW YORK
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2008

	<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	\$ 81,028,013	\$ 81,028,013	\$ 65,962,878	\$ (15,065,135)
Sales and use tax	1,048,173,266	1,048,173,266	1,012,171,841	(36,001,425)
New York State aid	288,223,938	297,504,432	298,093,234	588,802
Federal aid	171,912,607	177,318,046	165,891,504	(11,426,542)
Licenses, permits, fines, fees, etc.	126,144,017	126,144,017	124,055,449	(2,088,568)
Interest on investments	15,321,168	15,321,168	10,762,068	(4,559,100)
Miscellaneous	62,247,479	62,252,479	60,261,455	(1,991,024)
Total revenues	<u>1,793,050,488</u>	<u>1,807,741,421</u>	<u>1,737,198,429</u>	<u>(70,542,992)</u>
Expenditures				
Current:				
General government support:				
Audit and control	6,780,436	6,779,736	6,729,442	50,294
Board of elections	14,289,679	15,395,543	15,393,570	1,973
Civil service	7,134,375	7,098,245	6,687,136	411,109
County clerk	8,131,639	7,931,439	7,597,930	333,509
County executive	5,325,878	5,306,378	4,668,769	637,609
District attorney	33,022,007	33,471,861	32,644,898	826,963
Finance and taxation	4,206,127	4,206,127	3,990,149	215,978
Information Technology Services	16,584,366	16,571,153	15,123,677	1,447,476
Law	13,661,797	13,607,658	13,595,424	12,234
Legal aid society	11,500,225	11,500,225	11,314,177	186,048
Legislative	11,733,408	11,629,308	10,603,023	1,026,285
Public administrator	498,042	497,457	493,794	3,663
Public works	84,433,331	85,044,447	83,370,576	1,673,871
Real property	2,249,754	2,249,754	2,052,330	197,424
Miscellaneous	56,121,443	36,415,777	13,301,789	23,113,988
Total general government support	<u>275,672,507</u>	<u>257,705,108</u>	<u>227,566,684</u>	<u>30,138,424</u>
Economic assistance and opportunity:				
County executive	22,215,271	20,911,393	19,325,844	1,585,549
Economic development	2,125,105	2,093,859	1,658,918	434,941
Labor	7,635,268	7,631,732	7,474,448	157,284
Probation	7,924,952	7,924,952	7,350,599	574,353
Social services	533,131,550	535,313,228	517,300,093	18,013,135
Total economic assistance and opportunity	<u>573,032,146</u>	<u>573,875,164</u>	<u>553,109,902</u>	<u>20,765,262</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, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Health	186,911,587	188,934,759	171,242,875	17,691,884
Public safety:				
Fire rescue and emergency service	12,308,909	11,932,536	10,613,236	1,319,300
Police	82,331,305	81,104,199	77,331,546	3,772,653
Probation	38,885,106	38,655,497	35,341,765	3,313,732
Public works	100,000	17,790	15,400	2,390
Sheriff	122,593,515	142,162,171	141,742,285	419,886
Total public safety	<u>256,218,835</u>	<u>273,872,193</u>	<u>265,044,232</u>	<u>8,827,961</u>
Culture and recreation:				
County executive	9,213,471	9,313,712	9,181,795	131,917
Parks	16,670,831	16,387,752	15,802,606	585,146
Miscellaneous	280,000	280,000	280,000	-
Total culture and recreation	<u>26,164,302</u>	<u>25,981,464</u>	<u>25,264,401</u>	<u>717,063</u>
Education:				
Health services	170,991,567	170,991,567	166,338,595	4,652,972
Miscellaneous	50,099,119	51,988,119	51,988,119	-
Total education	<u>221,090,686</u>	<u>222,979,686</u>	<u>218,326,714</u>	<u>4,652,972</u>
Home and community services:				
Cooperative extension	3,232,125	3,232,125	3,170,873	61,252
County executive	1,376,065	1,364,761	1,015,688	349,073
Environment and Energy	3,442,755	3,431,501	3,237,822	193,679
Law	505,770	491,082	467,953	23,129
Planning	2,213,498	2,308,841	2,264,002	44,839
Public works	815,632	813,232	693,057	120,175
Soil and water conservation	373,315	378,336	377,378	958
Miscellaneous	350,000	350,000	163,948	186,052
Total home and community services	<u>12,309,160</u>	<u>12,369,878</u>	<u>11,390,721</u>	<u>979,157</u>
Transportation:				
Public works	97,085,240	97,954,388	94,448,276	3,506,112
Employee benefits	<u>399,209,351</u>	<u>401,396,708</u>	<u>377,077,863</u>	<u>24,318,845</u>
Debt service - principal	60,205,025	58,312,551	44,527,706	13,784,845
Debt service - interest	34,728,148	34,731,622	29,898,590	4,833,032
Total debt service	<u>94,933,173</u>	<u>93,044,173</u>	<u>74,426,296</u>	<u>18,617,877</u>
Total expenditures	<u>2,142,626,987</u>	<u>2,148,113,521</u>	<u>2,017,897,964</u>	<u>130,215,557</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, 2008

	<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	(349,576,499)	(340,372,100)	(280,699,535)	59,672,565
Other financing sources (uses)				
Refunding bonds issued	-	-	19,129,284	19,129,284
Premium on refunding bonds issued	-	-	717,833	717,833
Payments to refunding bond escrow agent	-	-	(19,847,117)	(19,847,117)
Serial bonds issued	-	2,875,000	1,474,562	(1,400,438)
Premium on serial bonds issued	-	-	438	438
Transfers in	421,729,822	421,172,723	413,790,992	(7,381,731)
Transfers out	(229,701,968)	(229,549,679)	(218,439,979)	11,109,700
Total other financing sources (uses)	<u>192,027,854</u>	<u>194,498,044</u>	<u>196,826,013</u>	<u>2,327,969</u>
Net change in fund balances (budgetary basis)	(157,548,645)	(145,874,056)	(83,873,522)	62,000,534
Fund balances (deficits) at beginning of year (budgetary basis)	<u>157,548,645</u>	<u>179,616,892</u>	<u>179,616,892</u>	<u>-</u>
Fund balances (deficits) at end of year (budgetary basis)	<u>\$ -</u>	<u>\$ 33,742,836</u>	<u>\$ 95,743,370</u>	<u>\$ 62,000,534</u>

Reconciliation between the budgetary basis of accounting and GAAP basis:

Fund balance at end of year (budgetary basis)	\$ 95,743,370
Less: accrued pension expense	(37,692,090)
Plus: interest earned on revocable trust	7,199,299
Less: debt paid by revocable trust	(23,189,815)
Fund balance at end of year (GAAP basis)	<u>\$ 42,060,764</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, 2008

	<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	\$ 443,943,188	\$ 443,943,188	\$ 444,323,531	\$ 380,343
Sales and use tax	87,059,643	87,059,643	87,059,643	-
New York State aid	320,000	1,384,460	441,482	(942,978)
Federal aid	10,000	1,218,561	2,532,999	1,314,438
Licenses, permits, fines, fees, etc.	1,837,120	1,837,120	1,436,640	(400,480)
Interest on investments	114,998	114,998	70,150	(44,848)
Miscellaneous	765,500	765,500	892,246	126,746
Total revenues	<u>534,050,449</u>	<u>536,323,470</u>	<u>536,756,691</u>	<u>433,221</u>
Expenditures				
Current:				
Miscellaneous	8,646,045	8,646,045	-	8,646,045
Public safety:				
Police	343,569,539	345,027,445	336,960,443	8,067,002
Employee benefits	77,287,982	77,680,044	76,142,363	1,537,681
Debt Service:				
Principal	3,208,600	3,208,600	2,437,889	770,711
Interest and other charges	1,078,574	1,078,574	985,974	92,600
Total expenditures	<u>433,790,740</u>	<u>435,640,708</u>	<u>416,526,669</u>	<u>19,114,039</u>
Excess (deficiency) of revenues over (under) expenditures	<u>100,259,709</u>	<u>100,682,762</u>	<u>120,230,022</u>	<u>19,547,260</u>
Other financing sources (uses)				
Transfers in	-	-	29,673	29,673
Transfers out	(107,286,131)	(106,986,131)	(104,417,633)	2,568,498
Total other financing sources (uses)	<u>(107,286,131)</u>	<u>(106,986,131)</u>	<u>(104,387,960)</u>	<u>2,598,171</u>
Net change in fund balances (budgetary basis)	(7,026,422)	(6,303,369)	15,842,062	22,145,431
Fund balances (deficits) at beginning of year (budgetary basis)	<u>7,026,422</u>	<u>6,033,702</u>	<u>6,033,702</u>	<u>-</u>
Fund balances (deficits) at end of year (budgetary basis)	<u>\$ -</u>	<u>\$ (269,667)</u>	<u>\$ 21,875,764</u>	<u>\$ 22,145,431</u>

Reconciliation between the budgetary basis of accounting and GAAP basis:

Fund balance at end of year (budgetary basis)	\$ 21,875,764
Less: accrued pension expense	(37,694,913)
Plus: interest earned on revocable trust	295,579
Less: debt paid by revocable trust	(1,525,802)
Fund balance at end of year (GAAP basis)	<u>\$ (17,049,372)</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, 2008

	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	\$ 2,379,537	-	\$ 1,471,718	-	\$ 1,834,096	\$ 5,685,351
Investments	2,055,742	-	-	-	1,534,305	3,590,047
Accounts receivable (net of allowance for doubtful accounts)	1,649,098	-	-	-	8,777,823	10,426,921
Due from other funds	50,252	70,975	101,921	29,000	137,702	389,850
Other receivables	1,531,202	29,940	927,247	-	-	2,488,389
Total current assets	7,665,831	100,915	2,500,886	29,000	12,283,926	22,580,558
Noncurrent assets:						
Restricted:						
Cash and cash equivalents	500,000	-	-	-	-	500,000
Investments	100,000	-	-	-	-	100,000
Other receivables	-	-	-	-	271,686	271,686
Deferred bond issuance cost	-	-	-	-	44,174	44,174
Capital assets:						
Nondepreciable	-	2,092,831	21,793,662	-	-	23,886,493
Depreciable, net	-	14,168,723	5,837,939	-	18,705,488	38,712,150
Total noncurrent assets	600,000	16,261,554	27,631,601	-	19,021,348	63,514,503
Total assets	8,265,831	16,362,469	30,132,487	29,000	31,305,274	86,095,061

(Continued)

SUFFOLK COUNTY, NEW YORK
Statement of Net Assets
Enterprise Funds
December 31, 2008

	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	1,588,742	315	60,735	29,000	2,854,163	4,532,955
Accrued liabilities	-	-	-	-	2,214,733	2,214,733
Due to other funds	626,236	-	650,806	-	8,117,581	9,394,623
Other deferred revenue	69,974	-	-	-	-	69,974
Accumulated vacation and sick leave	-	-	-	-	81,899	81,899
Long-term obligations	-	402,678	261,050	-	1,893,835	2,557,563
Total current liabilities	2,284,952	402,993	972,591	29,000	15,162,211	18,851,747
Noncurrent liabilities:						
Funds held in trust	-	-	-	-	284,052	284,052
Accumulated vacation and sick leave	-	-	-	-	1,518,928	1,518,928
Long-term obligations	-	2,769,718	3,770,770	-	18,745,280	25,285,768
Obligation for postemployment benefits other than pensions	-	-	200,000	-	14,370,000	14,570,000
Total noncurrent liabilities	-	2,769,718	3,970,770	-	34,918,260	41,658,748
Total liabilities	2,284,952	3,172,711	4,943,361	29,000	50,080,471	60,510,495
Net Assets						
Invested in capital assets, net of related debt	-	13,089,158	24,371,213	-	(1,933,627)	35,526,744
Reserve for capital projects	-	-	771,432	-	-	771,432
Unrestricted (deficit)	5,980,879	100,600	46,481	-	(16,841,570)	(10,713,610)
Total net assets	\$ 5,980,879	\$ 13,189,758	\$ 25,189,126	\$ -	\$ (18,775,197)	\$ 25,584,566

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, 2008

	Suffolk Health Plan	Suffolk County Ball Park	Francis S. Gabreski Airport	Regional Economic Development Initiative	John J. Foley Skilled Nursing Facility	Total
Operating revenues						
Managed care fees	\$ 36,461,703	-	-	\$ -	\$ -	\$ 36,461,703
Net patient revenues	-	-	-	-	29,688,126	29,688,126
Licenses, permits, fines, fees, etc.	-	918,749	2,148,364	-	-	3,067,113
Miscellaneous	-	-	8,728	-	438,288	447,016
Total operating revenues	<u>36,461,703</u>	<u>918,749</u>	<u>2,157,092</u>	<u>-</u>	<u>30,126,414</u>	<u>69,663,958</u>
Operating expenses						
Medical expenses	31,208,297	-	-	-	-	31,208,297
Management fees	2,723,312	-	-	-	-	2,723,312
Administrative expenses	1,248,924	-	921,906	29,000	26,020,526	28,220,356
Depreciation	9,583	457,056	213,553	-	1,688,361	2,368,553
Miscellaneous	-	85,387	-	-	-	85,387
Employee benefits	408,708	-	77,659	-	16,421,875	16,908,242
Debt service interest	-	173,613	174,006	-	1,040,871	1,388,490
Total operating expenses	<u>35,598,824</u>	<u>716,056</u>	<u>1,387,124</u>	<u>29,000</u>	<u>45,171,633</u>	<u>82,902,637</u>
Operating income (loss)	<u>862,879</u>	<u>202,693</u>	<u>769,968</u>	<u>(29,000)</u>	<u>(15,045,219)</u>	<u>(13,238,679)</u>
Nonoperating revenues (expenses)						
Revenue from other governments	-	-	-	-	18,754,637	18,754,637
Sale of assets	6,500,000	-	-	-	-	6,500,000
Interest on investments	299,843	1,609	9,468	-	71,302	382,222
Loss on sale of capital assets	-	-	(9,601)	-	-	(9,601)
Total nonoperating revenues (expenses)	<u>6,799,843</u>	<u>1,609</u>	<u>(133)</u>	<u>-</u>	<u>18,825,939</u>	<u>25,627,258</u>
Income (loss) before transfers	7,662,722	204,302	769,835	(29,000)	3,780,720	12,388,579
Transfers in	-	-	1,276,805	29,000	5,098,840	6,404,645
Transfers out	(13,228,104)	-	(326,251)	-	(8,497,651)	(22,052,006)
Change in net assets	(5,565,382)	204,302	1,720,389	-	381,909	(3,258,782)
Total net assets at beginning of year	11,546,261	12,985,456	23,468,737	-	(19,157,106)	28,843,348
Total net assets at end of year	<u>\$ 5,980,879</u>	<u>\$ 13,189,758</u>	<u>\$ 25,189,126</u>	<u>\$ -</u>	<u>\$ (18,775,197)</u>	<u>\$ 25,584,566</u>

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, 2008

	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	\$ 41,321,721	\$ 914,484	\$ 2,187,169	-	\$ 27,802,153	\$ 72,225,527
Receipts from other revenue	-	-	10,249	-	438,288	448,537
Payments for medical expenses	(38,585,066)	-	-	-	-	(38,585,066)
Payments to suppliers	-	-	(367,730)	-	(9,798,496)	(10,166,226)
Payments for management fees	(2,723,312)	-	-	-	-	(2,723,312)
Payments for administrative expenses	(3,045,264)	-	-	-	-	(3,045,264)
Payments for contractual services	-	(34,500)	(56,116)	-	-	(90,616)
Miscellaneous expenses	-	(76,883)	-	-	-	(76,883)
Payments to employees	-	-	(443,336)	-	(9,825,572)	(10,268,908)
Payments for employee benefits	-	-	(8,976)	-	(16,421,875)	(16,430,851)
Net cash provided (used) by operating activities	(3,031,921)	803,101	1,321,260	-	(7,805,502)	(8,713,062)
Cash flows from noncapital financing activities						
Proceeds from sale of assets	6,500,000	-	-	-	-	6,500,000
Payments from other governments	-	-	-	-	7,053,587	7,053,587
Transfer from other funds	2,008,398	-	832,599	-	5,098,840	7,939,837
Transfer to other funds	(12,825,807)	(242,678)	-	-	-	(13,068,485)
Net cash provided (used) by noncapital financing activities	(4,317,409)	(242,678)	832,599	-	12,152,427	8,424,939
Cash flows from capital and related financing activities						
Proceeds from capital debt	-	-	358,000	-	17,498	375,498
Proceeds from refunding of bonds	-	-	-	-	(9,705,593)	(9,705,593)
Purchase of capital assets	38,593	-	(440,088)	-	(34,984)	(436,479)
Principal paid on capital debt	-	(390,651)	(436,629)	-	(1,955,012)	(2,782,292)
Payments for refunded bonds	-	-	-	-	(9,839,245)	(9,839,245)
Interest paid on capital debt	-	(173,613)	(174,006)	-	(1,070,097)	(1,417,716)
Other	-	-	-	-	272,213	272,213
Net cash provided (used) by capital and related financing activities	38,593	(564,264)	(692,723)	-	(2,904,034)	(4,122,428)

(Continued)

SUFFOLK COUNTY, NEW YORK
Statement of Cash Flows
Enterprise Funds
For the Year Ended December 31, 2008

	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	299,843	1,607	9,467	-	71,302	382,219
Investment in assets limited as to use	(52,506)	-	-	-	-	(52,506)
Investment-bond retirement escrow	-	-	-	-	(1,534,305)	(1,534,305)
Net cash provided (used) by investing activities	<u>247,337</u>	<u>1,607</u>	<u>9,467</u>	<u>-</u>	<u>(1,463,003)</u>	<u>(1,204,592)</u>
Net increase (decrease) in cash and cash equivalents	(7,063,400)	(2,234)	1,470,603	-	(20,112)	(5,615,143)
Cash and cash equivalents at beginning of year	9,942,937	2,234	1,115	-	1,854,208	11,800,494
Cash and cash equivalents at end of year	<u>\$ 2,879,537</u>	<u>\$ -</u>	<u>\$ 1,471,718</u>	<u>\$ -</u>	<u>\$ 1,834,096</u>	<u>\$ 6,185,351</u>
Reconciliation of operating income (loss) to net cash provided by operating activities						
Operating income (loss)	\$ 862,879	\$ 202,693	\$ 769,966	\$ (29,000)	\$ (15,045,219)	\$ (13,238,681)
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	9,583	457,056	213,554	-	1,688,361	2,368,554
Provision for doubtful accounts receivable	-	-	-	-	1,777,268	1,777,268
Other increase (decrease)	-	173,613	174,006	-	1,109,714	1,457,333
Change in assets and liabilities:						
Receivables, net	4,499,187	(4,265)	40,328	-	(3,630,659)	904,591
Due from/to Suffolk County	(354,719)	-	-	29,000	-	(325,719)
Accounts and other payables	(8,048,851)	(25,996)	123,406	-	6,295,033	(1,656,408)
Net cash provided (used) by operating activities	<u>\$ (3,031,921)</u>	<u>\$ 803,101</u>	<u>\$ 1,321,260</u>	<u>\$ -</u>	<u>\$ (7,805,502)</u>	<u>\$ (8,713,062)</u>

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

SUFFOLK COUNTY, NEW YORK
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2008

	Private-Purpose Trusts	Agency Funds
Assets		
Cash in banks	\$ -	\$ 37,082,029
Money market funds	153,390	65,759,210
Certificates of deposit with financial institutions	-	5,745,592
Cash with fiscal agents	-	33,269
Total cash and cash equivalents	153,390	108,620,100
Investments	8,280,792	6,811,060
Total assets	8,434,182	115,431,160
Liabilities		
Accounts payable and accrued liabilities	8,330,792	940,016
Agency fund liabilities	-	114,491,144
Total liabilities	8,330,792	\$ 115,431,160
Net Assets		
Held in trust	\$ 103,390	

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, 2008

	Private-Purpose Trusts
Additions	
Investment income:	
Interest	\$ 405
Transfer in	4,085,824
Other revenue	1,200,000
Total additions	5,286,229
Deductions	
Administrative and general expenses	5,195,024
Change in net assets	91,205
Net assets at beginning of year	12,185
Net assets at end of year	\$ 103,390

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, 2008
With Suffolk County Community College as of August 31, 2008

	<u>Suffolk County Community College</u>	<u>Suffolk Regional Off-Track Betting Corporation</u>	<u>Suffolk County Industrial Development Agency</u>	<u>Total</u>
Assets				
Current assets:				
Cash and cash equivalents	\$ 36,120,613	\$ 3,527,336	\$ 70,560	\$ 39,718,509
Investments	28,379,247	-	-	28,379,247
Accounts receivable	880,355	146,833	-	1,027,188
Students accounts receivable, net	5,644,802	-	-	5,644,802
Due from other governments	1,598,260	450,159	-	2,048,419
Other assets	334,428	960,792	7,308	1,302,528
Direct financing lease receivables	-	-	10,790,000	10,790,000
Total current assets	<u>72,957,705</u>	<u>5,085,120</u>	<u>10,867,868</u>	<u>88,910,693</u>
Noncurrent assets:				
Restricted:				
Cash and cash equivalents	4,279,623	-	4,831,530	9,111,153
Capital assets:				
Nondepreciable	6,397,962	2,059,775	-	8,457,737
Depreciable, net	106,177,357	11,783,334	13,935	117,974,626
Deferred bond issuance cost	1,361,698	-	-	1,361,698
Total noncurrent assets	<u>118,216,640</u>	<u>13,843,109</u>	<u>4,845,465</u>	<u>136,905,214</u>
Total assets	<u>191,174,345</u>	<u>18,928,229</u>	<u>15,713,333</u>	<u>225,815,907</u>
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	13,185,555	7,272,022	4,142	20,461,719
Due to primary government	2,937,401	-	-	2,937,401
Due to other governments	-	732,809	-	732,809
Deferred revenue	17,197,754	-	-	17,197,754
Other liabilities	6,399,906	3,276,717	214	9,676,837
Bonds payable	7,023,101	-	10,790,000	17,813,101
Total current liabilities	<u>46,743,717</u>	<u>11,281,548</u>	<u>10,794,356</u>	<u>68,819,621</u>
Noncurrent liabilities:				
Accumulated vacation and sick leave	23,326,556	1,387,825	102,954	24,817,335
Obligation for postemployment benefits other than pensions	45,622,000	6,047,957	781,461	52,451,418
Bonds payable	113,376,572	-	-	113,376,572
Total noncurrent liabilities	<u>182,325,128</u>	<u>7,435,782</u>	<u>884,415</u>	<u>190,645,325</u>
Total liabilities	<u>229,068,845</u>	<u>18,717,330</u>	<u>11,678,771</u>	<u>259,464,946</u>
Net Assets				
Invested in capital assets, net of related debt	11,878,134	10,170,066	13,935	22,062,135
Restricted for capital projects	11,186,195	-	-	11,186,195
Unrestricted (deficit)	(60,958,829)	(9,959,167)	4,020,627	(66,897,369)
Total net assets	<u>\$ (37,894,500)</u>	<u>\$ 210,899</u>	<u>\$ 4,034,562</u>	<u>\$ (33,649,039)</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, 2008
With Suffolk County Community College as of August 31, 2008

	Suffolk County Community College	Suffolk Regional Off-Track Betting Corporation	Suffolk County Industrial Development Agency	Total
Expenses:				
Program operations	\$ 197,312,447	\$ 26,513,709	\$ 610,515	\$ 224,436,671
Interest on long-term debt	6,192,501	-	-	6,192,501
Other interest	-	-	1,423,825	1,423,825
Depreciation and amortization	5,004,093	802,207	9,801	5,816,101
Other expenses	5,863,086	21,396,495	-	27,259,581
Total expenses	<u>214,372,127</u>	<u>48,712,411</u>	<u>2,044,141</u>	<u>265,128,679</u>
Program revenues:				
Charges for Services	76,145,187	43,874,834	466,530	120,486,551
Operating Grants and Contributions	72,253,554	-	-	72,253,554
Total program revenues	<u>148,398,741</u>	<u>43,874,834</u>	<u>466,530</u>	<u>192,740,105</u>
Net program revenues (expenses)	<u>(65,973,386)</u>	<u>(4,837,577)</u>	<u>(1,577,611)</u>	<u>(72,388,574)</u>
General revenues:				
Payments from primary government	39,096,049	-	-	39,096,049
Grants and contributions not restricted to specific programs	13,053,643	-	-	13,053,643
Interest on investments	295,874	-	116,491	412,365
Miscellaneous	1,173,585	-	1,423,825	2,597,410
Total general revenues	<u>53,619,151</u>	<u>-</u>	<u>1,540,316</u>	<u>55,159,467</u>
Change in net assets	(12,354,235)	(4,837,577)	(37,295)	(17,229,107)
Net assets at beginning of year	(25,540,265)	5,048,476	4,071,857	(16,419,932)
Net assets at end of year	<u>\$ (37,894,500)</u>	<u>\$ 210,899</u>	<u>\$ 4,034,562</u>	<u>\$ (33,649,039)</u>

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

I. Summary of significant accounting policies

A. Reporting entity

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

Blended component units

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

The Suffolk Tobacco Asset Securitization Corporation (STASC) is a not-for-profit local development corporation organized pursuant to Section 1411 of the Not-For-Profit Corporation Law of the State of New York. The Board of Directors of STASC has three directors, one appointed by the Presiding Office of the County Legislature and two appointed by the County Executive of which one must meet certain requirements of independence. STASC is considered an affiliated organization under GASB Statement No. 39 and accordingly is reported as a special revenue fund of the primary government. Pursuant to a Purchase and Sale Agreement dated as of August 1, 2008 STASC purchased from the County all future right, title and interest of the county under the Master Settlement Agreement and the Consent Decree and Final Judgment. These rights include the County's share of all Tobacco Settlement Revenues' (TSRs). The sale of the TSRs by the County to STASC was simultaneous with the issuance by STASC of Series 2008 Tobacco Asset-Backed Bonds. STASC pledged as security for its Series 2008 Bonds 36% of annual payments through December 31, 2012 and 75% thereafter. All other "unencumbered" TSRs will be conveyed to the Residual Trust and a Residual Certificate implements the payment to the County of unencumbered TSRs and the net proceeds of Bonds issued by STASC subsequent to the Series 2008 Bonds. The Series 2008 Bonds are not backed by the full faith and credit of the County. The consideration paid by STASC to the County for the acquisition of TSRs consisted of \$206,270,222 in cash of which \$206,243,337 was paid into a revocable trust for the benefit of the County and \$26,855 was owed to County at December 31, 2008. Complete

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2008

financial statements for STASC may be obtained at Suffolk Tobacco Asset Securitization Corporation, P.O. Box 6100, 100 Veterans Memorial Highway, Hauppauge, New York 11788-0099

Discretely presented component units

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

Suffolk County Community College (the College) was formed in 1959 by the State University of New York and provides educational services under New York State Education Law. Suffolk County as the local sponsor and the College have duly executed a "Plan C Agreement" pursuant to New York State Education Law. The provisions of this agreement require the College to submit the annual operating and capital budgets for approval to the County Legislature. It also provides that County tax warrants shall separately state and identify the County's share of the College's operating budget. Furthermore, the Suffolk County Comptroller is the Chief Fiscal Officer of the College. As such, the College is fiscally dependent upon Suffolk County and therefore, is included as a component unit for the fiscal year ended August 31, 2008.

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

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

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 COUNTY
Notes to the Financial Statements
December 31, 2008

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

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

Related organizations

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

- Suffolk County Water Authority
- Vocational Educational and Extension Board

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

B. Government-wide and fund financial statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

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

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

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

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

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

The County reports the following major governmental funds:

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

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

The police district fund accounts for the operations of the Suffolk County Police District, which provides police services to the residents of the five western towns of Suffolk County. The fund is one of 55 special revenue funds.

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

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2008

The County reports the following major proprietary funds:

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

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

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

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

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

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

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

Additionally, the County reports the following fiduciary funds:

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

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

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.

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2008

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

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

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

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

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

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

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

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

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

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

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

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

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

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

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

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

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

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

- Certificates of Deposit issued by a bank or trust company authorized to do business in the County
- Time deposit accounts in a bank or trust company authorized to do business in the County
- Obligations of New York State
- Obligations of the United States Government
- Repurchase agreements involving the purchase and sale of direct obligations of the United States Government

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2008

- Obligations of agencies of the Federal government if principal and interest are guaranteed by the United States Government

- Any securities approved by the Comptroller of New York State

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

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

2. Receivables and payables

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

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

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

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

The towns and school districts receive their entire levy prior to any distribution to the County. The property tax receivable in the County’s financial statements represents (i) the aggregate unpaid taxes transferred from the towns’ Tax Receivers to the County and (ii) interest and penalties on such unpaid taxes. It is the County’s responsibility to collect such unpaid taxes. Tax collections for the years ended December 31, 2008 and 2007 were

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2008

approximately 95.9 and 96.1 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 2008:

Lien date	June 1, 2007
Levy date	December 1, 2007
Tax bills mailed	December 1, 2007
Property taxes recorded	January 1, 2008
First installment payment due	January 10, 2008
Second installment payment due	May 31, 2008
Taxes become overdue	June 1, 2008

3. Inventories and prepaid items

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

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

4. Restricted assets

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

5. Capital assets

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

<u>Asset</u>	<u>Threshold</u>
Land	Capitalize All
Buildings	\$100,000

SUFFOLK COUNTY
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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 \$1,971,000 during 2008.

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

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

6. *Compensated absences*

Under terms of multiple union contracts, County employees accumulate earned but unused vacation and sick pay benefits. In the event of termination, employees are reimbursed for accumulated vacation time up to the equivalent of 90 working days for Suffolk County Association of Municipal Employees (SCAME) and 120 working days for Patrolmen's Benevolent Association (PBA) and Superior Officers Association (SOA) employees. Similarly, unused sick leave will be paid on retirement to the employee, or upon death of the employee to his/her designated beneficiary at the rate of one day to be paid for every two days accumulated, up to a total of 180 days paid for 360 accumulated for SCAME employees and up to a total of 300 days paid for 600 days accumulated for PBA and SOA employees. All vacation pay and vested sick pay are accrued when incurred in the government-wide and proprietary funds financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

7. Long-term obligations

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

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

8. Fund equity

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

E. New Accounting Pronouncements

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

In June 2007, the GASB issued Statement No. 51 “Accounting and Financial Reporting for Intangible Assets.” This statement requires that all intangible assets not specifically excluded by scope provisions be classified as capital assets. The County is required to adopt GASB Statement No. 51 for its 2010 financial statements.

In November 2007, the GASB issued Statement No. 52 “Land and Other Real Estate Held as Investments by Endowments.” This statement requires that land and other real estate held as investments by endowments be reported at fair value at the reporting date. Any changes recorded in fair value during the period should be reported as investment income. The County is required to adopt GASB Statement No. 52 for its 2009 financial statements. The implementation of this statement is not expected to effect the financial position of the County.

In June 2008, the GASB issued Statement No. 53 “Accounting and Financial Reporting for Derivative Instruments.” This statement requires that derivatives meeting certain characteristics be reported in the government’s accrual-based financial statements at fair value. Changes in fair value generally should be reported as investment gains or losses. The

County is required to adopt GASB Statement No. 53 for its 2010 financial statements. The implementation of this statement is not expected to effect the financial position of the County.

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

In March 2009, the GASB issued Statement No. 55 “The Hierarchy of Generally Accepted Accounting Principals for State and Local Governments.” This statement incorporates the hierarchy of generally accepted accounting principals (GAAP) for state and local governments into the GASB’s authoritative literature. GASB Statement No. 55 is effective immediately. In practice the order of priority for accounting and financial reporting guidance will remain unchanged.

In March 2009, the GASB issued Statement No. 56 “Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Statements.” This statement brings existing guidance without substantive changes into the GASB’s body of standards. This is intended to make it easier for preparers of state and local government financial statements to identify and apply relevant accounting guidance. GASB Statement No. 56 is effective immediately, and since it represents a codification of existing guidance, has no impact on the County’s financial statements.

F. Adoption of New Accounting Standards

In September 2006, the GASB issued Statement No. 48 “Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues.” This statement clarifies guidance on accounting for sales and pledges of receivables, future revenues and intra-entity transfers of assets and future revenues. The County was required to implement GASB Statement No. 48 in 2008 because on August 1, 2008 the County sold future right title and interest to TSR’s to STASC, a blended component unit of Suffolk County (see Note I.A.). This transaction required application of the intra-entity transfer of future revenues provisions of GASB Statement No. 48. As a result, STASC has recognized a deferred charge for the amount paid to the County, \$206,270,222 which is being amortized over the duration of the transfer agreement and the County is deferring the recognition of the revenue from the sale and recognizing it over the duration of the sale agreement. These deferred revenues and charges are treated as due to/from other funds on the Balance Sheet and as internal balances for purposes of the Statement of Net Assets.

In November 2006, the GASB issued Statement No. 49 “Accounting and Financial Reporting for Pollution Remediation Obligations”. This statement establishes specific guidance on the measurement and recognition of pollution remediation obligations or responsibilities. The guidance lists what events must occur for a government to be required to calculate and report

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a pollution remediation liability. The County adopted GASB Statement No. 49 in 2008, however, it did not have a material impact for financial reporting purposes.

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.

Governmental funds with legally adopted annual budgets include:

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

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

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

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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 2008, General Fund supplementary appropriations were authorized and aggregated approximately \$5,486,534.

B. Excess of expenditures over appropriations

For the year ended December 31, 2008, there were no expenditures that exceeded appropriations.

C. Deficit fund equity

The following funds have deficit fund balances at December 31, 2008:

SPECIAL REVENUE FUNDS:	
• Electrical Authority Fund	\$ 195,580
• District Court Fund	168,944
• Sewer District #2	169,796
• Workforce Investment Revenue	539,305
• Community Development Administration	1,178,259
• Community Development	207,476
• Police District	17,049,372
PROPRIETARY FUNDS	
• John J. Foley Skilled Nursing Facility	\$ 18,775,197

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

III. Detailed notes on all funds

A. Deposits and investments

At year end, Suffolk County's bank balance in all financial institutions was \$567,938,025. The entire bank balance was either covered by federal depository insurance or by collateral held by the County's agent in the County's name.

The bank balances for OTB, IDA and Suffolk County Community College, discretely presented component units, were \$3,232,220, \$5,082,784 and \$40,917,301, respectively. The entire bank balance for each of these component units, was covered either by federal depository insurance or by collateral held by the component unit's agent in its name.

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

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

Special time deposit accounts;

Certificate of deposit;

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

Obligations of New York State;

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

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

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

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

Investments

The County's investment consists of all securities maintained in a revocable trust. This trust consists primarily of United States Treasury securities, which are not subject to credit risk, held by the Trustee for the benefit of Suffolk County. The trust was funded from the proceeds of STASC 2008 series bonds. At December 31, 2008 the fair value of this trust was \$188,928,782 and consisted of 10 Treasury Strips bearing 0.000% interest maturing from February 15, 2009 through August 15, 2013, and 36 Treasury Notes bearing interest ranging from 2.125% to 5.000% and maturing from January 31, 2009 through July 31, 2013.

The County's agency funds investments in corporate and municipal bonds totaled \$20,842 and were rated Aa3 by Moody's Investors Service, AA by Standard & Poor's Rating Services, and AA- by Fitch, Inc. The County's agency funds invested in cooperative investment programs totaled \$6,790,218 and were rated AAA/V1 by Fitch, Inc. and AAAM by Standard & Poor's.

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

Custodial Credit Risk – Deposits – Custodial credit risk for deposits exists when, in the event of the failure of a depository financial institution, STASC may be unable to recover deposits, or recover collateral securities that are in possession of an outside agency. At December 31, 2008, STASC deposits with a financial institution were \$124,832. These balances were insured by the Federal Deposit Insurance Corporation.

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, 2008, is due to mature on June 1, 2048, and earns interest at 4.614% annually. The Repurchase Agreement is fully collateralized by debt

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obligations having fair values that range from 100% to 102% of the deposited amount held by a custodial bank.

Vanderbilt Private-Purpose Trust – The County’s formal investment policy as described above does not apply to the Vanderbilt Private-Purpose Trust (Vanderbilt Trust). The Suffolk County Legislature has fiduciary responsibility for the Vanderbilt Trust. Pursuant to Suffolk County Resolution No. 1266-2007, the Vanderbilt Trust’s Investment Advisor is permitted to utilize a total return concept to provide a fixed annual income of \$1,200,000 and authorizes the use of realized capital gains to the Vanderbilt Trust attributable to realized capital gains from December 18, 2002 through December 31, 2008 for cash flow purposes only, subject to the condition that distribution from realized capital gains be limited to a maximum of the realized capital gains, less the trust management fees authorized to be paid from capital gains under Suffolk County Resolution No. 682-1993. Furthermore, Suffolk County Resolution No. 1266-2007 provides that until modified current investment guidelines, permitting a 50/50 split between fixed securities and equities (within a 5 – 10% range of the 50/50 split as determined by market conditions) shall remain in effect.

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

<u>Investment by Type</u>	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
Fixed securities:		
United State's government bonds and notes	\$ 109,632	
Corporate and municipal bonds	3,355,020	
Total Fixed Securities	<u>3,464,652</u>	41.84%
Other investments	4,816,140	58.16%
Total investments	<u>\$ 8,280,792</u>	<u>100.00%</u>

Component Units

At August 31, 2008, Suffolk County Community College’s investment balances were as follows:

<u>Investment by Type</u>	<u>Fair Value</u>
Corporate securities	\$ 6,153,738
Government obligations	20,439,556
Mutual funds	1,785,953
Total investments	<u>\$ 28,379,247</u>

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B. Receivables

Receivables at December 31, 2008 were as follows:

	Governmental Funds					Total Governmental Receivables
	General	Police District	Capital	STASC	Other Governmental	
Receivables:						
Property tax	\$ 161,310,522	\$ -	\$ -	\$ -	\$ -	\$ 161,310,522
Sales tax	111,445,229	-	-	-	6,233,761	117,678,990
Other funds	58,109,982	48,422,561	6,873,481	206,270,222	150,398,458	470,074,704
Intergovernmental accounts	266,447,314	2,063,631	12,060,720	-	12,293,831	292,865,496
Other	19,859,144	196,361	-	-	3,555,595	23,611,100
Total receivables	617,172,191	50,682,553	18,934,201	206,270,222	172,481,645	1,065,540,812
Allowance for doubtful accounts	(12,646,920)	-	-	-	-	(12,646,920)
Receivables, net	<u>\$ 604,525,271</u>	<u>\$ 50,682,553</u>	<u>\$ 18,934,201</u>	<u>\$ 206,270,222</u>	<u>\$ 172,481,645</u>	<u>\$ 1,052,893,892</u>

	Enterprise Funds					Total Enterprise Receivables
	Suffolk Health Plan	Suffolk County Ball Park	Francis S. Gabreski Airport	Regional Economic Dev Initiative	John J. Foley Skilled Nursing Facility	
Receivables:						
Accounts	\$ 1,791,098	\$ -	\$ -	\$ -	\$ 15,435,135	\$ 17,226,233
Other	1,581,454	100,915	1,029,168	29,000	137,702	2,878,239
Total receivables	3,372,552	100,915	1,029,168	29,000	15,572,837	20,104,472
Allowance for doubtful accounts	(142,000)	-	-	-	(6,657,312)	(6,799,312)
Receivables, net	<u>\$ 3,230,552</u>	<u>\$ 100,915</u>	<u>\$ 1,029,168</u>	<u>\$ 29,000</u>	<u>\$ 8,915,525</u>	<u>\$ 13,305,160</u>

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

	Unavailable	Unearned
Delinquent property taxes receivable (general fund)	\$ 137,575,605	\$ -
New York State Department of Health:		
Mental health and alcohol advances for County programs (general fund)	-	14,815,305
Federal and State government receivables (general fund)	13,335,491	-
Tobacco settlement receipts (general fund)	-	254,664
Stop DWI (general fund)	-	2,480,377
Hospital mortgages (general fund)	-	1,331,370
Restricted borrowing - interest (capital)	-	8,994,734
Restricted borrowing - interest (nonmajor)	-	578,645
Total deferred/unearned revenue for governmental funds	<u>\$ 150,911,096</u>	<u>\$ 28,455,095</u>

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C. Capital Assets

Capital asset activity for the year ended December 31, 2008 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 652,307,865	\$ 47,852,487	\$ -	\$ 700,160,352
Development rights	121,453,606	44,035,382	-	165,488,988
Historic buildings	4,607,607	-	-	4,607,607
Construction in progress	220,069,545	92,045,879	(25,014,329)	287,101,095
Total capital assets, not being depreciated	998,438,623	183,933,748	(25,014,329)	1,157,358,042
Capital assets, being depreciated:				
Buildings	622,667,852	1,170,796	(623,296)	623,215,352
Improvements other than buildings	42,139,144	595,411	-	42,734,555
Vehicles and equipment	255,308,584	25,719,590	(8,196,231)	272,831,943
Infrastructure	879,614,153	24,902,646	-	904,516,799
Total capital assets, being depreciated	1,799,729,733	52,388,443	(8,819,527)	1,843,298,649
Less accumulated depreciation for:				
Buildings	(332,069,471)	(14,310,540)	623,296	(345,756,715)
Improvements other than buildings	(15,176,755)	(1,551,204)	-	(16,727,959)
Vehicles and equipment	(152,782,743)	(19,256,770)	5,922,461	(166,117,052)
Infrastructure	(337,255,225)	(20,640,354)	-	(357,895,579)
Total accumulated depreciation	(837,284,194)	(55,758,868)	6,545,757	(886,497,305)
Total capital assets, being depreciated, net	962,445,539	(3,370,425)	(2,273,770)	956,801,344
Governmental activities capital assets, net	<u>\$ 1,960,884,162</u>	<u>\$ 180,563,323</u>	<u>\$ (27,288,099)</u>	<u>\$ 2,114,159,386</u>

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	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 22,092,831	\$ -	\$ -	\$ 22,092,831
Construction in progress	1,528,528	440,089	(174,955)	1,793,662
Total capital assets, not being depreciated	23,621,359	440,089	(174,955)	23,886,493
Capital assets, being depreciated:				
Buildings	58,255,223	-	(10,910)	58,244,313
Improvements other than buildings	5,470,346	174,955	-	5,645,301
Vehicles and equipment	3,751,429	34,985	(175,574)	3,610,840
Total capital assets, being depreciated	67,476,998	209,940	(186,484)	67,500,454
Less accumulated depreciation for:				
Buildings	(22,710,088)	(2,002,552)	1,309	(24,711,331)
Improvements other than buildings	(1,182,138)	(28,891)	-	(1,211,029)
Vehicles and equipment	(2,665,816)	(337,109)	136,981	(2,865,944)
Total accumulated depreciation	(26,558,042)	(2,368,552)	138,290	(28,788,304)
Total capital assets, being depreciated, net	40,918,956	(2,158,612)	(48,194)	38,712,150
Business-type activities capital assets, net	<u>\$ 64,540,315</u>	<u>\$ (1,718,523)</u>	<u>\$ (223,149)</u>	<u>\$ 62,598,643</u>

Depreciation expense and amortization for the year ended December 31, 2008 was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government support	\$ 14,105,748
Economic assistance and opportunity	178,820
Health	1,958,046
Public safety	10,738,421
Culture and recreation	2,072,915
Education	-
Home and community services	9,012,177
Transportation	13,128,849
Legislative	128,246
Judicial	4,435,646
Total depreciation expense-governmental activities	<u>\$ 55,758,868</u>
Business-type activities:	
Suffolk Health Plan	\$ 9,582
Suffolk County Ball Park	457,056
Francis S. Gabreski Airport	213,553
John J. Foley Skilled Nursing Facility	1,688,361
Total depreciation expense-business-type activities	<u>\$ 2,368,552</u>

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Construction commitments

The County has a number of active construction project commitments at December 31, 2008. Active projects for which amounts spent as of December 31, 2008 exceed \$10,000,000 include 38 projects. The total spent as of December 31, 2008 for these projects amounts to approximately \$662 million. Remaining commitments for these projects amount to approximately \$571 million.

Discretely presented component units

Capital asset activity for Suffolk County Community College (College) for the year ended August 31, 2008 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 4,948,118	\$ -	\$ -	\$ 4,948,118
Construction in progress	383,150	1,133,334	(66,640)	1,449,844
Total capital assets, not being depreciated	5,331,268	1,133,334	(66,640)	6,397,962
Capital assets, being depreciated:				
Buildings	145,051,764	1,578,346	-	146,630,110
Improvements other than buildings	9,450,782	500,528	-	9,951,310
Vehicles and equipment	4,287,556	758,414	(13,869)	5,032,101
Infrastructure	10,655,733	1,179,228	-	11,834,961
Total capital assets, being depreciated	169,445,835	4,016,516	(13,869)	173,448,482
Less accumulated depreciation for:				
Buildings	(51,059,682)	(393,404)	-	(51,453,086)
Improvements other than buildings	(3,774,743)	(3,625,825)	-	(7,400,568)
Vehicles and equipment	(764,159)	(896,728)	13,869	(1,647,018)
Infrastructure	(6,594,189)	(176,264)	-	(6,770,453)
Total accumulated depreciation	(62,192,773)	(5,092,221)	13,869	(67,271,125)
Total capital assets, being depreciated, net	107,253,062	(1,075,705)	-	106,177,357
College capital assets, net	\$112,584,330	\$ 57,629	\$ (66,640)	\$112,575,319

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Capital asset activity for the Suffolk County Industrial Development Agency (IDA) for the year ended December 31, 2008 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	80,255		(19,353)	60,902
Total capital assets, being depreciated	80,255	-	(19,353)	60,902
Less accumulated depreciation for:				
Vehicles and equipment	(56,519)	(9,801)	19,353	(46,967)
Total accumulated depreciation	(56,519)	(9,801)	19,353	(46,967)
Total capital assets, being depreciated, net	23,736	(9,801)	-	13,935
IDA capital assets, net	<u>\$ 23,736</u>	<u>\$ (9,801)</u>	<u>\$ -</u>	<u>\$ 13,935</u>

Capital asset activity for the Suffolk Regional Off-Track Betting Corporation (OTB) for the year ended December 31, 2008 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,058,343	\$ -	\$ -	\$ 2,058,343
Construction in progress	343,690	119,722	(461,978)	1,434
Total capital assets, not being depreciated	2,402,033	119,722	(461,978)	2,059,777
Capital assets, being depreciated:				
Building & leasehold improvements	14,159,682	86,396	(105,014)	14,141,064
Vehicles and equipment	2,668,266	709,578	(117,392)	3,260,452
Total capital assets, being depreciated	16,827,948	795,974	(222,406)	17,401,516
Less accumulated depreciation:	(4,867,619)	(802,000)	51,435	(5,618,184)
Total capital assets, being depreciated, net	11,960,329	(6,026)	(170,971)	11,783,332
OTB capital assets, net	<u>\$ 14,362,362</u>	<u>\$ 113,696</u>	<u>\$ (632,949)</u>	<u>\$ 13,843,109</u>

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D. Payables and accrued liabilities

Payables and accrued liabilities at December 31, 2008, were as follows:

	Other Governments	Salaries	Vouchers	Other	Total
Governmental activities:					
General	\$ 1,517,386	\$ 68,699,512	\$ 96,053,757	\$ 59,614,815	\$ 225,885,470
Police district	3,457	46,148,425	718,207	294,100	47,164,189
Capital	-	-	22,083,535	3,353,002	25,436,537
STASC	5,000	-	-	-	5,000
Other governmental	-	4,080,406	10,270,426	5,569,848	19,920,680
Total governmental activities	<u>\$ 1,525,843</u>	<u>\$ 118,928,343</u>	<u>\$ 129,125,925</u>	<u>\$ 68,831,765</u>	<u>\$ 318,411,876</u>
Business-type activities:					
Suffolk Health Plan	\$ -	\$ -	\$ 1,588,742	\$ -	\$ 1,588,742
Suffolk County Ball Park	-	-	315	-	315
Francis S. Grabeski Airport	-	31,630	1,335	27,770	60,735
Regional Economic Development Initiative	-	-	29,000	-	29,000
John J. Foley Skilled Nursing Facility	-	234,451	1,294,941	3,610,879	5,140,271
Total business-type activities	<u>\$ -</u>	<u>\$ 266,081</u>	<u>\$ 2,914,333</u>	<u>\$ 3,638,649</u>	<u>\$ 6,819,063</u>

E. Interfund balances and transfers

The composition of interfund balances as of December 31, 2008 is as follows:

Due to general fund from:	
Police	\$ 9,871,271
STASC	26,885
Nonmajor gov't funds	36,489,621
Suffolk Health Plan	567,260
Francis S. Gabreski Airport	111,822
John J. Foley Skilled Nursing Facility	6,488,261
Total due to general fund from other funds	<u>\$ 53,555,120</u>
Due to police fund from:	
General	\$ 48,315,964
Capital	29,673
Nonmajor gov't funds	76,924
Total due to police fund from other funds	<u>\$ 48,422,561</u>
Due to capital fund from:	
General	\$ 4,284,264
Nonmajor gov't Funds	2,569,217
Francis S. Gabreski Airport	20,000
Total due to capital fund from other funds	<u>\$ 6,873,481</u>

(Continued)

SUFFOLK COUNTY
Notes to the Financial Statements
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Due to STASC from:	
General	\$ 196,572,595
Police	8,069,507
John J. Foley Skilled Nursing Facility	1,628,120
Total due to STASC from other funds	<u>\$ 206,270,222</u>

Due to nonmajor governmental funds from:	
General	\$ 31,021,420
Police	9,623,882
Capital	585,785
Nonmajor gov't funds	108,650,400
Francis S. Gabreski Airport	515,771
John J. Foley Skilled Nursing Facility	1,200
Total due to nonmajor gov't funds from other funds	<u>\$ 150,398,458</u>

Due to John J. Foley Skilled Nursing Facility from:	
General fund	\$ 58,773
Nonmajor gov't funds	16,738
Suffolk Health Plan	58,977
Francis S. Gabreski Airport	3,214
Total due to skilled nursing facility from other funds	<u>\$ 137,702</u>

Due to Suffolk Health Plan from:	
General fund	\$ 50,252
Total due to Suffolk Health Plan from other funds:	<u>\$ 50,252</u>

Due to Suffolk County Ball Park from:	
General fund	\$ 70,975
Total due to Suffolk County Ball Park from other funds:	<u>\$ 70,975</u>

Due to Francis S. Gabreski Airport from:	
General fund	\$ 99,581
Capital	2,338
Total due to airport from other funds	<u>\$ 101,919</u>

Due to Regional Economic Development Initiative from:	
General fund	\$ 29,000
Total due to Regional Economic Development Initiative from other funds:	<u>\$ 29,000</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.

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Notes to the Financial Statements
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Individual fund transfers for the year ended December 31, 2008 were as follows:

Transfers to general fund from:	
General fund	\$ 173,324,370
Police fund	98,460,493
Capital fund	8,326,278
Nonmajor governmental funds	111,127,053
Suffolk Health Plan	13,903,512
Francis S. Gabreski Airport	151,635
John J. Foley Skilled Nursing Facility	8,497,651
Total transfers to general fund	<u>\$ 413,790,992</u>
Transfers to police fund from:	
Capital fund	<u>\$ 29,673</u>
Total transfers to police fund	<u>\$ 29,673</u>
Transfers to capital fund from:	
Francis S. Gabreski Airport	\$ 20,000
Nonmajor governmental funds	2,101,763
Total transfers to capital fund	<u>\$ 2,121,763</u>
Transfers to nonmajor governmental funds from:	
General fund	\$ 38,713,302
Police fund	5,957,140
Capital fund	585,785
Nonmajor governmental funds	69,465,147
Francis S. Gabreski Airport	154,616
Total transfers to nonmajor governmental funds	<u>\$ 114,875,990</u>
Transfers to Francis S. Gabreski Airport from:	
General fund	\$ 1,274,467
Capital fund	2,338
Total transfers to Francis S. Gabreski Airport	<u>\$ 1,276,805</u>
Transfers to Regional Economic Development Initiative from:	
General fund	<u>\$ 29,000</u>
Total transfers to Regional Economic Development Initiative	<u>\$ 29,000</u>
Transfers to John J. Foley Skilled Nursing Facility from:	
General fund	<u>\$ 5,098,840</u>
Total transfers to John J. Foley Skilled Nursing Facility	<u>\$ 5,098,840</u>

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

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2008

F. Sale of future tobacco settlement revenue

On August 1, 2008 the County entered into an agreement with STASC, a blended component unit (see Note I.A.), under which the County relinquished to STASC 36% of TSR's through December 31, 2012 and 75% thereafter. The County is receiving the benefit from the STASC lump-sum payment to a revocable trust of \$206,270,222. The County has revocably instructed the Trustee to utilize trust assets to service and extinguish specified general obligation debt of the County. The total TSR's sold, based on the projected payment schedule in the Master Settlement Agreement, adjusted for historical trends is estimated to be \$534,996,413 and approximates the planned authorization of debt service for STASC series bonds through 2034 less earnings on TSR's and debt service reserve. The estimated value of the TSR's sold, assuming a 4.5 percent interest rate at the time of the sale was \$285,433,698.

G. Leases

Operating Leases

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

The following schedule sets forth future minimum lease payments required under non-cancelable operating leases which have remaining terms in excess of one year as of December 31, 2008:

<u>Years Ending December 31</u>	<u>Amount</u>
2009	\$ 19,919,364
2010	19,203,254
2011	17,999,270
2012	16,532,866
2013	16,397,731
2014-2018	57,644,681
2019-2023	54,366,632
Thereafter	36,011,519
Total	<u>\$ 238,075,317</u>

Rent expenditures for the year ended December 31, 2008 approximated \$16,881,406.

SUFFOLK COUNTY
Notes to the Financial Statements
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Capital Leases

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

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

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

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

The County also entered into a sale – leaseback agreement, dated February 1, 1994, with the IDA. The County is leasing the Southwest Sewer District facility to the IDA and the IDA is required to lease the facility back to the County upon the terms and conditions set forth in the Agreement. This lease will terminate on February 1, 2009. During the year ended December 31, 2008, the County’s payments pursuant to this lease agreement were \$31,428,825 and have been included in general government support expenditures of the General Fund.

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

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

Years Ending December 31	John P. Cohalan Court Complex	Southwest Sewer District	Seventh Precinct	Total
2009	\$ 10,716,207	\$ 11,059,750	\$ 492,900	\$ 22,268,857
2010	10,710,163	-	492,900	11,203,063
2011	10,721,694	-	492,900	11,214,594
2012	10,716,920	-	492,900	11,209,820
2013	10,714,976	-	492,900	11,207,876
2014-2018	27,824,872	-	2,053,750	29,878,622
Total minimum lease payments	81,404,832	11,059,750	4,518,250	96,982,832
Less: Imputed interest	3,894,832	269,750	386,237	4,550,819
Present value of future minimum lease payments	<u>\$ 77,510,000</u>	<u>\$ 10,790,000</u>	<u>\$ 4,132,013</u>	<u>\$ 92,432,013</u>

Assets acquired from the aforementioned capital leases are recorded on the County's financial statements in the amount of \$247,268,329, which represents net book values as of December 31, 2008.

H. 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 \$1,882,611,295. During the year, general obligation bonds totaling \$156,493,746 were issued.

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

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	0.50 - 9.0%	\$ 742,132,642
Governmental activities-refunding	2.75 - 6.0%	175,436,492
Business-type activities	2.50 - 5.5%	8,668,037
Business-type activities-refunding	3.00 - 5.0%	19,175,294
		<u>\$ 945,412,465</u>

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As of December 31, 2008, approximately \$49,257 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 2008, the County paid \$10,841 in interest and principal on this debt and received reimbursements of \$316,257. The County has recorded receivable and related deferred revenue of \$1,331,368, which represents future principal payments to be received from the hospitals at December 31, 2008.

Additionally, \$20,639,115 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, \$7,204,216 of general obligation bonds under business-type activities above relates to the Ball Park and Gabreski Airport and has been accounted for in the respective enterprise funds.

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

Year Ending December 31	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2009	\$ 75,642,220	\$ 40,880,030	\$ 2,593,174	\$ 1,235,306
2010	74,884,714	36,055,953	2,666,096	1,120,175
2011	69,685,979	32,812,618	2,723,955	1,006,778
2012	65,631,031	29,854,794	2,564,726	895,385
2013	63,871,388	26,975,693	2,516,540	779,077
2014-2018	274,280,620	96,162,515	10,373,467	2,361,802
2019-2023	179,989,024	45,850,414	3,616,082	588,617
2024-2028	111,381,668	11,929,007	1,009,984	86,877
	<u>915,366,644</u>	<u>320,521,024</u>	<u>28,064,024</u>	<u>8,074,017</u>
Deferred charge on refunding:	(8,729,542)	-	(1,397,112)	-
Premium on refunding:	10,932,032	-	1,176,419	-
Total	<u>\$ 917,569,134</u>	<u>\$ 320,521,024</u>	<u>\$ 27,843,331</u>	<u>\$ 8,074,017</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 \$82,549,066. During the year, general obligation bonds totaling \$6,690,428 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

SUFFOLK COUNTY
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each year. General obligation bonds currently outstanding amounted to \$42,950,316 at August 31, 2008 and such serial bonds were issued with interest rates that ranged from 3.0% to 10.1%.

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

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

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

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

The Authority does not and will not have title to, a lien on, or a security interest in any of the projects being financed by the bonds or in other property of the County or the College. Authority obligation bonds currently outstanding amounted to \$76,716,718 at August 31, 2008 and such bonds were issued with interest rates that range from 2.0% to 6.5%.

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Annual principal and interest requirements to service all College debt outstanding as of August 31, 2008 are as follows:

Year ending August 31 :	Authority	General Obligations	Total Principal	Interest	Total
2009	\$ 2,587,378	\$ 4,435,723	\$ 7,023,101	\$ 5,610,546	\$ 12,633,647
2010	2,739,625	4,375,097	7,114,722	5,296,245	12,410,967
2011	2,526,457	4,405,292	6,931,749	4,957,657	11,889,406
2012	2,901,313	3,897,339	6,798,652	4,637,742	11,436,394
2013	3,110,518	3,493,763	6,604,281	4,322,406	10,926,687
2014-2018	16,380,090	14,075,899	30,455,989	17,031,315	47,487,304
2019-2023	20,246,524	7,797,697	28,044,221	9,852,888	37,897,109
2024-2028	17,730,343	469,506	18,199,849	4,032,248	22,232,097
2029-2033	6,362,625	-	6,362,625	1,227,645	7,590,270
2034-2038	2,131,845	-	2,131,845	210,539	2,342,384
	<u>\$76,716,718</u>	<u>\$42,950,316</u>	<u>\$119,667,034</u>	<u>\$57,179,231</u>	<u>\$176,846,265</u>
Less: Deferred Loss			(2,713,058)		
Current Maturities			(7,023,101)		
Plus: Unamortized Premium			<u>3,445,697</u>		
			<u>\$113,376,572</u>		

Suffolk County Industrial Development Agency

On February 24, 1994, the IDA issued Suffolk County Southwest Sewer System Revenue Bonds for the benefit of Suffolk County. This issue was followed by additional issuances in 1999 and 2003. These bonds and the related lease receivable are recorded in the accounts of the IDA. The bonds are not secured by property or a debt obligation of Suffolk County. Suffolk County leased to the IDA, pursuant to an IDA lease agreement, the entirety of the sewage system of the Suffolk County Southwest Sewer District, and agreed with the IDA, pursuant to an operation and maintenance agreement, to operate and maintain such sewer system and agreed, pursuant to a service agreement to make payments, subject to the IDA providing sewer service to the County, in an amount sufficient to permit the IDA to pay debt service on the revenue bonds.

Suffolk County Southwest Sewer System Revenue Bonds currently outstanding amounted to \$30,005,000 at December 31, 2008 and such bonds were issued with interest rates that range from 2% to 6%.

Annual debt service requirements to maturity for Suffolk County Southwest Sewer System Revenue Bonds are as follows:

Year Ending December 31	Principal	Interest
2009	<u>\$ 10,790,000</u>	<u>\$ 269,750</u>
Total	<u>\$ 10,790,000</u>	<u>\$ 269,750</u>

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Advance refundings

On August 7, 2008 the County issued \$34,560,000 in general obligation refunding bonds (of which \$5,725,123 pertains to Suffolk County Community College, a discrete component unit) with an average interest rate of 4.86 percent to advance refund \$34,415,000 (of which \$10,855,000 pertains to Suffolk County Community College) of outstanding general obligation bonds with an average interest rate of 4.85 percent. The net proceeds of \$35,472,246 (after payment of \$257,318 in underwriting fees, insurance and other issuance costs) were used to purchase State and Local Government Series securities in the total amount of \$35,472,224. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the various refunded bonds. As a result, the various refunded bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$946,847 (exclusive of the portion related to Suffolk County Community College). This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through 2023, using a method that approximates effective interest. The County completed the advance refunding to reduce its total debt service payments over the next 15 years by \$1,804,318 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$1,489,008.

In prior years, the County defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust with an escrow agent to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. On December 31, 2008, \$133,270,000 of bonds outstanding are considered defeased.

STASC Tobacco Settlement Asset-Backed Bonds

Tobacco Settlement Asset-Backed Bonds Series 2008 (Series 2008 Bonds) issued in 2008 for the purchase of future rights to TSRs are secured by a pledge of revenues to be derived from TSR receipts after the deduction there from of the amount necessary to pay all operating charges and to fund the required revenue percentage to the Residual Trust, as required by the Indenture Agreement. At December 31, 2008, projected principal and interest to expected maturity dates totaled \$546,486,059. These expected maturity dates are based on projected TSRs and are subject to change due to several factors that might affect this revenue. Additional TSRs have been pledged to the period 2048 to ensure that sufficient amounts of revenue will be received to pay the outstanding debt obligation. Principal and interest paid on these bonds in 2008 totaled \$1,759,297. Interest on the Series 2008 Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code. TSRs will not begin to be received until 2009.

Pledged revenues consist of a portion of the TSRs equal to 36% of future annual payments through December 31, 2012, and 75% thereafter and like percentages of any lump sum payments in lieu of such annual payments.

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

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

Bonds outstanding at December 31, 2008, are as follows:

Description	Original Date Issued	Original Amount	Interest Rate	Expected Maturity Date	Maturity Date	Amount Outstanding
2008A	8/21/2008	\$ 9,765,000	4.000 - 5.000%	6/1/2018	6/1/2018	\$ 9,765,000
2008B (2028)	8/21/2008	40,045,000	5.375%	6/1/2019	6/1/2028	40,045,000
2008B (2048)	8/21/2008	62,295,000	6.000%	6/1/2030	6/1/2048	62,295,000
2008C	8/21/2008	107,671,781	6.625%	6/1/2028	6/1/2044	107,671,781
2008D	8/24/2008	13,375,082	8.000%	6/1/2034	6/1/2048	13,375,082
Total						<u>\$ 233,151,863</u>

The following table summarizes the STASC's estimated future debt service requirements as of December 31, 2008 based on future projected TSRs:

	Principal	Interest	Total Principal and Interest
2009	\$ 2,900,000	\$ 6,268,834	\$ 9,168,834
2010	3,100,000	6,115,766	9,215,766
2011	3,350,000	5,959,509	9,309,509
2012	3,615,000	5,790,397	9,405,397
2013	4,105,000	15,023,153	19,128,153
2014-2018	29,865,000	71,138,428	101,003,428
2019-2023	44,723,187	71,342,210	116,065,397
2024-2028	67,833,593	54,989,066	122,822,659
2029-2033	73,110,098	73,101,781	146,211,879
2034	549,985	3,605,052	4,155,037
	<u>233,151,863</u>	<u>\$ 313,334,196</u>	<u>\$ 546,486,059</u>
Accreted Interest	2,957,316		
Unamortized Discount	(4,080,845)		
Total	<u>\$ 232,028,334</u>		

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A summary of changes in long-term liabilities for the year ended December 31, 2008 is as follows:

	Balance 1/1/2008	Increases	Reductions	Balance 12/31/2008	Non-current Liabilities due within one year	Non-current Liabilities
Tobacco securitization bonds	\$ -	\$ 232,028,334	\$ -	\$ 232,028,334	\$ 2,744,305	\$ 229,284,029

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2008 was as follows:

Governmental activities	Beginning Balance	Additions	Reductions	Ending Balance	Due within one Year
Bonds payable:					
General obligation debt	\$ 844,783,515	\$ 175,247,532	\$ 102,461,913	\$ 917,569,134	\$ 75,642,220
STASC	-	232,028,334	-	232,028,334	2,744,305
Total bonds payable	844,783,515	407,275,866	102,461,913	1,149,597,468	78,386,525
Compensated absences	349,028,764	21,864,130	19,808,365	351,084,529	17,961,580
Claims and judgements	441,811,823	47,239,467	30,089,536	458,961,754	29,272,309
Other postemployment benefits other than pensions	296,130,000	384,058,000	94,694,000	585,494,000	-
Capital leases	129,658,675	-	37,226,662	92,432,013	18,404,871
Governmental activity Long-term liabilities	<u>\$ 2,061,412,777</u>	<u>\$ 860,437,463</u>	<u>\$ 284,280,476</u>	<u>\$ 2,637,569,764</u>	<u>\$ 144,025,285</u>
Business-type activities					
Bonds payable:					
Francis S. Gabreski Airport	\$ 4,111,340	\$ 358,000	\$ 437,520	\$ 4,031,820	\$ 261,050
John J. Foley Skilled Nursing Facility	22,402,547	9,723,091	11,486,523	20,639,115	1,893,835
Suffolk County Ball Park	3,561,800	-	389,404	3,172,396	402,678
Total bonds payable	30,075,687	10,081,091	12,313,447	27,843,331	2,557,563
Compensated absences	1,625,214	126,867	151,253	1,600,828	81,899
Other postemployment benefits other than pensions	7,800,000	7,457,000	241,000	15,016,000	-
Business-type activity Long-term liabilities	<u>\$ 39,500,901</u>	<u>\$ 17,664,958</u>	<u>\$ 12,705,700</u>	<u>\$ 44,460,159</u>	<u>\$ 2,639,462</u>

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Component units	Beginning Balance	Additions	Reductions	Ending Balance	Due within one Year
County general obligation bonds (Comm. College)	\$46,475,872	\$6,690,428	\$9,483,345	\$43,682,955	\$4,435,723
Dormitory Authority	78,916,929	-	2,200,211	76,716,718	2,587,378
Southwest sewer system revenue bonds	40,795,000	-	30,005,000	10,790,000	10,790,000
Total bonds payable	166,187,801	6,690,428	41,688,556	131,189,673	17,813,101
Compensated absences	24,100,179	1,438,803	721,647	24,817,335	-
Other postemployment benefits other than pensions	27,697,110	32,553,700	7,799,392	52,451,418	-
Component units Long-term liabilities	<u>\$217,985,090</u>	<u>\$40,682,931</u>	<u>\$50,209,595</u>	<u>\$208,458,426</u>	<u>\$17,813,101</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.

I. Short-term debt

Short-term debt activity for the year ended December 31, 2008 was as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance
Tax anticipation notes	\$ -	\$ 300,000,000	\$ 300,000,000	\$ -
Delinquent tax anticipation notes	55,000,000	85,000,000	55,000,000	85,000,000
Governmental activities short-term debt	<u>\$ 55,000,000</u>	<u>\$ 385,000,000</u>	<u>\$ 355,000,000</u>	<u>\$ 85,000,000</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).

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 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.

SUFFOLK COUNTY
Notes to the Financial Statements
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The County has purchased special lines of coverage for claims related to foster care, advanced life support systems, aviation, marine and fidelity coverage.

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

	Year ended 12/31/2007	Year ended 12/31/2008
Unpaid claims, beginning of fiscal year	\$ 507,833,559	\$ 441,811,823
Incurred claims (including IBNRs)	47,178,990	45,066,577
Changes in the estimate for claims of prior years	(84,745,645)	2,172,889
Claim payments	<u>28,455,081</u>	<u>30,089,535</u>
Unpaid claims, end of fiscal year	<u>\$ 441,811,823</u>	<u>\$ 458,961,754</u>

B. Subsequent events

On May 15, 2009, Suffolk County issued \$78,265,000 public improvement serial bonds. The proceeds of the bonds will be used to provide additional or original project financing for numerous public improvement projects. The interest rate on the bonds ranges from 2.00 to 4.25 percent. Bonds mature in varying amounts on May 15 of years 2010 through 2027.

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),

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2008

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 2008). Eligible spouses who already receive Part B reimbursement from another employer are not eligible for the County's reimbursement. The County contributes 100% of the cost of retirees healthcare benefit on a pay-as-you-go basis, which amounted to \$97.23 million for 2008.

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 2008, the County's annual OPEB cost (expense) of \$398.79 million was equal to the ARC. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the Plan and changes in the County's net OPEB obligation to the Plan (dollar amounts in millions):

Annual Required Contribution	\$ 398.79
Contributions Made	97.23
Increase in net OPEB	<u>301.56</u>
Interest on net OPEB obligation	13.68
Adjustment to annual required contribution	<u>(18.66)</u>
Net OPEB obligation - beginning of year	<u>303.93</u>
Net OPEB obligation - end of year	<u><u>\$ 600.51</u></u>

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

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

Funded status and funding progress. As of December 31, 2008, actuarial accrued liability for benefits was \$4.293 billion and was equal to the unfunded actuarial accrued liability (UAAL). The covered payroll (annual payroll of active employees covered by the Plan) was \$891.20 million and the ratio of UAAL to the covered payroll was 482%.

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, 2007, actuarial valuation, the projected unit credit method was used. The actuarial assumptions include a 4.5% discount rate and an annual healthcare cost trend rate of 8.75% for medical and prescription drugs grading down to a rate of 4.25 after nine years. The UAAL is being amortized as a level dollar amount over thirty years based on an open group. The remaining amortization period at December 31, 2008 was twenty nine years.

E. Employee retirement systems and pension plans

Pension Plans – primary government

The County participates in the New York State & Local Employees Retirement System (ERS) and the New York State Local Police and Fire Retirement System (PFRS, collectively, the “Systems”). PFRS covers sworn personnel of the Police Department. Substantially all other County employees are covered by ERS.

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

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2008

obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12244-0001

Funding policy. The contribution requirements of the plan for employees varies based on date of employment and years of credited service. Prior to October 1, 2000, the Systems were non-contributory except for employees who joined the Systems after July 27, 1976 who were required to contribute three percent of their salary. Effective October 1, 2000, the Systems are non-contributory for employees who have been a member of the System for at least ten years or have ten years of credited service. Those employees who have not been a member for ten years or do not have ten years of service contribute three percent of their salary. The three percent employee contribution discontinues when the employee reaches either the tenth anniversary or ten years of service credit, whichever occurs earlier. Under the authority of the NYSRSSL, the State Comptroller shall certify annually the rates, expressed as proportions of contributions, required to be made by employers to the pension accumulation fund. The required contribution rate is determined on an actuarially determined basis. The County's contributions to ERS and PFRS for 2008, 2007, and 2006 were as follows (dollars in thousands):

Year	ERS		PFRS	
	Required	Made	Required	Made
2008	\$ 62,394	\$ -	\$ 73,651	\$ -
2007	51,279	49,915	59,145	58,921
2006	54,592	55,371	57,926	59,817

The County's contributions made to the ERS and PFRS were based on billings from the Systems. The differences between the required contribution and the contribution made is reflected on the December 31, 2008 Statement of Activities and Statement of Revenues, Expenditures, and Changes in Fund Balances as Employee Benefits and on the 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. Subsequent to this

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2008

legislation the County was notified by the Systems that the payment due February 1, 2005 would be discounted approximately \$1.16 million if payment was received on December 15, 2004. As a result, the County opted to make a discounted payment on December 15, 2004. Similarly, discounts were offered for payments received on December 15, 2005 and December 15, 2006. The County chose to take advantage of the discounted payments for years 2005 and 2006 resulting in savings of \$1.03 million and \$1.14 million respectively. Furthermore, the County has established and funded a Retirement Contribution Reserve Fund. At December 31, 2008 the fund balance of the Retirement Contribution Reserve Fund is \$104,906.

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 2008, 2007, and 2006 were \$2,393,055, \$2,799,953, and \$2,543,787, respectively, and were equal to the required contributions for each year.

New York State Teachers' Retirement System (TRS)

Plan description. The College participates in the TRS, a cost-sharing multiple-employer, defined benefit pension plan administered by the New York State Teachers' Retirement Board. TRS provides retirement, disability, withdrawal and death benefits to plan members and their beneficiaries. State Education Law and the Retirement and Social Security Law of the State of New York authorizes TRS to provide benefits. TRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

Funding policy. TRS plan members who joined the system on or before July 27, 1976 are not required to contribute. Those joining after July 27, 1976 are required to contribute 3% of their annual salary. Employers are required to contribute to the TRS at an actuarially determined rate. For the fiscal year ended June 30, 2008, the rate of contribution was 8.73% of annual covered payroll. Rates applicable to the fiscal years ended June 30, 2007 and 2006 were 8.60% and 7.97%, respectively. The College's contributions to TRS for 2008, 2007 and 2006 were \$1,883,000, \$1,993,000, and \$1,923,000, respectively, and were equal to the required contributions for each year.

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

Plan description and funding requirements. The TIAA-CREF is a financial service provider to faculty and staff of America's education and research communities. Substantially all College employees not enrolled in the two above plans are members of the defined contribution plan of TIAA-CREF. The TIAA-CREF plan is available to full-time College faculty and administrators. The College funds its pension costs to TIAA-CREF biweekly. Pursuant to State law, for those employees hired prior to July 26, 1976, the College contribution is 12% on the first \$16,500 of salary and 15% on amounts above. For those employees hired between July 27, 1976 and June 30, 1992, the College contribution is 9% on the first \$16,500 of salary and 12% on amounts above. For those employees hired after July 1, 1992, the contribution is 8% of salary for the first seven years and 10% thereafter. The College's contributions to TIAA-CREF for 2008, 2007, and 2006 were \$4,150,000, \$4,103,000, and \$3,655,000, respectively, and were equal to the required contributions for each year.

F. Employee benefits

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

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2008

During 2008, the County made contribution payments in the following amounts to the indicated Benefit Funds:

Suffolk County Municipal Employees Benefit Fund	\$ 11,441,913
Suffolk County Police Benevolent Association Benefit Fund	4,374,251
Suffolk County Police Benevolent Association Legal Fund	200
Suffolk County Police Superior Officers Association Benefit Fund	<u>128,852</u>
Total	<u><u>\$ 15,945,216</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

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SUFFOLK COUNTY, NEW YORK

Schedule of Funding Progress

Post-Employment Retirement Healthcare Benefit Plan
(In Millions)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Level Dollar (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Accrued Percentage of Covered Payroll (b-a)/c
December 31, 2007	-	\$4,071.12	\$4,071.12	0%	\$852.20	478%
December 31, 2008	-	\$4,292.92	\$4,292.92	0%	\$891.20	482%

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SUPPLEMENTAL SCHEDULES

County of Suffolk, New York

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal/ Pass-Through Grantor's Number	2008 Amount Provided to Subrecipients	2008 Expenditures
<u>U.S. Department of Agriculture</u>				
Passed Through:				
NYS Office of Temporary and Disability Assistance:				
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	18000	\$ 140,110	\$ 11,732,489
NYS Department of Health – Bureau of Nutrition:				
Special Supplemental Nutrition (Food) Program for:				
Women, Infants and Children 2007 (WIC)	10.557	C19384	–	2,247,454
Women, Infants and Children 2008 (WIC)	10.557	C023653	–	615,840
Child Nutrition Cluster				
Passed Through:				
NYS Department of Education:				
School Breakfast Program	10.553	N/A	–	41,456
National School Lunch Program	10.555	N/A	–	63,919
Total – Child Nutrition Cluster			–	105,375
Total – U.S. Department of Agriculture			140,110	14,701,158
<u>U.S. Department of Housing and Urban Development</u>				
Direct Programs:				
Community Development Block and Entitlement Grants	14.218	N/A	3,744,313	4,181,010
Emergency Shelter Grants Program	14.231	N/A	166,729	171,955
Home Investment Partnerships Program	14.239	N/A	1,404,905	3,433,545
Passed Through:				
NYS Office of Temporary and Disability Assistance:				
Emergency Shelter Grants Program	14.231	18000	–	174,683
Shelter Plus Care	14.238	18000	58,438	58,438
Total – U.S. Department of Housing and Urban Development			5,374,385	8,019,631
<u>U.S. Department of the Interior</u>				
Passed Through:				
NYS Environmental Facilities Corporation:				
Clean Vessel Act	15.616	N/A	–	3,510
Total – U.S. Department of the Interior			–	3,510

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal/ Pass-Through Grantor's Number	2008 Amount Provided to Subrecipients	2008 Expenditures
<u>U.S. Department of Justice</u>				
Direct Programs:				
Federal Forfeiture and Joint Operation Task Force Funds:				
Federal Forfeiture Funds (Police)	16.000	N/A	\$ -	\$ 1,495,011
Federal Forfeiture Funds (District Attorney)	16.000	N/A	-	895,076
Federal Forfeiture Funds (Sheriff)	16.000	N/A	-	90,187
Joint Terrorism Task Force 2007	16.000	66F-NY-266217	-	11,074
Joint Terrorism Task Force 2008	16.000	66F-NY-266217	-	2,158
El Dorado – Joint Terrorism Task Force 2007	16.000	N/A	-	20,848
El Dorado – Joint Terrorism Task Force 2008	16.000	N/A	-	24,469
Long Island Joint Firearms Task Force 2007	16.000	06-NY-197-AFF	-	14,679
Central Intelligence Bureau (USDA 2008)	16.000	N/A	-	4,852
Organized Crime Drug Enforcement Task Force	16.000	N/A	-	8,893
DEA Task Force	16.000	N/A	-	41,724
Operation Falcon	16.000	N/A	-	3,500
US Marshals/Regional Fugitive Task Force 2007	16.000	FATF-08-0028	-	30,961
US Marshals/Regional Fugitive Task Force 2008	16.000	FATF-09-0028	-	4,384
US Marshals/Regional Fugitive Task Force 2007	16.000	FATF-08-0028	-	11,301
Services for Trafficking Victims- Human Trafficking Task Force	16.320	VTBX0013	-	27,097
Edward Byrne Memorial State and Local Law Enforcement				
Computer Crimes Initiative and ID Theft	16.580	DDBXK081	-	21,547
852-Cops	16.580	DDBX0376	-	877,041
SMART 2008 – Sex Offender	16.580	DDBX0057	-	45,614
Grants to Encourage Arrest Policies and Enforcement of Protection				
Orders- Suffolk County Orders of Protection Enforcement	16.590	WEAX0016	274,098	387,618
Public Safety Partnership and Community Policing Grants:				
Cops 2003 Technology	16.710	CKWX0048	-	23,294
Cops 2004 Technology	16.710	CKWX0130	-	8,506
Gang Resistance Education and Training	16.737	JVFX0186	-	97,950
Edward Byrne Memorial Justice Assistance Grant Program:				
JAG – Criminal Justice System Improvement Project 2005	16.738	DJBX0812	-	48,376
JAG – Criminal Justice System Improvement Project 2006	16.738	DJBX0768	-	2,262
JAG – Day Reporting	16.738	DJBX0812	-	27,784
JAG – Elderly Abuse	16.738	DDBX0458	-	41,114
Forensic DNA Backlog Reduction Program:				
DNA Capacity Enhancement	16.741	DNBXX231	-	6,824
DNA Forensic Backlog Reduction 2007	16.743	DNBXX116	-	165,686
DNA Cold Case Backlog Reduction 2007	16.743	DNBXX118	-	26,229

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal/ Pass-Through Grantor's Number	2008 Amount Provided to Subrecipients	2008 Expenditures
U.S. Department of Justice (continued)				
Passed Through:				
NYS Division of Criminal Justice:				
Prisoner Reentry Initiative Demonstration- Parole Reentry Task Force	16.202	BJ05903630	\$ -	\$ 5,817
Juvenile Accountability Block Grants:				
Juvenile Accountability Incentive 2007	16.523	C527029	-	52,377
Juvenile Accountability Incentive 2008	16.523	C612003	-	16,556
National Institute of Justice Research, Evaluation and Development Project:				
Paul Coverdale Forensic Science Crime Lab 2007	16.560	NA	-	39,345
Paul Coverdale NFSI – Tox Lab Improvement 2007	16.560	NA	-	30,903
Edward Byrne Memorial Formula Grant Program:				
Automation Caseload Explorer Expansion	16.579	NC04912730	-	167,575
JAG Bellport Task Force 07	16.579	BJ06845634	-	87,809
JAG Gang Task Force 07 – 1st Precinct	16.579	BJ05828134	-	137,315
JAG Gang Task Force 08 – 1st Precinct	16.579	NC042828133	-	62,729
2nd Pct Community Support 2008	16.579	BJ06885533	-	20,834
Violence Against Women Formula Grants				
Stop Violence Against Women 2007	16.588	VW05543641	59,512	68,937
Stop Violence Against Women 2008	16.588	VW07543642	22,955	22,955
Edward Byrne Memorial Justice Assistance Grant Program-				
Video Recording of Statements	16.738	BJ05910630	-	16,648
Paul Coverdale Forensic Sciences Improvement Program- Digital Imaging Project				
	16.742	CDBX0016	-	15,659
Passed Through:				
Office of Juvenile Justice & Delinquency Prevention:				
Community Capacity Development Office:				
Wyandanch Weed and Seed III	16.595	WSQX0209	-	1,491
Huntington Weed and Seed II	16.595	WSQ70084	-	31,815
Wyandanch Weed and Seed II	16.595	WSQ70084	-	7,645
State Criminal Alien Assistance Program- Incarceration of Illegal Aliens				
	16.606	APVX0700	-	2,060,371
NYS Unified Court System:				
Comprehensive Approaches to Sex Offender Management Grant- Sex Offense Court & Offender Management				
	16.203	WPBX0006	-	36,353
L.I. Drug Enforcement Administration:				
Federal Forfeiture and Joint Operation Task Force Funds- L.I. Drug Enforcement Task Force 2007-2008				
	16.000	N/A	-	64,231
Total – U.S. Department of Justice			356,565	7,413,424

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal/ Pass-Through Grantor's Number	2008 Amount Provided to Subrecipients	2008 Expenditures
<u>U.S. Department of Labor</u>				
Direct Programs:				
WIA Pilots, Demonstrations, and Research Projects- CBJTI: LI				
Regional Mechatronics Training Initiative	17.261	N/A	\$ -	\$ 694,871
Homeless Veterans Reintegration Project- Veterans Stand Down	17.805	N/A	-	1,140
WIA Cluster				
Passed Through:				
NYS Department of Labor:				
Workforce Investment Act:				
WIA – Trade Adjustment Assistance - Statewide Rapid Response				
	17.245	N/A	-	335,644
	17.258	N/A	-	2,290,013
	17.258	N/A	-	1,485
	17.259	N/A	-	2,338,671
	17.260	N/A	-	2,306,088
	17.260	N/A	-	670,798
	17.260	N/A	-	20,750
Work Incentive Grants:				
Statewide Activities/Disability Program Navigator	17.266	N/A	62,776	76,460
Statewide Activities Incentive Grant	17.266	N/A	-	84,218
Total – WIA Cluster			62,776	8,124,127
Total – U.S. Department of Labor			62,776	8,820,138
<u>U.S. Department of Transportation</u>				
Direct Program:				
Federal Transit Cluster:				
Federal Transit Capital Investment Grants	20.500	N/A	-	1,656,495
Federal Transit Formula Grants- Operating Assistance	20.507	N/A	-	652,315
Total – Federal Transit Cluster			-	2,308,810
Passed Through:				
NYS Aviation Division:				
Airport Improvement Program	20.106	N/A	-	145,303
Passed Through:				
NYS Department of Transportation:				
Highway Planning and Construction:				
Highway Planning and Construction (Black Duck Lodge)	20.205	N/A	-	239,179
Highway Planning and Construction (Almshouse)	20.205	N/A	-	65,847
Highway Planning and Construction (DPW-Variou	20.205	Various	-	21,317,914
Highway Planning and Construction (DPW – CR83)	20.205	D015012	-	15,033
Sub Regional Transportation Planning	20.205	D000646	-	470,960
LIE/HOV Express Bus Demo Project	20.205	C005011	-	540,000
S92 Service Enhancements	20.205	0826-01-321	-	198,000
LIE/HOV Dedicated Traffic Enforcement 2007	20.205	C002632	-	11,848
LIE/HOV Dedicated Traffic Enforcement 2008	20.205	C002632	-	554,276
Dedicated Traffic Enforcement 2006	20.205	D030427	-	100,121
Dedicated Traffic Enforcement 2007	20.205	D030427	-	306,839
Dedicated Traffic Enforcement 2008	20.205	D030427	-	987,839

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal/ Pass-Through Grantor's Number	2008 Amount Provided to Subrecipients	2008 Expenditures
U.S. Department of Transportation (continued)				
Highway Safety Cluster				
NYS Governor's Traffic Safety Committee:				
State and Community Highway Safety:				
Aggressive Driving And Speed Enforcement 2007	20.600	PT5200492	\$ -	\$ 42,629
Aggressive Driving And Speed Enforcement 2008	20.600	PT5200521	-	64,527
Occupant Protection:				
Child Passenger Safety	20.602	PT5200571	-	8,185
Buckle Up New York 2007	20.602	PT5200501	-	45,134
Buckle Up New York 2008	20.602	PT-5200591	-	31,367
Total – Highway Safety Cluster			-	191,842
Total – U.S. Department of Transportation			-	27,453,811
<u>U.S. Department of Treasury</u>				
Direct Programs:				
Federal Forfeiture and Enhanced Prosecution Funds:				
Federal Forfeiture Funds (Police)	21.000	N/A	-	359,089
Federal Forfeiture Funds (District Attorney)	21.000	N/A	-	31,312
Federal Forfeiture Funds (Sheriff)	21.000	N/A	-	50,566
Suffolk Treasury Enhanced Prosecution Program 2007	21.000	N/A	-	77,283
Suffolk Treasury Enhanced Prosecution Program 2008	21.000	N/A	-	3,369
Total – U.S. Department of Treasury			-	521,619
<u>U.S. Environmental Protection Agency</u>				
Direct Programs:				
National Estuary Program FY 00	66.456	CE992002-08	-	20,000
National Estuary Program FY 01	66.456	CE992002-09	-	10,317
National Estuary Program FY 02	66.456	CE992002-10	13,483	20,782
National Estuary Program FY 03	66.456	CE992002-11	28,520	47,697
National Estuary Program FY 04	66.456	CE992002-12	69,452	118,763
National Estuary Program FY 05	66.456	CE992002-13	-	76,404
National Estuary Program FY 06	66.456	CE992002-14	4,377	74,038
Passed Through:				
NYS Department of Environmental Conservation:				
Water Quality Management Planning 2007	66.454	C004229	-	23,367
Water Quality Management Planning 2008	66.454	C006137	-	110,459
NYS Department of Health:				
Beach Monitoring 2007	66.472	C021903	-	99,557
Beach Monitoring 2008	66.472	C021903	-	38,523
Total – U.S. Environmental Protection Agency			115,832	639,907

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal/ Pass-Through Grantor's Number	2008 Amount Provided to Subrecipients	2008 Expenditures
<u>U.S. Department of Education</u>				
Direct Programs:				
Student Financial Aid Cluster:				
Federal Supplemental Educational Opportunity Grants	84.007	N/A	\$ -	\$ 861,539
Federal Work Study Program	84.033	N/A	-	531,592
Federal Pell Grant Program	84.063	N/A	-	11,148,255
Academic Competitiveness Grant	84.375	N/A	-	227,801
Total – Student Financial Aid Cluster			-	12,769,187
TRIO – Student Support Services	84.042	N/A	-	224,310
Passed Through:				
NYS Department of Education:				
Career and Technical Education – Basic Grants to States	84.048	8000-05-6500	-	451,047
NYS Office of Workforce Prep & Continuing Education:				
Adult Education- Basic Grants to State- Federal Workforce Investment Act	84.002	2338-06-1064	-	47,984
NYS Department of Health:				
Early Intervention Admin/Child Find W/ Special Health	84.181	C017631	-	265,569
Early Intervention Admin/Child Find	84.181	C017631	-	911,050
Total – U.S. Department of Education			-	14,669,147
<u>National Science Foundation</u>				
Direct Programs:				
Education and Human Resources- Stem: Sci, Tech, Engineering & Math Scholarships	47.076	N/A	-	1,542
Total – National Science Foundation			-	1,542
<u>U.S. Department of Health and Human Services</u>				
Direct Programs:				
Grants to Provide Outpatient Early Intervention Services for HIV Disease				
Ryan White Title III – HIV Early Intervention	93.918	C6H76HA3619	207,241	409,380
Ryan White Title III – HIV Early Intervention	93.918	N/A	-	197,229
Passed Through:				
National Association of County & City Health Officials Medical Reserve Corps Small Grant Program- 2008	93.008	MRCSG06110	-	5,000
Total – National Association of County & City Health Officials			-	5,000

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal/ Pass-Through Grantor's Number	2008 Amount Provided to Subrecipients	2008 Expenditures
U.S. Department of Health and Human Services (continued)				
National Institute of Health				
Passed Through:				
State University of New York At Stony Brook:				
Biomedical Research and Research Training- BIOPREP	93.859	N/A	\$ —	\$ 18,425
Total – National Institute of Health			—	18,425
Passed Through:				
NYS Office for the Aging:				
Long Term Care Ombudsman Services for Older Individuals (Title VII)	93.042	N/A	60,147	60,147
Disease Prevention and Health Promotion Services (Title IIID)	93.043	N/A	20,111	29,405
National Family Caregiver Support- Care Giver Training (Title IIIE)	93.052	N/A	67,380	646,894
Low Energy Home Energy Assistance- Weatherization Referral and Packaging Pilot (WRAP)	93.568	N/A	39,841	155,368
Centers for Medicare and Medicaid Services- Health Insurance Information and Counseling Assistance (HIICAP)	93.779	N/A	—	47,444
Aging Cluster				
Grants for Supportive Services and Senior Centers (Title IIIB)	93.044	N/A	423,828	924,385
Nutritional Services for the Elderly, Part C-1 (Title IIIC-1)	93.045	N/A	1,348,698	1,563,118
Nutritional Services for the Elderly, Part C-2 (Title IIIC-2)	93.045	N/A	753,115	781,599
HHS Nutrition Services Incentive Program (NSIP)	93.053	N/A	430,357	437,517
Total – Aging Cluster			2,955,998	3,706,619
HIV Cluster – Nassau-Suffolk Health Systems Agency:				
HIV Emergency Relief Project Grants-				
Ryan White Title I Aids Dentistry Grants 2007	93.914	UW6072	—	21,601
Ryan White Title I Aids Dentistry Grants 2008	93.914	UW7072	—	98,838
Ryan White HIV Prerelease Services to Inmates 2007	93.914	UW7726	4,421	11,005
Ryan White HIV Prerelease Services to Inmates 2008	93.914	UW8726	17,626	49,877
Ryan White Part A , Minority Aids Initiative	93.914	N/A	17,528	49,031
Total – HIV Cluster			39,575	230,352

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal/ Pass-Through Grantor's Number	2008 Amount Provided to Subrecipients	2008 Expenditures
U.S. Department of Health and Human Services (continued)				
Passed Through:				
NYS Department of Health – Family and Local Health:				
Mammography Inspection 2007	93.000	C022070	\$ –	\$ 31,279
Mammography Inspection 2008	93.000	C022070	–	13,121
Childhood Lead Poisoning Prevention 2007	93.197	C021149	–	94,686
Childhood Lead Poisoning Prevention 2008	93.197	C021149	–	122,735
Medical Assistance Program:				
Community Health Worker Program 2007	93.778	C021581	116,718	118,584
Community Health Worker Program 2008	93.778	C017463	132,384	148,275
Maternal and Child Health Services Block Grant:				
Children with Special Health Care Needs 2007	93.994	C021581	–	71,389
Children with Special Health Care Needs 2008	93.994	C021581	–	22,185
School Based Health Care Needs 2008	93.994	C022481	102,537	102,537
School Health Program – Medicaid	93.994	P013169	–	97,816
School Health Program – Child Health Plus	93.994	P013169	–	18,354
School Health Program – Third Party Insurance	93.994	P013169	–	22,275
School Health Program – BOCES	93.994	P013169	–	92,345
School Health Program – NYS HCRA	93.994	P013169	–	61,469
School Health Program – NYS COLA	93.994	P013169	–	3,953
School Health Program – NYS LEGIS. Grants	93.994	P013169	–	4,912
Total School Health Program			–	301,124
NYS Department of Health – Communicable Disease Control:				
Project Grants and Cooperative Agreements for Tuberculosis Control	93.116	C020232	16,448	36,783
Immunization Grants:				
Immunization Action Plan 2007	93.268	C023273	–	60,322
Immunization Action Plan 2008	93.268	C018689	–	155,259
Refugee and Entrant Assistance- Refugee Health Assessment	93.566	C020287	–	4,282
Preventative Health and Health Services Block Grant:				
Linkage of Migrant Health Services 2007	93.991	C018171	–	16,190
Linkage of Migrant Health Services 2008	93.991	C018171	–	29,216
Lyme Disease Education 2007	93.991	C020174	–	6,479
Lyme Disease Education 2008	93.991	C020174	–	22,010
NYS Department of Health – Health Economics:				
State Children's Health Insurance Program	93.767	C015990	–	3,192,462
State Children's Health Insurance Program – Program Income	93.767	P015990	–	196,725
NYS Department of Health – Reproductive Health:				
Family Planning Services:				
Reproductive Health Program – Family Planning	93.217	C019953	–	1,427,174
Reproductive Health Program – Medicaid	93.217	P014743	–	88,312
Reproductive Health Program – Third Party Insurance	93.217	P014743	–	12,154
Reproductive Health Program – Patient Fees	93.217	P014743	–	117,847
Reproductive Health Program – Family Planning Extension	93.217	P014743	–	986,097
Reproductive Health Program – Federal TANF	93.217	P014743	–	80,880
Total Reproductive Health Program			–	2,712,464

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal/ Pass-Through Grantor's Number	2008 Amount Provided to Subrecipients	2008 Expenditures
U.S. Department of Health and Human Services (continued)				
Passed Through:				
NYS Department of Health – Health Research Inc.:				
Bioterrorism Training and Curriculum Development Program:				
Bioterrorism Preparedness 2007	93.996	C1618-06	\$ –	\$ 921,639
Cities Readiness Bioterrorism Preparedness 2007	93.996	N/A	–	88,333
Cities Readiness Bioterrorism Preparedness 2008	93.996	N/A	–	49,971
HIV Care Formula Grants:				
Ryan White Title II – HIV Primary Care 2007	93.917	C-2237-04	38,523	76,624
Ryan White Title II – HIV Primary Care 2008	93.917	C-2237-05	79,815	158,783
Ryan White Title II Primary Care Center – Medicaid	93.917	N/A	–	122,114
NYS Department of Health:				
Alcoholism & Substance Abuse Services:				
Block Grants for Prevention and Treatment of Substance Abuse:				
Halfway House (Community Residential)	93.959	N/A	491,079	491,079
Crisis Center (Medically Monitored)	93.959	N/A	1,430,401	1,430,401
Medically Supervised Outpatient	93.959	N/A	1,948,510	1,948,510
Vocational Rehabilitation Services	93.959	N/A	35,539	83,718
Metadone Maintenance Outpatient	93.959	N/A	–	398,589
Medical Assistance Program- Federal Medicaid Salary Sharing	93.778	N/A		36,496
NYS Department of Health – Mental Health:				
Projects for Assistance in Transition from Homelessness:				
Peer Advocacy	93.150	N/A	112,000	112,000
McKinney Homeless	93.150	N/A	161,953	161,953
Medical Assistance Program- Federal Medicaid Salary Sharing	93.778	N/A	–	333,036
Block Grants for Community Mental Health Services				
Child And Youth Family Support-CMHS	93.958	N/A	178,200	178,200
Case Management- Adult CMHS	93.958	N/A	6,290	6,290
Mentally ILL Chemical Abusers- Integrated Projects	93.958	N/A	382,251	382,251
HBCI- C&F CMHS	93.958	N/A	225,000	225,000
Adult Clinical Infrastructure – SPOE- CMHS	93.958	N/A	359,760	535,130
Act Team- Adult CMHS	93.958	N/A	205,023	205,023
Child & Family Clinical Infrastructure -SPOA – CMHS	93.958	N/A	122,500	122,500
Drop In – Adult CMS	93.958	N/A	63,248	63,248
School Support- Children & Family CMHS	93.958	N/A	80,958	80,958
NYS Department of Labor:				
Temporary Assistance for Needy Families- Summer	93.558	N/A	–	969,253
Temporary Assistance for Needy Families- Bridge College to Work VII - 2007	93.558	N/A	–	24,939
NYS Department of Health – Medicaid Management:				
Medical Assistance Program	93.778	18000	–	23,138,979
NYS Office of Children and Family Services:				
Child Care and Development Block Grant	93.575	18000	883,853	37,714,914
Foster Care Title IV E	93.658	18000	–	11,262,043
Adoption Assistance Title IV E	93.659	18000	–	5,635,345
Social Services Block Grant	93.667	18000	2,198,889	2,647,374
Chafee Foster Care Independence Program	93.674	18000	272,350	440,841

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal/ Pass-Through Grantor's Number	2008 Amount Provided to Subrecipients	2008 Expenditures
U.S. Department of Health and Human Services (continued)				
Passed Through:				
NYS Office of Temporary and Disability Assistance:				
Temporary Assistance for Needy Families – TANF	93.558	18000	\$ 712,406	\$ 44,113,705
Child Support Enforcement Title IV D	93.563	18000	144,273	8,030,677
Low Income Home Energy Assistance (Note 4)	93.568	18000	–	15,222,891
NYS Board Of Elections:				
Voting Access for Individuals with Disabilities-Supplies	93.617	N/A	–	106,450
Total – U.S. Department of Health and Human Services			13,891,201	170,483,627
<u>U.S. Department of Social Security Administration</u>				
Direct Program:				
Supplemental Security Income- Social Security Administration Incentive Program	96.006	NY0170	–	39,200
Total – U.S. Department of Social Security Administration			–	39,200
<u>U.S. Federal Emergency Management Agency</u>				
Passed Through:				
NY State Division of Military and Naval Affairs:				
Emergency Management Performance Grants:				
Emergency Preparedness 2006	97.042	N/A	–	36,380
Emergency Preparedness 2007	97.042	N/A	–	317,852
Emergency Preparedness 2008	97.042	N/A	–	112,252
NY State Emergency Management Office:				
Disaster Grants Public Assistance- Disaster Relief for New York 4/07 Nor'easter	97.036	N/A	–	59,782
Total – U.S. Federal Emergency Management Agency			–	526,266
<u>U.S. Department of Homeland Security</u>				
Passed Through:				
NYS Emergency Management Office:				
Pre-Disaster Mitigation 2005	97.047	PDMCPL02016	31,292	342,596
Citizens Corp Council 2006	97.053	GTET50010	6,450	35,000
Citizens Corp Council 2007	97.053	GTET50010	2,250	62,380
Port Security 2007 Supplemental	97.056	GBT70276	–	27,623
Staffing for Adequate Fire & Emergency Response	97.083	EMWFF3869	–	96,732

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal/ Pass-Through Grantor's Number	2008 Amount Provided to Subrecipients	2008 Expenditures
U.S. Department of Homeland Security (continued)				
NYS Office of Homeland Security:				
Urban Area Security Initiative 2005 (UASI)	97.008	WM05884253	\$ —	\$ 610,688
Urban Area Security Initiative 2006 (UASI)	97.008	WM06834063	14,457	1,036,794
Urban Area Security Initiative 2007 (UASI)	97.008	WM07834073	1,450	912,059
State Homeland Security Planning 2005 (SHSP)	97.073	WM05834050	—	382,122
State Homeland Security Planning 2006 (SHSP)	97.073	WM06834060	157,500	282,056
State Homeland Security Planning 2007 (SHSP)	97.073	WM07834070	—	118,527
Law Enforcement Terrorism Prevention 2005	97.074	WM05834051	—	177,813
Law Enforcement Terrorism Prevention 2006 – Bomb Squad	97.074	WM05834061	—	100,000
Law Enforcement Terrorism Prevention 2006	97.074	WM05834062	—	328,520
Law Enforcement Terrorism Prevention 2007	97.074	WM07834072	—	233,489
Buffer Zone Protection Program 2006 (BZZP)	97.078	WM05152866	—	31,729
Total – U.S. Department of Homeland Security			213,399	4,778,128
Non-Monetary Assistance:				
<u>U.S. Department of Education</u>				
Direct Program:				
Federal Family Education Loans (Note 5)	84.032	N/A	—	11,245,399
<u>U.S. Department of Agriculture</u>				
Passed Through:				
NYS Department of Social Services:				
Supplemental Nutrition Assistance (Food Stamp Program (Note 3))	10.551	18000	—	60,504,984
NYS Department Of Health – Bureau Of Nutrition:				
Special Supplemental Nutrition Program for Women, Infant and Children: Special Formula and Food Checks (Note 3)	10.557	F012342	—	15,874,891
<u>U.S. Department of Health and Human Services</u>				
Passed Through:				
NYS Department of Health:				
Public Health Emergency Preparedness (Note 3)	93.069	N/A	—	75,720
NYS Board of Elections:				
Voting Access for Individuals with Disabilities – Equipment (Note 3)	93.617	N/A	—	4,829,545
Total – Non-Monetary Assistance			—	92,530,539
Total – Expenditures of Federal Awards			\$ 20,154,268	\$ 350,601,647

County of Suffolk, New York

Schedule of Expenditures of State Transportation Assistance Awards

Year Ended December 31, 2008

State Grantor Program Title	State Contract # or CP#	2008 Expenditures
<u>Suffolk County Department of Public Works</u>		
Federal Transit Capital and Operating Assistance Formula Grants – Section 5307	K006578	\$ 56,797
Federal Transit Capital and Operating Assistance Formula Grants – Section 5307	K006799	231,804
		<u>288,601</u>
State Transportation Operating Assistance (STOA)	STOA	22,581,000
LIE/HOV Express Bus Demo Project	C005011	135,000
		<u>22,716,000</u>
CHIPS – Consolidated Street & Highway Improvement Program		5,612,410
		<u>5,612,410</u>
NYS Aviation Division: Airport Improvement Project: Rehab Runway 6–24	5739.11	3,824
		<u>3,824</u>
NYS Department of Transportation: Highway Planning & Construction:		
Closed Loop Traffic Signal System	D013802	56,090
Reconstruct CR67 Bridge	D011517	51,573
Reconstruct CR67	D011635	10,705
Reconstruct CR16	D010688	140,070
Reconstruct CR80	D010664	107,147
Reconstruct CR56	D010856	150,264
Reconstruct CR83 Bridge	D015012	754,355
Reconstruct CR83 Bridge	D010652	1,288,588
		<u>2,558,792</u>
<u>Suffolk County Police Department</u>		
LIE/HOV Dedicated Enforcement 2008	C002632	138,587
		<u>138,587</u>
Total – Expenditures of State Awards		<u><u>\$ 31,318,214</u></u>

Suffolk County, New York

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

Year Ended December 31, 2008

1. Basis of Presentation

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

2. Basis of Accounting

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

3. Nonmonetary Federal Programs

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

During the year ended December 31, 2008 the County distributed \$60,504,984 worth of food stamps to eligible participants in the Supplemental Nutrition Assistance (Food Stamp) Program (CFDA #10.551).

During the year ended December 31, 2008 the County distributed \$15,874,891 worth of WIC Food Checks and WIC Special Formula Food Instruments to eligible participants in the Special Supplemental Nutrition Program for Women, Infants and Children, WIC (CFDA # 10.557).

During the year ended December 31, 2008 the County received \$75,720 worth of medical supplies from the U.S. Department of Health & Human Services, which passed through the NYS Department of Health (CFDA #93.069).

Suffolk County, New York

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

3. Nonmonetary Federal Programs (continued)

During the year ended December 31, 2008 the County received \$4,829,545 worth of voting machine equipment from the U.S. Department of Health & Human Services, which passed through the NYS Board of Elections (CFDA #93.617).

4. Low-Income Home Energy Assistance Program

The Low-Income Home Energy Assistance Program (HEAP) total includes \$13,530,210 in payments made by the NYS Comptroller on behalf of the County through the NYS Office of Temporary and Disability Assistance (CFDA #93.568).

5. Federal Family Loan Program

The County, through Suffolk Community College, administers the Federal Family Education Loan Program (CFDA #84.032) which consists of federal guaranteed loans issued to students of Suffolk Community College by various institutions. The amount of new loans issued for the year ended December 31, 2008 was \$11,245,399.

6. Subrecipients

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

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

To the Members of the Audit Committee
Suffolk County, New York

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Suffolk County, New York (“the County”), as of and for the year ended December 31, 2008, which collectively comprise the County’s basic financial statements, and have issued our report thereon dated June 22, 2009. 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 Regional Off-Track Betting Corporation and the Suffolk County Industrial Development Agency as described in our report on Suffolk County’s financial statements. This report does not include the results of the other auditor’s testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Suffolk County Regional Off-Track Betting Corporation were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity’s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity’s financial statements that is more than inconsequential will not be prevented or detected by the entity’s internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

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.

June 22, 2009

Ernst & Young LLP

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

To the Members of the Audit Committee
Suffolk County, New York

Compliance

We have audited the compliance of Suffolk County, New York (“the County”) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement and the Preliminary Draft Part 43 of the New York State Codification of Rules and Regulations* (“NYCRR”) that are applicable to its major federal and state transportation assistance programs for the year ended December 31, 2008. 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.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Draft Part 43 of the NYCRR. Those standards, OMB Circular A-133 and Draft Part 43 of the NYCRR require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state transportation assistance program occurred. An audit includes examining, on a test basis, evidence about the County’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County’s compliance with those requirements.

In our opinion, Suffolk County, New York complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state transportation assistance programs for the year ended December 31, 2008.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal and state transportation assistance programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state transportation assistance program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal or state transportation assistance program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal or state transportation assistance program such that there is a more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state transportation assistance program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal or state transportation assistance program will not be prevented or detected by the entity's internal control.

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

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

July 14, 2009

Ernst + Young LLP

Suffolk County, New York

Schedule of Findings and Questioned Costs

Year Ended December 31, 2008

Part I - Summary of Auditors Results

Financial Statement Section

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? Yes ✓ No

Significant deficiency(ies) identified not considered to be material weaknesses? Yes ✓ None Reported

Noncompliance material to financial statements noted? Yes ✓ No

Federal Awards Section

Internal control over major programs:

Material weakness(es) identified? Yes ✓ No

Significant deficiency(ies) identified not considered to be material weakness(es)? Yes ✓ None Reported

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

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

Suffolk County, New York

Schedule of Findings and Questioned Costs

Year Ended December 31, 2008

Part I - Summary of Auditors Results (continued)

Federal Awards Section (continued)

Identification of major programs:

CFDA No./ Grant No.	Funding Source	Program
93.558	U.S. Department of Health and Human Services	Temporary Assistance for Needy Families (TANF)
93.044, 93.045, 93.053	U.S. Department of Health and Human Services	Aging Cluster
93.617	U.S. Department of Health and Human Services	Voting Access for Individuals with Disabilities
10.551, 10.561	U.S. Department of Agriculture	Food Stamp Cluster
93.778	U.S. Department of Health and Human Services	Medical Assistance Program
16.000	U.S. Department of Justice	Federal Forfeiture and Joint Operation Task Force Funds
21.000	U.S. Department of the Treasury	Federal Forfeiture and Enhanced Prosecution Funds

Dollar threshold used to determine Type A programs: \$3,000,000

Auditee qualified as low-risk auditee? ✓ Yes No

Suffolk County, New York

Schedule of Findings and Questioned Costs

Year Ended December 31, 2008

Part I - Summary of Auditors Results (continued)

State Transportation Assistance Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes ✓ No

Significant deficiency(ies) identified not considered to be material weakness(es)? _____ Yes ✓ None Reported

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

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

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

Dollar threshold used to determine Type A programs: _____ \$939,546

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

Suffolk County, New York

Schedule of Findings and Questioned Costs

Year Ended December 31, 2008

Part II - Schedule of Financial Statement Findings

There were no findings or questioned costs noted related to federal and state transportation assistance awards that are required to be reported under OMB Circular A-133, and Preliminary Draft Part 43 of the New York State Codification of Rules and Regulations.

Suffolk County, New York

Schedule of Findings and Questioned Costs

Year Ended December 31, 2008

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

There were no findings or questioned costs noted related to federal and state transportation assistance awards that are required to be reported under OMB Circular A-133, and Preliminary Draft Part 43 of the New York State Codification of Rules and Regulations.

Suffolk County, New York

Summary Schedule of Prior Audit Findings

Year Ended December 31, 2008

There were no prior year findings.