

POPULAR ANNUAL FINANCIAL REPORT



County of Suffolk, New York

For the year ended
December 31, 2009

Additional copies of this report may be obtained by contacting:

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

In addition, the report is made available on the Suffolk County Comptroller's website by visiting <http://suffolkcountyny.gov/departments/comptoller.aspx>

Suffolk County, New York
Popular Annual Financial Report
For the Fiscal Year Ended December 31, 2009

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Joseph Sawicki, Jr.

County Comptroller



July 23, 2010

The Citizens of the County of Suffolk:

The County of Suffolk is pleased to present the Suffolk County Popular Annual Financial Report (PAFR) for the fiscal year ended December 31, 2009. This report provides a brief analysis of where County revenues come from and where those dollars are spent, as well as an overview of the County's demographics.

Most of the information in this report has been taken from the 2009 Suffolk County Comprehensive Annual Financial Report (CAFR). The CAFR is comprised of 193 pages of detailed financial statements, notes, schedules, and reports. The CAFR was prepared in conformance with Generally Accepted Accounting Principles (GAAP) and was audited by the accounting firm of Ernst & Young LLP, and received an unqualified opinion. An unqualified opinion is given when an auditor can state that the financial statements are accurately and fairly presented. The PAFR is unaudited and presented on a GAAP basis. This is a summarized report that presents selected statistical and primary government information. The primary government includes the County's general fund, fifty-eight special revenue funds, three capital funds and five enterprise funds. This report does not include the County's discretely presented component units, legally separate entities that the County is considered to be financially accountable for, and fiduciary funds information.

Suffolk County has received the Certificate of Achievement for Excellence in Financial Reporting for its CAFR for the 26th consecutive year from the Government Finance Officers Association (GFOA) of the United States and Canada. This is the highest award for excellence in governmental accounting. The 2009 CAFR has been submitted to the GFOA for evaluation for the 27th Certificate of Achievement.

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

Sincerely,

Joseph Sawicki, Jr.
County Comptroller

The Government Finance Officers Association

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to Suffolk County, New York for its Popular Annual Financial Report for the fiscal year ended December 31, 2008. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

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

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting our 2009 PAFR to GFOA.

Award for Outstanding Achievement in Popular Annual Financial Reporting

PRESENTED TO

**Suffolk County
New York**

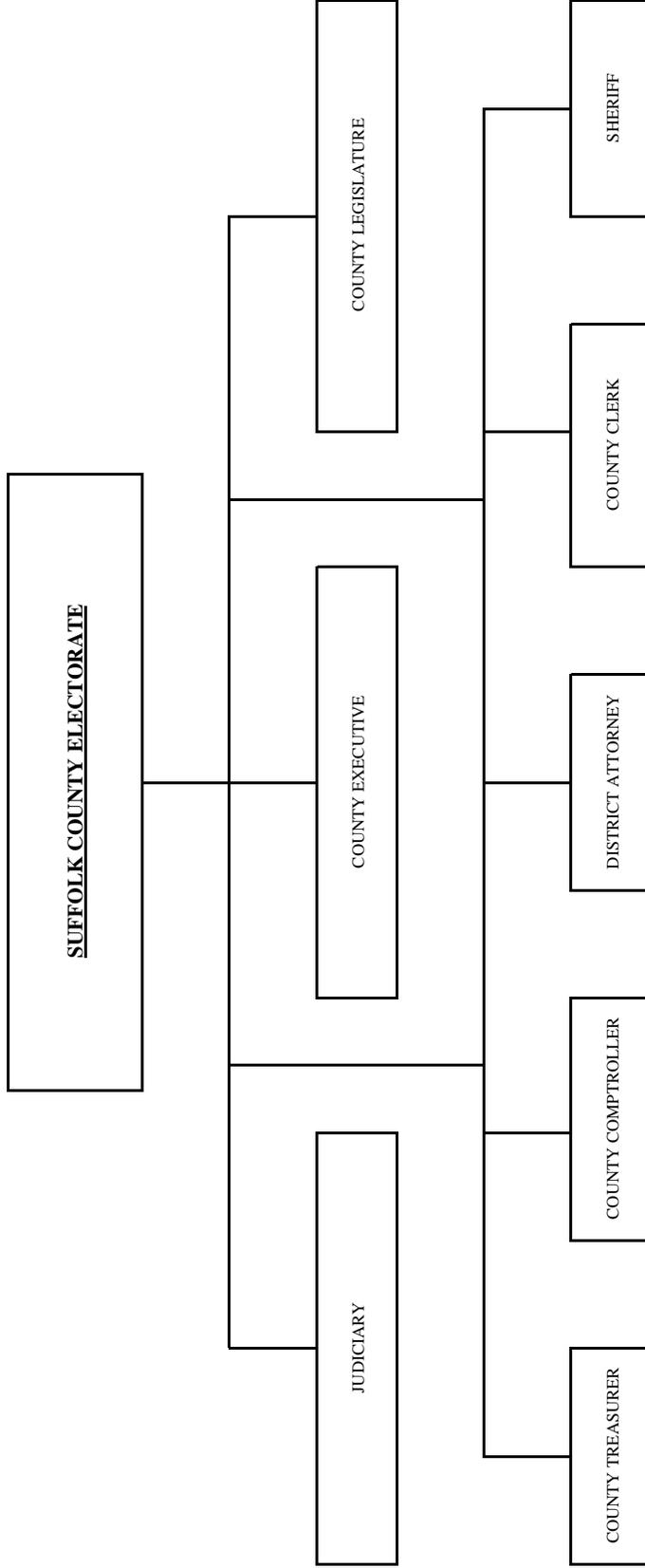
for the Fiscal Year Ended

December 31, 2008




President
Jeffrey L. Esser
Executive Director

SUFFOLK COUNTY ORGANIZATIONAL CHART



SUFFOLK COUNTY, NEW YORK

List of Principal Officials

At December 31, 2009

Suffolk County Legislature

District

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

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

Notes:

* Deputy Presiding Officer

** Presiding Officer

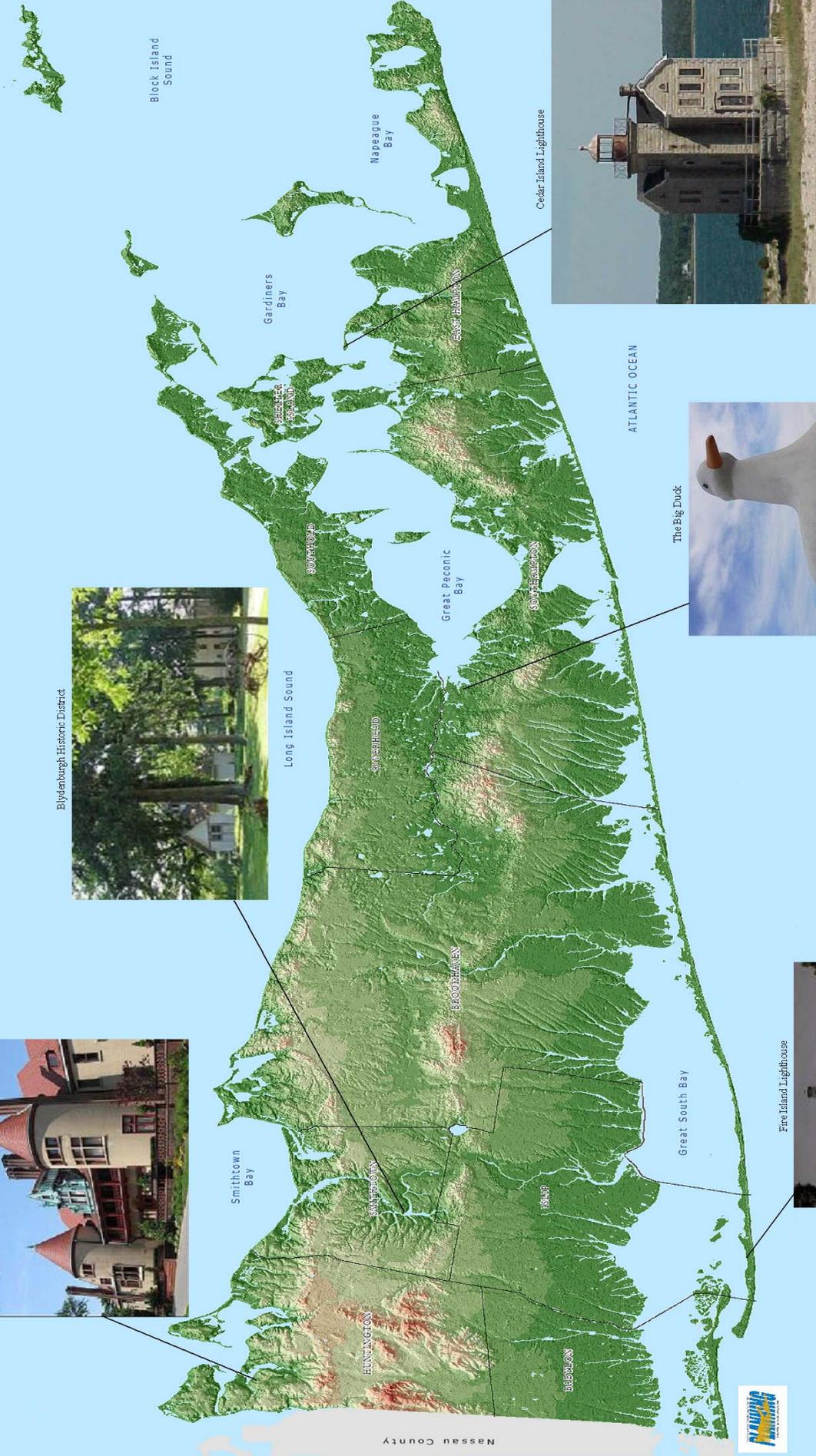
SUFFOLK COUNTY, NEW YORK



Combre Hall



Blydenburgh Historic District



Block Island Sound

Napeague Bay

Gardiners Bay

Great Neck Bay

Long Island Sound

ATLANTIC OCEAN

The Big Duck



Cedar Island Lighthouse



Smithtown Bay

Great South Bay

Fire Island Lighthouse



County of Suffolk

Suffolk County was established on November 1, 1683, as one of the ten original counties of what became the State of New York. Since 1960, Suffolk County has operated under a charter form of government that provides for an executive administration of County affairs. On January 1, 1970, an 18-member County Legislature was organized, consisting of representatives elected from 18 districts of approximately equal population, based upon the most recently completed Federal Census. Such districts were revised based on the 2000 Census. This redistricting was effective with the 2003 elections.

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

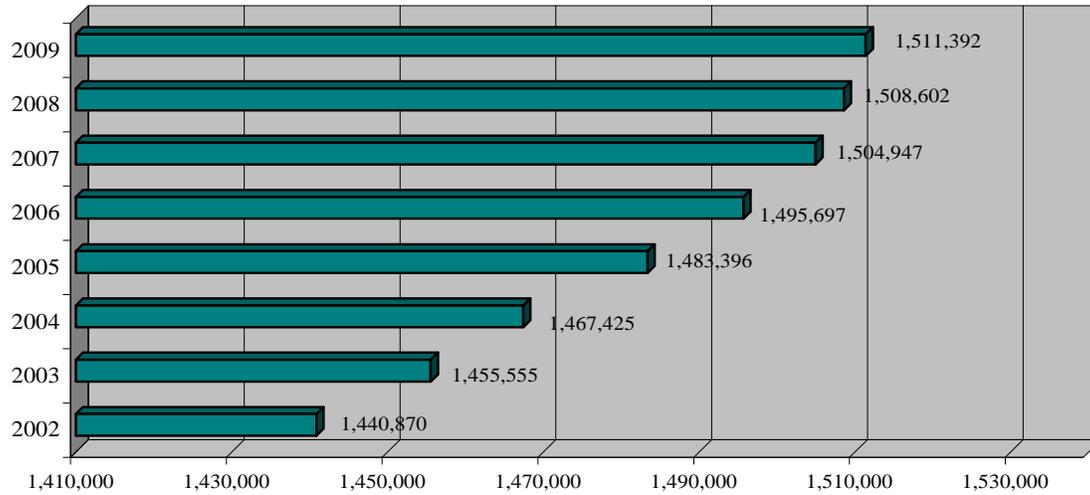
Suffolk County comprises the eastern two-thirds of Long Island and, with a 2009 population of 1,511,392, contains slightly more than one-half the population of Long Island. Suffolk County's western border is approximately 15 miles from the eastern border of the City of New York and the County is bordered by Nassau County to the west, Long Island Sound to the north and the Atlantic Ocean to the south and east. It covers an area of approximately 911 square miles of land.

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

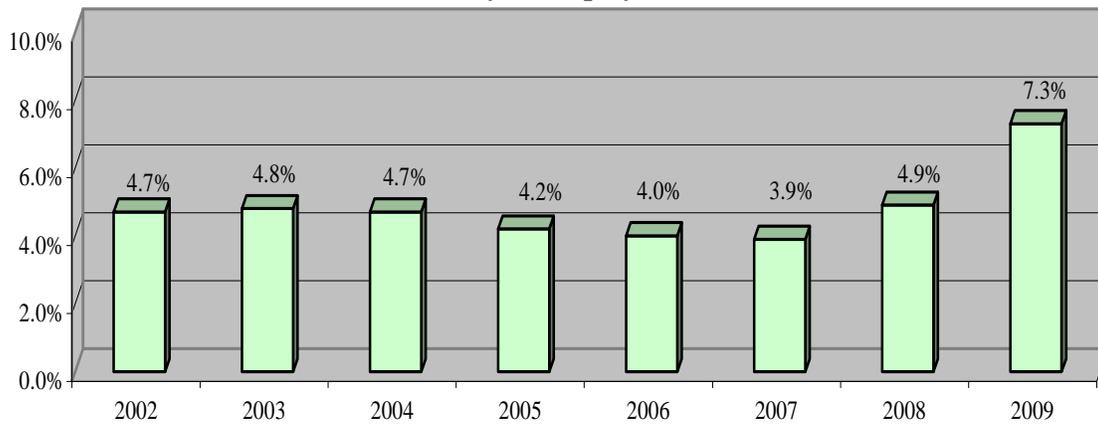


Demographics

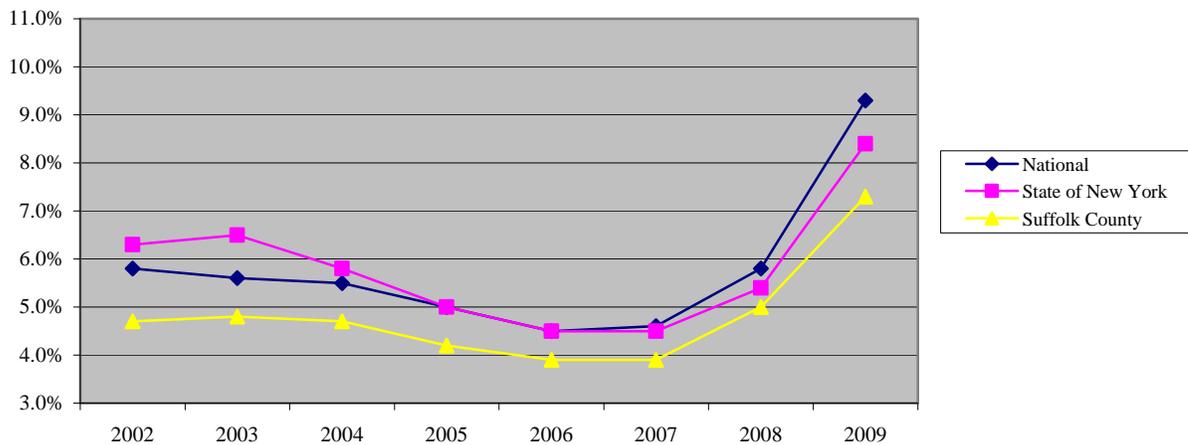
Population



Suffolk County Unemployment Rates

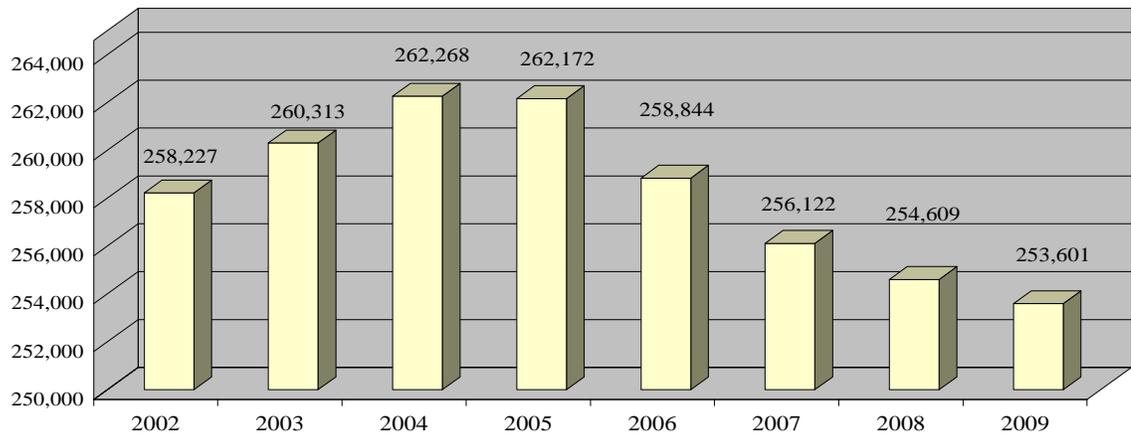


Unemployment Rate - National, State, and County

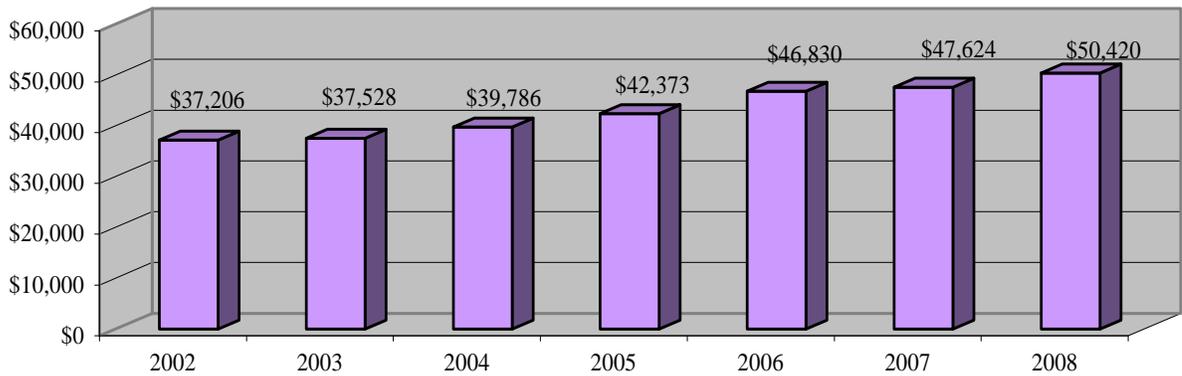


Demographics

Public School Enrollment

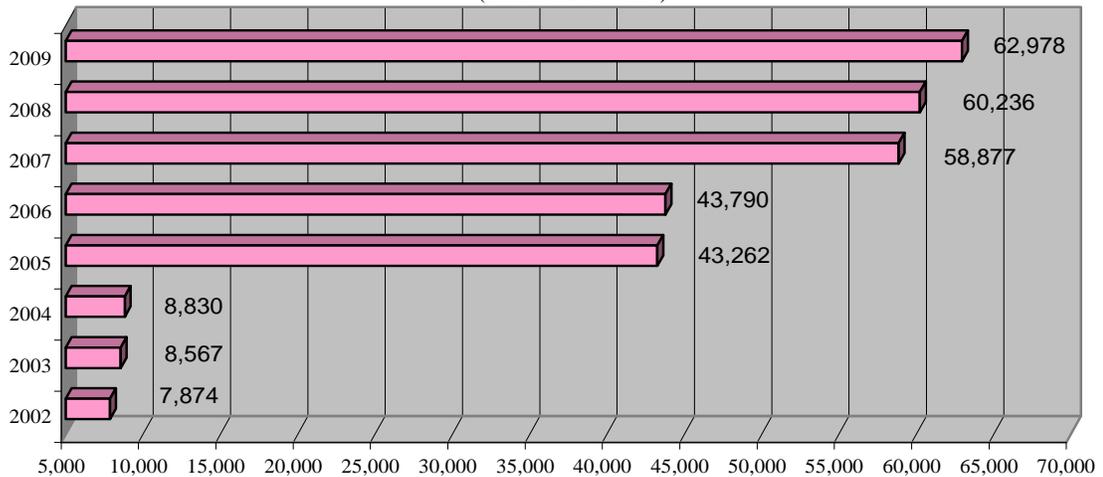


Income Per Capita



Assessed Property Values*

(in millions of dollars)



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

Major Initiatives

The New York State Commission of Correction has mandated the construction of a new correctional facility in Yaphank. The total cost of construction is estimated at \$242,706,722. The new facility is scheduled to open in 2011.



Land was acquired during 2009 pursuant to various land preservation and protection programs at a cost of \$18.3 million. In addition, \$18.1 million was spent for the acquisition of farmland development rights.

Major renovations of the civil court building and courthouse annex are ongoing at the County Civil Court Complex in Riverhead. A total of \$44.8 million was spent through 2009. These renovations will enable the Supreme Court to relocate to Riverhead from the Cohalan Court Complex in Islip and District Court judges in outlying courts will be permanently relocated to Cohalan.



Construction of a new 40,000 square foot Fourth Police Precinct is nearing completion at the Hauppauge North County Complex. A total of \$15.5 million was spent through 2009. Building construction is in accordance with the Green Building Rating System known as Leadership in Energy & Environmental Design (LEED).

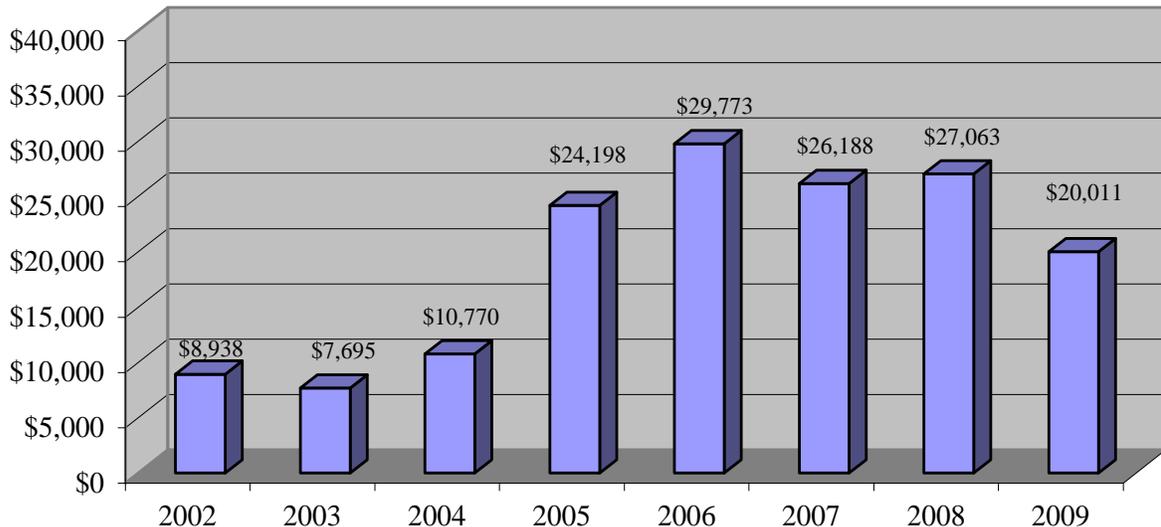
Investments

At December 31, 2009, Suffolk County's bank balance in all financial institutions was \$947,097,106. The entire bank balance was either covered by federal depository insurance or by collateral held by the County's agent in the County's name.

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

The County reports a revocable trust investment which was funded from the Suffolk Tobacco Asset Securitization Corporation 2008 series bonds. This trust consists primarily of U.S Treasury Notes held by the Trustee for the benefit of Suffolk County. At December 31, 2009 the revocable trust market value balance was \$141,300,345.

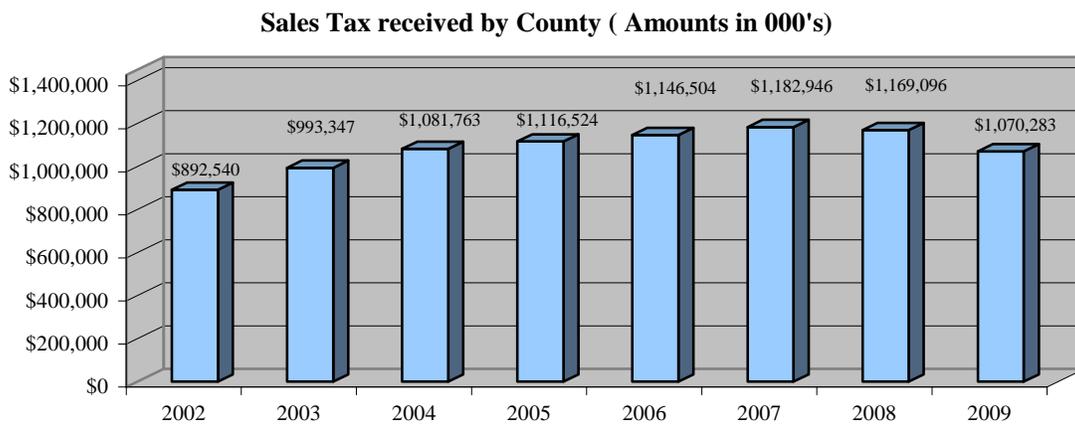
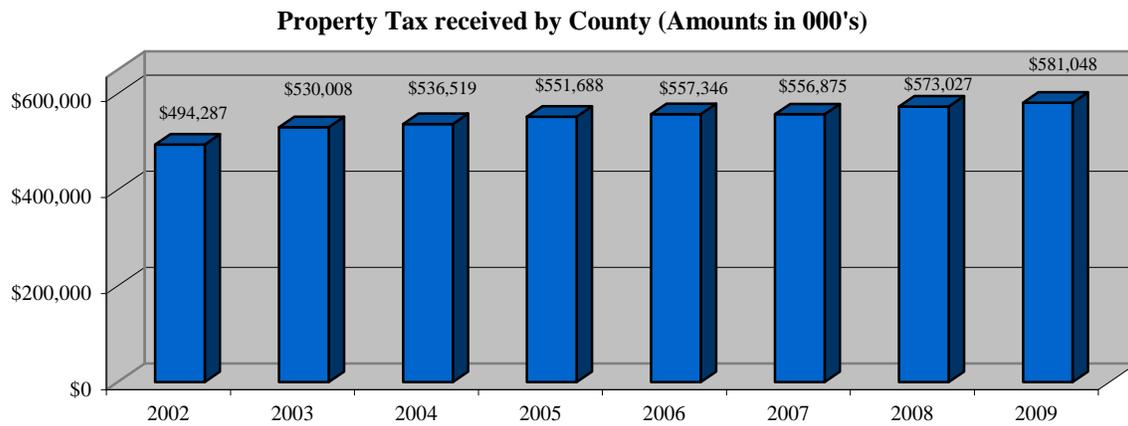
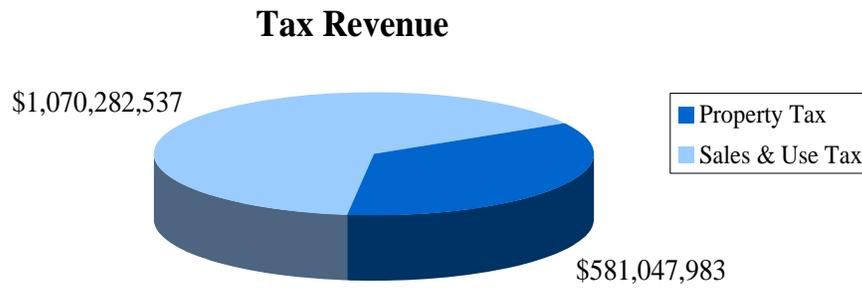
Investment Earnings (Amounts in 000's)



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

Taxes

During 2009, the County received \$1.65 billion in tax revenue. The following chart shows the proportion derived from each type of tax.



Financial Position – Capital Assets

Capital Assets

The composition of the capital assets for governmental and business-type activities at December 31, 2009 is shown below:

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

| | 2009 | 2008 |
|-----------------------------------|---------------------|---------------------|
| Land | \$ 740,561 | \$ 722,253 |
| Development Rights | 183,609 | 165,489 |
| Historic Buildings | 4,608 | 4,608 |
| Construction in Progress | 396,768 | 288,895 |
| Buildings | 297,320 | 310,992 |
| Improvements other than Buildings | 31,184 | 30,441 |
| Vehicles and Equipment | 102,104 | 107,459 |
| Infrastructure | 545,229 | 546,621 |
| Total | \$ 2,301,383 | \$ 2,176,758 |

The net increase in Suffolk County's investment in capital assets for the current fiscal year was \$125 million, which represents a 5.73% increase.

Land

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

Development Rights

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

Historic Buildings

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

Construction in Progress (CIP)

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

Buildings

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

Improvements other than Buildings

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

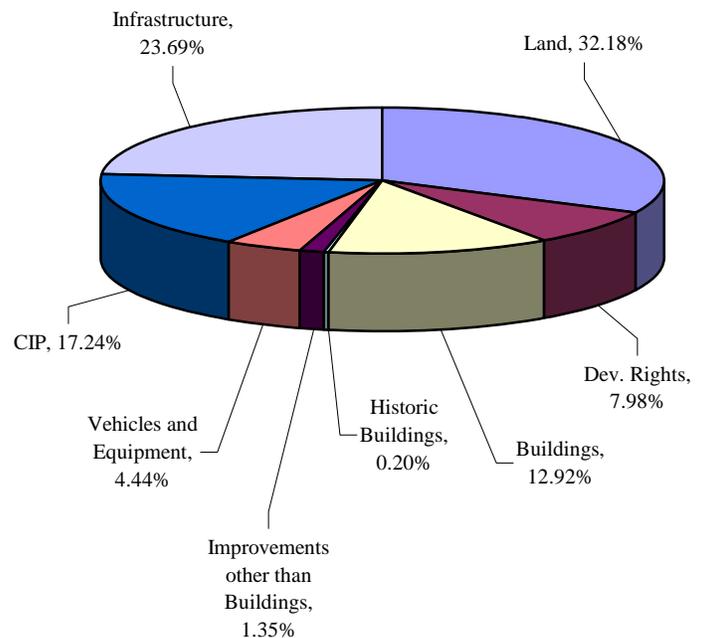
Vehicles and Equipment

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

Infrastructure

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

2009 Capital Assets



Financial Position – Debt

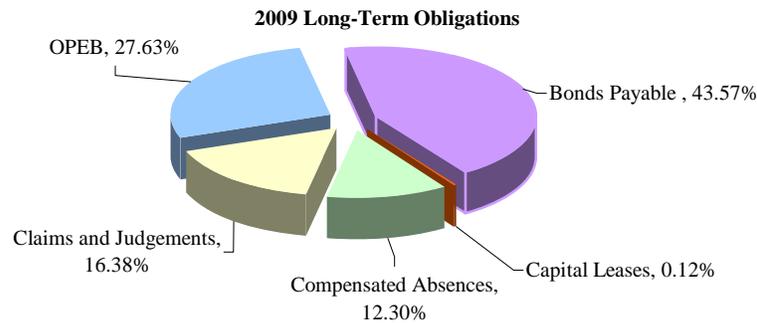
Outstanding Debt

The outstanding debt for governmental and business-type activities for the year ended December 31, 2009 is shown below:

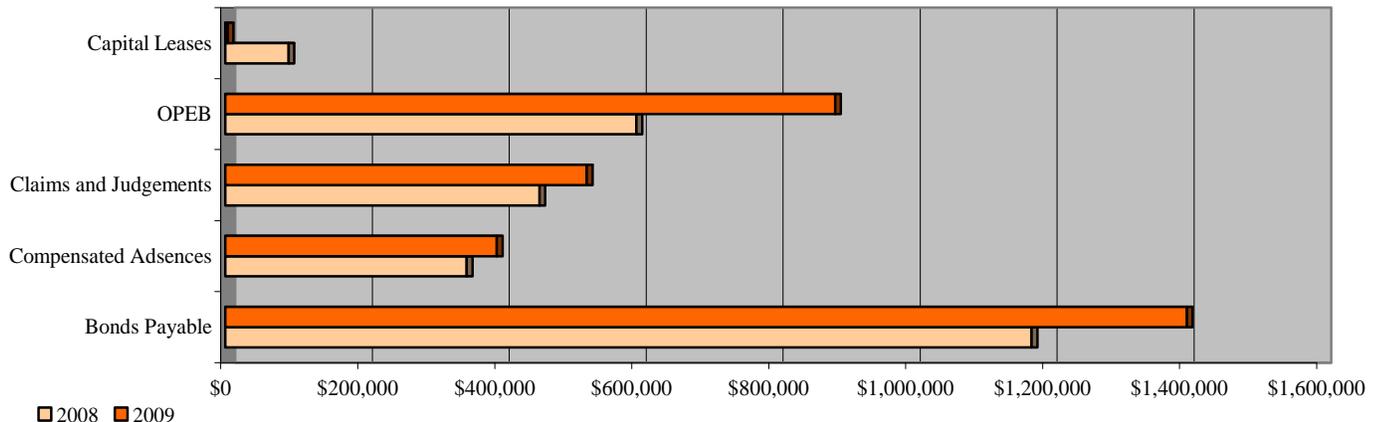
Suffolk County's Outstanding Debt
(Amounts in 000's)

| | 2009 Beginning Balance | Additions | Reductions | 2009 Ending Balance |
|---|------------------------|------------|------------|---------------------|
| General Obligation debt (Inclusive of advanced refunding) | \$ 945,413 | \$ 314,015 | \$ 94,003 | \$ 1,165,425 |
| STASC | 232,028 | 8,550 | 1,724 | 238,854 |
| Total Bonds Payable | 1,177,441 | 322,565 | 95,727 | 1,404,279 |
| Compensated Absences | 352,685 | 59,824 | 15,956 | 396,553 |
| Claims and Judgements | 458,962 | 103,854 | 34,806 | 528,010 |
| OPEB | 600,510 | 370,430 | 80,340 | 890,600 |
| Capital Leases | 92,432 | - | 88,715 | 3,717 |
| Total Long-term Liabilities | \$ 2,682,030 | \$ 856,673 | \$ 315,544 | \$ 3,223,159 |

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



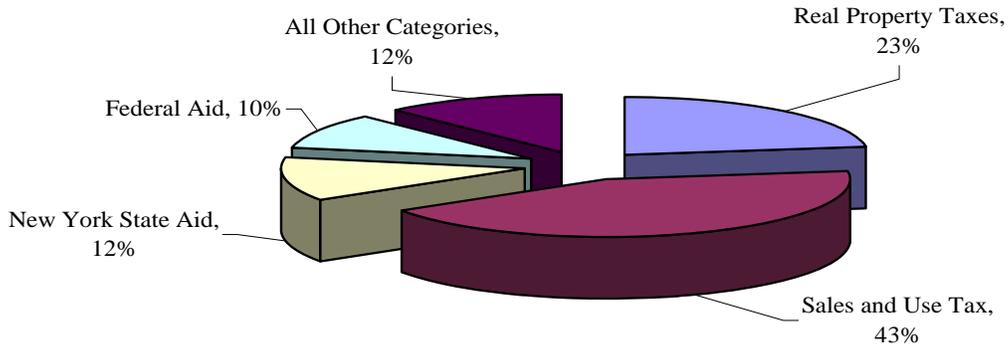
2008 & 2009 Long-Term Obligations
(Amounts in 000's)



Governmental Fund Revenues

The revenues presented are the total governmental funds reported in the 2009 CAFR's Statement of Revenues, Expenditures, and Changes in Fund Balances. The primary revenue sources are Sales and Use Tax, Real Property Taxes, New York State Aid, and Federal Aid.

Revenue Dollar by Source



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

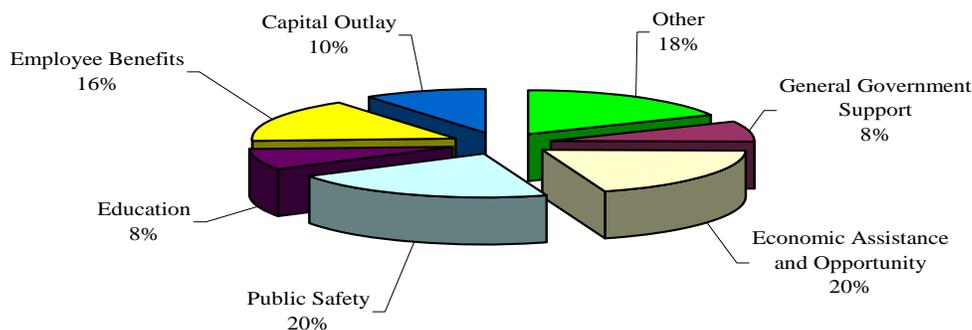
| (Amounts in 000's) | | | |
|----------------------|---------------------|---------------------|--------------------|
| Revenues | 2009 Actual | \$ Change from 2008 | % Change from 2008 |
| Real Property Taxes | \$ 581,048 | \$ 8,021 | 1.40% |
| Sales and Use Tax | 1,070,283 | (98,814) | -8.45% |
| State Aid | 312,828 | (12,178) | -3.75% |
| Federal Aid | 259,340 | 38,338 | 17.35% |
| All Other Categories | 302,054 | 20,404 | 7.24% |
| | <u>\$ 2,525,553</u> | <u>\$ (44,229)</u> | -1.72% |

- Real property tax increased slightly in 2009 by 1.40%.
- Federal aid increased by 17.35% primarily due to receipts of stimulus funds.
- Sales and use tax decreased by 8.45% and New York state aid decreased by 3.75%, both are due to the overall condition of the economy.

Governmental Fund Expenditures

The expenditures presented are the total governmental funds reported in the 2009 CAFR's Statement of Revenues, Expenditures, and Changes in Fund Balances. The primary expenditure functions are Economic Assistance and Opportunity, Public Safety, Employee Benefits, and Capital Outlays.

Expenditure Dollar by Function



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

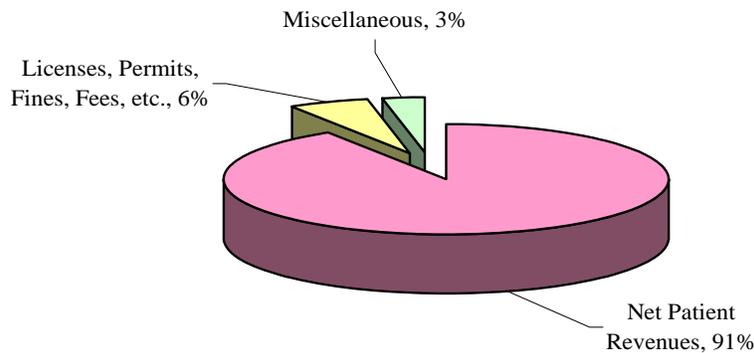
| (Amounts in 000's) | | | |
|-----------------------------------|---------------------|---------------------|--------------------|
| Expenditures | 2009 Actual | \$ Change from 2008 | % Change from 2008 |
| General Government Support | \$ 219,346 | \$ (11,056) | -4.80% |
| Economic Assistance & Opportunity | 557,620 | (22,296) | -3.84% |
| Public Safety | 609,208 | (7,305) | -1.18% |
| Education | 215,779 | (2,548) | -1.17% |
| Employee Benefits | 461,546 | 280 | 0.06% |
| Capital Outlays | 274,071 | 53,320 | 24.15% |
| Other | 500,643 | (31,121) | -5.85% |
| | <u>\$ 2,838,213</u> | <u>\$ (20,726)</u> | -0.72% |

- The decreases to general government support (4.80%), economic assistance & opportunity (3.84%), public safety (1.18%), and education (1.17%) were primarily due to budget reductions across all functions throughout 2009 including a lag payroll.
- The increase in capital outlays of 24.15% is due to the purchase of the Cohalan Court Complex in Central Islip. This purchase resulted in a reduction to long term capital lease expenditures.

Enterprise Fund Revenues

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

Revenue Dollar by Source



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

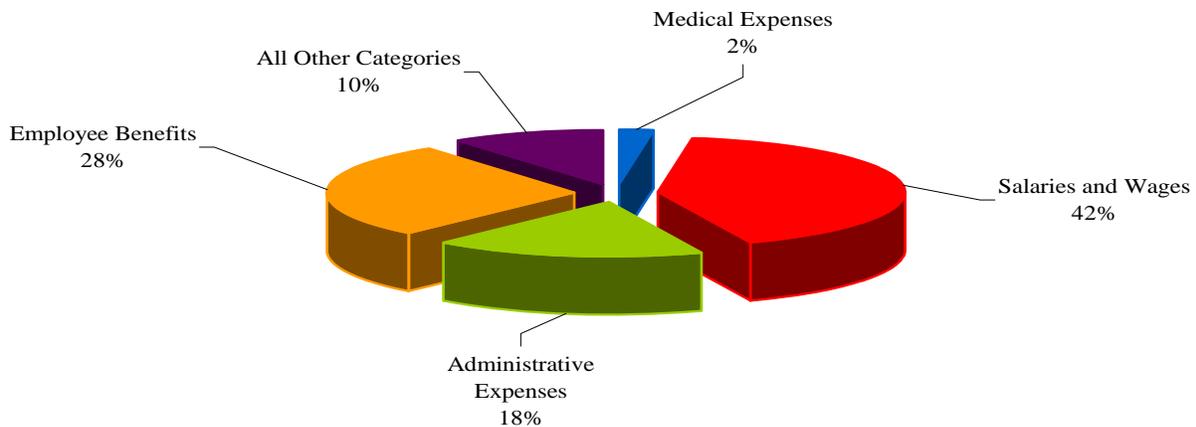
| (Amounts in 000's) | | | |
|--------------------------------------|------------------|---------------------|--------------------|
| Revenues | 2009 Actual | \$ Change from 2008 | % Change from 2008 |
| Managed Care Fees | \$ - | \$ (36,462) | -100.00% |
| Net Patient Revenues | 25,892 | (3,796) | -12.79% |
| Licenses, Permits, Fines, Fees, Etc. | 1,821 | (1,246) | -40.62% |
| Miscellaneous | 940 | 493 | 110.29% |
| | <u>\$ 28,653</u> | <u>\$ (41,011)</u> | -58.87% |

- Revenues from managed care fees related to the Suffolk Health Plan were not received in 2009 since their membership was sold in 2008.
- Licenses, permits, fines, fees, etc. decreased by approximately \$1.2 million due primarily to a decrease in revenues from Francis S. Gabreski Airport.
- John J. Foley Skilled Nursing Facility had an increase in miscellaneous revenues by approximately 79%.

Enterprise Fund Expenses

Suffolk County uses enterprise funds to account for the Suffolk Health Plan, Suffolk County Ball Park, Francis S. Gabreski Airport, Regional Economic Development Initiative, and the John J. Foley Skilled Nursing Facility. The primary expenses for the enterprise funds are Salaries and Wages, Administrative, and Employee Benefits. During 2008 the membership roster of the Suffolk Health Plan was sold and henceforth activity reported for the fund will relate to close-out costs.

Expenses by Type



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

| Expenses | 2009 Actual | \$ Change from 2008 | % Change from 2008 |
|-------------------------|------------------|---------------------|--------------------|
| Medical Expenses | \$ 836 | \$ (30,372) | -97.32% |
| Salaries and Wages | 15,371 | (1,555) | -9.18% |
| Administrative Expenses | 6,530 | (4,765) | -42.19% |
| Employee Benefits | 10,530 | (6,378) | -37.72% |
| All Other Categories | 3,685 | (2,881) | -43.88% |
| | <u>\$ 36,952</u> | <u>\$ (45,951)</u> | -55.43% |

- The overall decrease to expenditures is due to the sale of the Suffolk Health Plan in 2008.

SUFFOLK'S SENSATIONAL SITES

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

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

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

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

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

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

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

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

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