

Testimony for Cheryl A. Felice, President
Suffolk County Association of Municipal Employees, Inc. (AME)
Suffolk County Legislative Budget Hearing, 10/19/09
Ways & Means and Budget & Finance Meeting

Thank you for allowing AME this opportunity to testify before you today regarding the proposed 2010 Operating Budget. My name is Cheryl Felice, I am President of AME. For these past seven years, I have taken advantage of this forum to offer our legislative body AME's observations, thoughts, ideas, and various recommendations on behalf of the nearly 7,000 AME members who are Suffolk's finest employees. I am pleased that our opinion continues to be met with favorable interest.

Today, I am here as an advocate on behalf of the AME membership and the residents of Suffolk County. To that end, AME has personal cause for concern. There are intolerable conditions in many of our departments due to the staggering vacancy rates of over 13%. The County budgeted positions and General Fund are at an all time low at a time when needs and services are at an all time high.

In 1970, property taxes represented 25% of all General Fund revenues, but today property taxes represent less than 2% of General Fund revenues. The General Fund, from a financial perspective, has become too dependent upon sales tax, a revenue base over which there is no control. Given an economic downturn, as we are currently experiencing, the revenue base disappears at the same time that service demands increase.

The members of the Suffolk County Association of Municipal Employees sacrificed greatly this year to help Suffolk address a struggling economy and an unbalanced budget. The actions of the Suffolk County Executive and the Suffolk County Legislature must not forget or dismiss these sacrifices and work to avoid similar events from happening again in 2010.

Sincerely,



Cheryl A. Felice
President

Part I

SUMMARY OF MAJOR FINDINGS

- County employees and persons in need have borne a disproportionate share of the financial crisis over the last two years. There will be 1653 fewer filled positions (13%) in 2010 than in 2009.
- The Proposed 2010 Budget continues the optimistic forecasts that created the fiscal crisis.
- The Proposed 2010 Budget will need an increase in the general fund or suffer serious service reductions in 2011.
- Funding has been excluded from the Contingency Accounts for those bargaining units without contracts.
- The County Executive is incorrect in his assertion that he has kept property taxes down in Suffolk for the last 6 years. In fact, the overall property taxes have increased by over 34% since 2004.
- Staffing levels have been reduced significantly in an effort to not raise General Fund (1.21% of the) property tax bill.
- Property taxes to support the **General Fund are at an historical low** and will result in reduced bond ratings if not rectified.
- The County has a structural problem with the budget that has been masked by the use of multiple one-shots.

RECOMMENDATIONS

- 1) Restore most abolished positions.
- 2) Create reasonable benchmarks and only keep positions vacant that don't meet those workload requirements. Use the BRO for oversight to ensure compliance.
- 3) Restore funding for those employee contracts that have expired.
- 4) Reduce Sales tax estimates to better reflect a lag in the economic recovery for Suffolk.
- 5) Increase General Fund property taxes by a minimum of 3% and use funds from the Tax Stabilization Reserve Fund to bridge the gap until the economy show signs of improvement. This will require political courage, but it is necessary to avoid a repeat of the past two years.
- 6) Increase the Police District property tax so it more accurately reflects the costs to the Police District residents. Return the sales tax to the General Fund to cover the costs of Public Safety for all County residents.
- 7) As elected officials, representing all of Suffolk County, focus on the property tax burden and make realistic recommendations to our state officials that will provide real relief, such as consolidation of services.
- 8) Require the County to prepare multi-year operating budgets to provide a clearer picture of and planning for subsequent years.

AME consulted with two former Suffolk County Budget Directors to review the County Executive 2010 Recommended Budget. On behalf of AME members, the Executive Board asked them to answer the following questions:

Is the budget balanced?

How was it balanced?

What impact will the budget have on current service levels?

What impact will the budget have on future year property taxes and service levels?

In March, 2008 both the County Executive's and Legislature's Budget Offices had projected a budgetary shortfall in the 2009 budget. The legislature adopted Resolution No. 283-2008, which did the following: a wage freeze for non-union employees; borrowed against future tobacco revenues; insisted on cost containments regarding future health care benefits; reduced equipment and supply accounts by 10%; implemented a hiring freeze; authorized an early retirement . In September, 2008, the county sold the ownership of the Suffolk Heath Plan to a private group (NHP) and received an up front payment in excess of \$17 million.

As a result of these short term actions, the General Fund Budget presented and adopted for 2009 did not raise property taxes. However, early this year, the county Executive projected a budget shortfall in the General Fund of approximately \$117 million. As the Chief Budget Officer, he set aside \$40 million from departmental appropriations into a reserve account and submitted a cost reductions plan to the legislature April 28, 2009 the legislature adopted resolutions that authorized the transfer of \$30 million from the Tax Stabilization Reserve Fund; took \$3.2 million from the Police for new hires and authorized the County Executive to negotiate cost savings from the various bargaining units. In his budget message, the County Executive credits the above actions for not having to raise property taxes in the two major taxing funds for 2010. According to his message, the cost saving measures agreed to by the various bargaining units, resulted in an \$85 million cumulative savings in the health insurance, and a \$30 million savings in deferred salary payments.

The County Executive's 2010 Proposed and Recommended budget used short term measures, sold County assets, and reduced County Services through decreased positions, and decreased employee benefits and salaries to avoid a property tax increase.

Part II

NON RECURRING SAVINGS- "ONE SHOTS"

<u>ACTIONS</u>	<u>CUMULATIVE SAVINGS</u> <u>2008-2010</u>
Health Insurance Changes (1)	\$ 85,000,000
Deferred Payroll Payments (1)	\$ 30,000,000
Sale of Suffolk Health Plan (2)	\$ 17,000,000
Police Class Not Being Hired (2)	\$ 3,500,000
10% Reduction in Authorized Staff Vacancies (3)	\$ 55,000,000
Tobacco Stabilization Fund Transfer (1)	\$ 103,750,399
Tax Stabilization Fund Transfer (1)	\$ 30,000,000
Federal Medicaid Assistance (1)	\$ 90,000,000
Total Non Recurring	<u>\$ 414,250,399</u>

- (1) As stated in Budget message
- (2) As stated in SC Official Bond Statements
- (3) Reduction in authorized staff from 2008
- (4) From BRO Report on 2009 budget.

How did this problem develop?

Over the two years, the cause or the problem was the unwillingness to increase the property tax revenue to the level necessary to support **General Fund Operations**. Knowing the economy was in a negative mode, sales tax and property tax collections were optimistically adopted. The chart below demonstrates this fact:

<u>Category</u>	<u>2008</u>	<u>2009</u>	<u>Cumulative</u>
Revenues	(\$50.2) M	(\$69.2) M	(\$119.4) M
Expenditures	<u>(\$97.2) M</u>	<u>(\$118.1) M</u>	<u>(\$215.3) M</u>
Net Savings	+\$47.0 M	+\$48.9 M	+\$95.9 M
Property Tax Revenues	(\$22.3) M	(\$29.2) M	(\$51.5) M
Sales Tax Revenue	(\$36.0) M	(\$97.3) M	(\$133.3) M

As the above indicates, the main cause of the fiscal crisis in 2008 & 2009 was due to overestimating revenues; specifically sales tax and property tax collections.

The 2008 and 2009 were under funded because of poor revenue forecasts. The General Fund property taxes should have been increased or expenditures decreased prior to the adoption of both years budgets. Instead, policy makers resorted to short term solutions that have negatively impacted services and caused unnecessary damage to the morale and income of Suffolk County Employees.

Budgeted Positions by Department

The Recommended Budget proposes no layoffs for those bargaining units that cooperated in the reductions for 2009. However, so as to not raise property taxes, the recommended budget eliminated those vacancies that were part of the plan and, in addition, included turnover savings (unfunded positions) by an additional 911 positions. The Police have a large Contingency account that can be used for a salary settlement, as well as to restore abolished positions. Probations reductions reflect the transfer of IT personnel to a central IT. We believe this not for efficiencies, but for state aid, however, we like to know why this transfer is necessary if the personnel are not physically moving.

The impact on staffing service levels can be demonstrated by the following chart:

Departments	2009	2010	Change	T/O	Positions Authorized	Difference 2008-2010
Audit & Control	90	90	0	-6	84	-6
Civil Service	106	108	2	-3	105	-1
County Clerk	131	131	0	-6	125	-6
Consumer Affairs	46	45	-1	-7	38	-8
District Attorney	413	415	2	-25	390	-23
Economic Development	31	31	0	-1.5	29.5	-1.5
Environment & Energy	63	63	0	-3	60	-3
Executive	177	177	0	-17.7	159.3	-17.7
Finance & Taxation	53	53	0	-3.8	49.2	-3.8
Fire Rescue	89	85	-4	-11.9	73.1	-15.9
Health Services	1233	1212	-21	-145.7	1066.3	-166.7
John Foley Nursing Home	366	322	-44	-52.4	269.6	-96.4
Information Technology	84	104	20	-11.2	92.8	8.8
Labor	205	204	-1	-40	164	-41
Law	119	116	-3	-7	109	-10
Legislature	146	146	0	-5	141	-5
Parks	219	213	-6	-10	203	-16
Planning	28	28	0	-5	23	-5
Police	3766	3330	-436	-283	3047	-719
Probation	475	461	-14	-23.5	437.5	-37.5
Public Administrator	6	6	0	0	6	0
Public Works	991	972	-19	-90.5	881.5	-109.5
Real Property Tax Service	42	37	-5	-5	32	-10
Sheriff	1281	1303	22	-52.3	1250.7	-30.3
Social Services	1782	1787	5	-93	1694	-88
Soil & Water	6	6	0	-1	5	-1
Board of Elections	123	123	0	-1.5	121.5	-1.5
Total	12071	11568	-503	-911	10657	-1414

There has been a dramatic decrease in the number of authorized positions recommended in the County Executive's Budget. The Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2008 issued recently by the County Comptroller shows a total of 12,310 persons on the County payroll in 2008 without the college. There will be 1,653 fewer filled positions to provide services to an increased workload that is always associated with a down economy. Although this makes for good press releases on how "Smart Government" works, there is no way Caseworkers or Nurses can effectively oversee clients with a 100 caseload!

Workload Estimates

Throughout the County Executive's Recommended Budget, departmental narratives provide accomplishments and workload statistics that indicate increases, not decreases. In support of the departmental narratives, the County Comptroller's year end Financial Reports list workload statistics starting in 2005 through 2008. Attached to this report is a listing of workload statistics by department for those years. If this budget is approved with the above staffing recommendations, there will be serious problems associated with the delivery of Suffolk County services in 2010.

How did the budget reduce appropriation levels in the General & Police District Funds?

The Executive Message mentioned the fact that expenditures were less than adopted, the first time since the creation of the Legislature. Not true! When NYS directed counties to account for Medicaid expenses on a net basis and the courts became a state expense, the expenses also were less. The difference was the reduction was explained in such a manner. The County Executive implies in his message that the reduction in expenses is the result of his cost cutting measures. With the exception of the "across the board" approach to position vacancies (without regards to workload or benchmarks), the expenditure reductions were associated with Medicaid and salary contingency accounts, not cost cutting measures.

Part III

The major items, in addition to the elimination of position vacancies and turnover savings, which reduced the appropriations for 2010 in both funds, are as follows:

EXPENDITURE REDUCTIONS
2009-2010 RECOMMENDED

REDUCTION OF THE CONTINGENT SALARY ACCOUNT	(\$11.4) M
FEDERAL MEDICAID SUBSIDY	(\$36.4) M
STAFFING SAVINGS (ELIMINATION OF VACANCIES)	(\$55.0) M
HEALTH INSURANCE SAVINGS	<u>(\$13.6) M</u>
TOTAL REDUCTIONS	(\$116.4) M

As the above demonstrates, the lower expenditures were due to reductions associated with removal of a projected salary settlement, federal assistance, employee shortfalls in staffing and wage deferrals by employee groups related to the deficits. Generally, the pain associated with savings plans are equally distributed among the various interested groups or parties. The pain in both year savings plans has been disproportionately shared by the employees providing the service and those receiving the service. There have been no “profiles in political courage” exhibited over the last six years budgets.

Part IV

DETAIL ANALYSIS

Under normal circumstances, prudent fiscal management dictates an inflationary increase in property taxes, recognition of workload increases via reduced turnover savings, and transfer monies into the various reserve funds to offset the use of non recurring revenues and expenditure reductions. The Executive budget did none of this!

In addition there is a net reduction of 502 authorized staff from the current year. Since 2008, there has been a net reduction of 742 positions, the county executive presents this as a positive rather than a negative, but it will place a major constraint on his ability to balance the next year's budget without layoffs as agreed. Furthermore, he has a \$52.7 million turnover included. This number translates into more than 1,500 positions. Most of the turnover is in Health Services, Police and Sheriff's departments.

The revenues for 2010 are very optimistic! We would recommend, under current economic conditions, a more conservative approach. The County Executive's record to date for revenue forecasts has been the basis for the emergency actions; it could be he gets good press when things turn negative. The General Fund revenues for 2009 are

currently estimated to be \$69.2 million less than budgeted. This has been offset by the fund balance coming into the year, as well as the savings plans the unions and staff have worked hard to achieve: \$118.6 million less than adopted.

We would recommend that sales tax be reduced by at least 2%. The September quarterlies are due in shortly and based on those numbers perhaps even go lower. That represents approximately \$25 million. There should be a set aside for another shortfall in property tax collections. The commercial properties will use the County as a bank since they're having problems getting credit. Reduce by \$20 million. We would also recommend the inclusion of the contingency to a level to provide for reasonable salary settlements. The only funds currently included are for the police unions.

1. Personal Services

The 2010 Recommended Budget includes \$741.7 million across all funds for permanent salaries, which is \$16.8 million less than the 2009 Adopted Budget of \$758.5 million. To arrive at this amount, \$52.7 million has already been deducted from budgeted position salaries, meaning that this is the minimum savings that must be attained during the course of 2010 to insure that the permanent salary budget is not exceeded. The permanent salary budget does include provision for new employees and step increases for existing employees, however, the turnover savings required in the budget will make it difficult to hire new employees, as well as re-fill existing positions due to retirements and other terminations.

The end result for AME members is that staffing issues in many departments are going to remain the same, or worsen. Increased workloads resulting from current lack of staff will continue with the inability to hire new positions and will be exacerbated when existing staff leave and replacements are overly delayed or completely eliminated.

2. Equipment, Supplies, Materials and Other

Part of the requirement for AME members to perform their functions and duties is having the necessary equipment, supplies and materials necessary to do the job. Unfortunately, during budget cutbacks, these are the first appropriations to be curtailed. In 2008 and 2009, available appropriations were cut in order to reduce expenses due to the projected budget revenue shortfalls. The 2010 Recommended Budget continues this reduction. The 2010 Recommended Budget includes \$3.0 million in the General Fund for equipment, whereas the 2009 Adopted Budget included \$4.4 million. The 2010 Recommended Budget includes \$41.5 million in the General Fund for supplies and materials, and the 2009 Adopted Budget included \$45.8 million.

3. Health Insurance

Health insurance is a major component in the County Budget. Provision of adequate funding for this is of paramount concern for AME members. The 2010 Recommended Budget includes \$281.0 million for estimated costs, including IBNR, which is a reserve for incurred but not reported costs. This is an increase of \$4.5 million over the 2009 Adopted Budget of \$276.5 million, but more importantly, an increase of \$25.4 million over the 2009 estimated expenses, including IBNR. The current funding appears adequate to insure that AME members will continue to receive this important benefit.

Under GASB (Governmental Accounting Standards Board) Statement No. 45, the County is required to account for and report their projected costs associated with post-retirement health care benefits and other non-pension benefits (OPEB). When first reported by the County, the OPEB obligation as of January 1, 2007 was approximately \$3.9 billion. There is no current requirement to fund this obligation on an annual basis, the County merely pays the expenses incurred annually for our self insurance/self-funded plan and avoids paying annual high-priced premiums to buy health insurance.

4. Retirement

The 2010 Recommended Budget includes \$91.1 million across all funds for retirement costs, which is \$13.6 million less than the 2009 Estimated of \$104.6 million. Retirement cost estimates are provided by the NYS Retirement System and accurately reflect the projected funding obligations for the County. Therefore, the 2010 Recommended Budget appears adequately funded to insure that this benefit is available for AME members.

5. Medicaid

Medicaid payments, which are mandated, are the largest single appropriation in the County's General Fund. Based on State legislation adopted a number of years ago, the County's annual obligation was set for each year starting in 2006. Subsequent year obligations increase by set percentage increases over the base year, which was 2005. For 2009, the adopted budget was \$227.0 million. However, the County Executive's 2010 Recommended Operating Budget states "Another major contributor to reducing the projected 2009 budget gap was an increase of federal stimulus dollars in the Federal Medicaid Assistance Percentage (FMAP) to offset the County's Medicaid costs." The FMAP budget relief from this is a total of \$44.2 million in 2009, \$46.3 million in 2010 and \$7.1 million in 2011, for total budget relief of \$97.6 million over this period. This is a combination of new revenues, weekly shares reductions and fiscal year reconciliations. Unfortunately, these are one-shots. This budget relief is supplanting the loss of revenues from sales taxes, General Fund property taxes, and other revenues. When this relief ends, the County will be required to pay for all scheduled Medicaid obligations, which are over \$200.0 million per year and growing, out of the General Fund.

6. Debt Service/Tobacco Securitization

Debt service costs are a major expense in the County Budget. Primarily these are the borrowing costs (principal and interest) for funding the projects in the County's Capital Budgets. The majority of the County's debt service costs are charges against the General Fund. As a result, a significant amount of revenues must be generated each year, primarily through sales taxes and the General Fund property tax, to cover this annual obligation.

When the County projected a large budget shortfall during 2008, Resolution No. 283-2008, "A RESPONSIBLE PLAN FOR COST SAVINGS TO MITIGATE AN ANTICIPATED 2009 SHORTFALL" was adopted. Part of the plan authorized securitization of revenues that the County receives annually under the Tobacco Master Settlement Agreement (MSA). The County proceeded with securitization which will provide approximately \$219.3 million dollars to the County from 2008 through 2013. These funds are earmarked to provide debt service relief as follows:

Tobacco Securitization: Debt Service Relief by Fund				
Year	001 General	632	115 Police	Total
	Fund	Nursing Home	District	
2008	\$20,042,025	\$153,952	\$941,364	\$21,137,341
2009	\$48,483,154	\$341,639	\$2,258,336	\$51,083,129
2010	\$46,123,000	\$340,437	\$1,949,901	\$48,413,338
2011	\$39,375,238	\$335,222	\$1,632,084	\$41,342,544
2012	\$35,569,368	\$329,844	\$1,434,441	\$37,333,653
2013	\$19,536,925	\$239,555	\$226,360	\$20,002,841
total	\$209,129,710	\$1,740,649	\$8,442,485	\$219,312,844

Review of the 2009 Recommended Suffolk County Operating Budget, Prepared by the Budget Review Office for the County Legislature, October 17, 2008, page 128

As result, the County's annual debt service obligations will have a dedicated revenue source from 2008 through 2013 to reduce the need to pay the full amount due, which in 2008 in the General Fund was originally budgeted at \$91.2 million, out of normal operating revenues, primarily sales tax and General Fund property taxes. These are one-shot revenues, even though it will last for six years. At the end of the six year period, total debt service costs will return to historical levels, with no more subsidization from tobacco securitization.

In addition to the impacts detailed above, the tobacco securitization results in a major decrease in the Tobacco MSA Revenues that the County has been relying on for years to

subsidize General Fund operating costs. The actual revenue received in the General Fund in 2008 was \$21.1 million. However, due to securitization, the revenues available for the General Fund will dramatically decrease as follows:

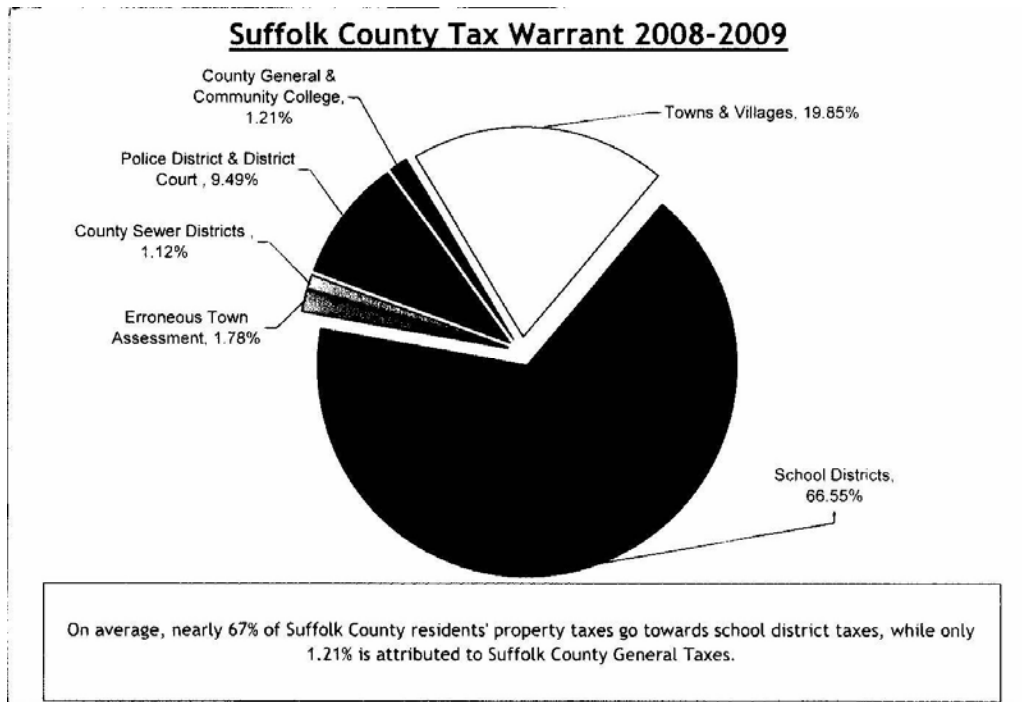
Projected Tobacco MSA Revenues			
Year	TSRs Available to County	TSR Pledged to repay Tobacco Securitization	Total TSR = (1) +(2)
2008	N/A	0	N/A
2009	14,959,591	8,414,770	23,374,361
2010	15,055,358	8,468,639	23,523,997
2011	15,237,711	8,571,212	23,808,923
2012	15,419,176	8,673,287	24,092,463
2013	6,091,091	18,273,273	24,364,364
2014	6,158,701	18,476,103	24,634,804
2015	6,224,783	18,674,349	24,899,132
2016	6,302,297	18,906,891	25,209,188
2017	6,379,812	19,139,436	25,519,248
2018	7,222,873	21,668,619	28,891,492
2019	7,307,000	21,921,000	29,228,000
2020	7,387,831	22,163,493	29,551,324
2021	7,478,535	22,435,605	29,914,140
2022	7,567,859	22,703,577	30,271,436
2023	7,662,046	22,986,138	30,648,184
2024	7,754,848	23,264,544	31,019,392
2025	7,855,866	23,567,598	31,423,464
2026	7,960,360	23,881,080	31,841,440
2027	8,065,280	24,195,840	32,261,120
2028	8,171,568	24,514,704	32,686,272
2029	8,282,625	24,847,875	33,130,500
2030	8,394,337	25,183,011	33,577,348
2031	8,506,461	25,519,383	34,025,844
2032	8,617,719	25,853,157	34,470,876
2033	8,732,743	26,198,229	34,930,972
2034	8,848,885	26,546,655	35,395,540
Total	\$227,645,356	\$535,048,468	\$762,693,824

Review of the 2009 Recommended Suffolk County Operating Budget, Prepared by the Budget Review Office for the County Legislature, October 17, 2008, page 131

This General Fund revenue loss must be made up by other recurring revenues, such as General Fund property taxes, sales taxes or another substantial revenue source.

7. Property Taxes

General Fund property taxes in the 2010 Recommended Operating Budget are projected to decrease from \$51.1 million in 2009 to \$49.0 million in 2010, a reduction of \$2.1 million. The County Executive is proposing this tax reduction despite going through major budget mitigation plans in both 2008 and again in 2009. General Fund property taxes are artificially low and are only a small percentage of the overall County property tax warrant on an annual basis (see Summary of Property Tax Warrants 2004 – 2009). This is highlighted in the following chart included in the County Executive's 2010 Recommended Operating Budget:



Recommended Operating Budget Narrative and Appropriations, Volume No. 1, County of Suffolk, NY, Steve Levy, County Executive, page 39

The chart is based on the 2009 tax warrants since 2010 information is not available. However, the bottom line is the same. In fact, if you just include the General Fund, not combined with the Community College, then the result is only 1.07%. In 1993, when the General Fund Budget was approximately one-half the size it is today, the General Fund property taxes were \$161.2 million, and represented approximately 6.9% of the total County warrant.

For 2010, the recommended General Fund tax warrant is only \$49.0 million for a \$1.8 billion dollar budget. The “Average Homeowner Tax Bill” estimated in the County Executive’s 2010 Recommended Operating Budget is \$88.41. There has been no effort by the County Executive to raise the General Fund property tax during his tenure. In fact, he has reduced it from \$52.3 million in 2005, his first budget, to the \$49.0 million included for 2010. The low General Fund property tax is insufficient to withstand the impacts that the County has taken during the last two years because of the heavy reliance on sales tax revenues which are extremely susceptible to economic fluctuations. The County Executive has been more willing to raise the Police District Tax Warrant to meet the revenue demands on the Police District. This warrant has been raised from 2005 through 2009, and recommended as only slightly lower in 2010. The annual Police District tax warrant has gone from \$412.4 million in 2005 to a recommended \$445.4 million in 2010. A 3% increase in the General Fund is \$2.65 for property taxes.

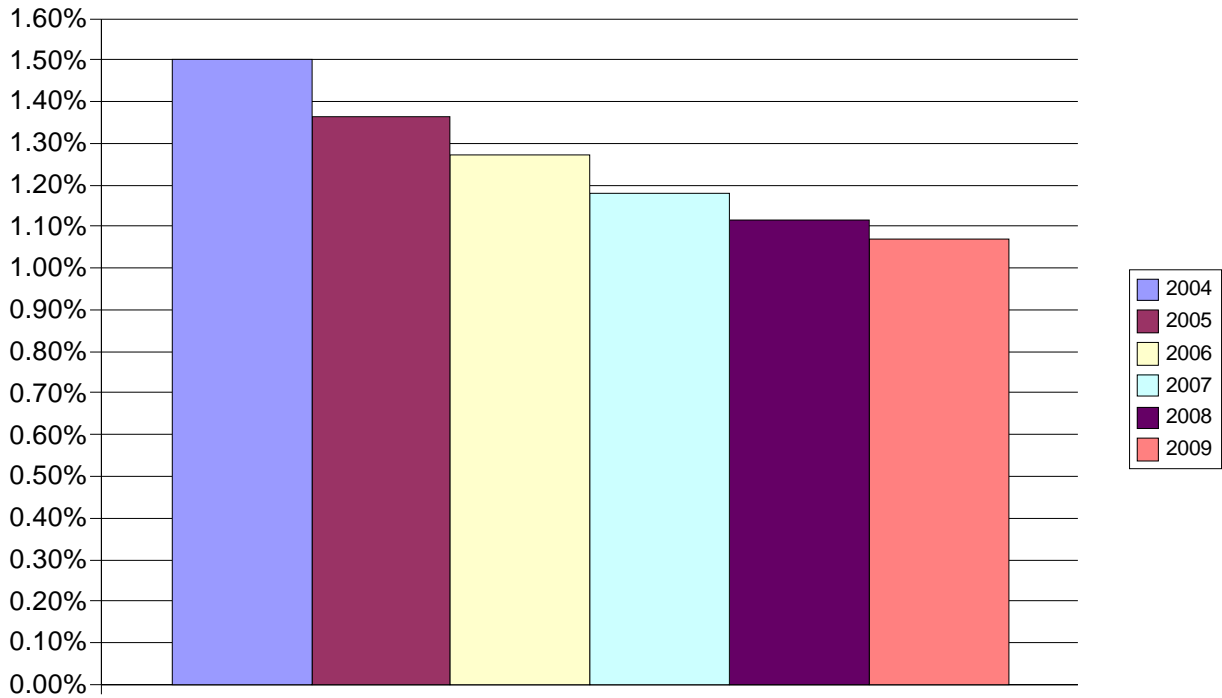
8. The Issue of Suffolk County residents and high level of property taxes.

The County Executive is proud to present to the Suffolk County legislature a budget that continues to reduce the property tax burden and also reduces expenditures. He goes on to congratulate all involved in this major undertaking. This was accomplished during a serious down turn in the economy without the need to resort to layoffs or service reductions. His message details the six budgets that have been presented to the legislature which constantly had a similar theme or goal: contain property taxes and spending.

On page 5, the County Executive states, “Protecting Suffolk County taxpayers has been of paramount importance to my administration”. He goes on to say how tough decisions were necessary to accomplish this goal. The message goes on to detail each year since 2004, whereby programs were either outsourced or reduced in pursuit of his major goal; protecting the taxpayer. To what extent have property taxpayers benefited? Not at all! An examination of the total property tax warrants that were issued from 2004-2009 indicates the following:

County Taxes:	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
County General Tax	\$53,499,213	\$52,314,496	\$52,032,399	\$51,455,503	\$51,093,013	\$51,091,951
Suffolk County Community College Tax	\$2,256,286	\$3,242,963	\$4,097,721	\$5,074,213	\$5,250,468	\$5,250,467
Police District Tax	\$396,784,286	\$412,412,048	\$422,722,349	\$429,367,184	\$439,543,186 ⁽⁸⁾	\$446,444,014
Sewer Districts	\$45,949,173	\$47,327,649	\$48,749,457	\$50,938,082	\$51,736,254	\$53,288,295
Other Items ⁽¹⁾	\$33,734,039 ⁽³⁾	\$47,224,997	\$47,394,788	\$60,395,362 ⁽⁶⁾	\$84,723,081 ⁽⁹⁾ ⁽¹⁰⁾	\$93,741,009
Subtotal	\$532,222,997	\$562,522,153	\$574,996,714	\$597,230,344	\$632,346,002	\$649,815,736
Town Taxes	\$728,857,368 ⁽³⁾	\$757,556,168	\$794,082,818 ⁽⁴⁾	\$875,845,250 ⁽⁶⁾	\$895,525,945 ⁽⁸⁾ ⁽⁹⁾ ⁽¹¹⁾	\$949,068,655 ⁽¹²⁾
School District Taxes	\$2,303,393,431 ⁽³⁾	\$2,519,251,379	\$2,718,776,951 ⁽⁵⁾	\$2,893,698,993 ⁽⁶⁾ ⁽⁷⁾	\$3,043,208,304	\$3,181,139,563
Total Tax Warrant	\$3,564,473,796	\$3,839,329,700	\$4,087,856,483	\$4,366,774,587	\$4,571,080,251	\$4,780,023,954

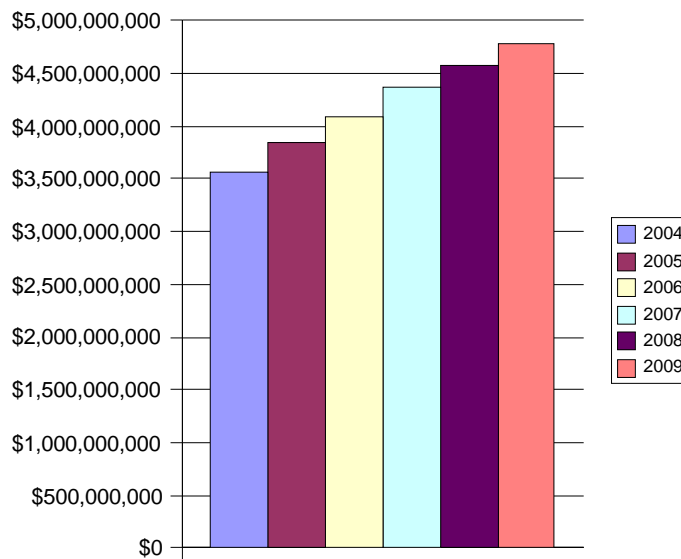
County General Tax vs. Tax Warrant



County General Tax as percent of Total Tax Warrant 2004-2009

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
County General Tax	\$53,499,213	\$52,314,496	\$52,032,399	\$51,455,503	\$51,093,013	\$51,091,951
Total Tax Warrant	\$3,564,473,796	\$3,839,329,700	\$4,087,856,483	\$4,366,774,587	\$4,571,080,251	\$4,780,023,954
County General Tax as percent of Total Tax Warrant	1.50%	1.36%	1.27%	1.18%	1.12%	1.07%

Total Tax Warrant



Total Tax Warrant 2004-2009

Property taxes over the last five years increased on average 34%. This increase is well in excess of the inflation rate for the same period, while Police District taxes increased by 12.5% since 2004. The average annualized increase over the 5 year period for the Police District is well within the inflation rate for that period. The same should apply to the General Fund.

As demonstrated, all other taxing jurisdictions increased over the five year period, except the general fund. The General Fund, which provides a wide range of services, has had major reductions in staffing levels and employee deferrals. As stated in the budget message, these reductions were the result of “smart government” whereby services are provided with fewer resources.

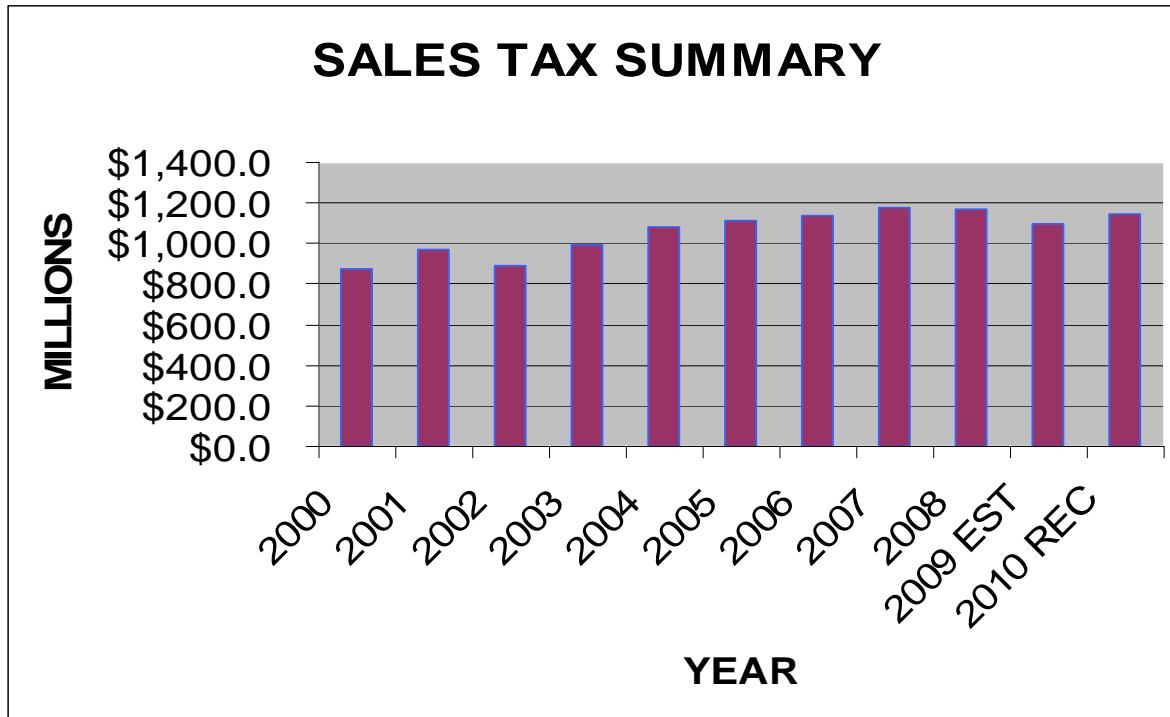
If the County Executive was serious about providing property tax relief to the residents of Suffolk County, as the only county wide elected official, he could have used his position to petition the state for a remedy to the problem. Newsday indicates the taxing problems associated with the large number of taxing districts within Suffolk County. As the County Executive takes credit for the state providing relief for Medicaid expenses by capping the increase at the 2005 expenditure level, Suffolk needs his input on the issue of taxing districts consolidations in our County. As demonstrated in numerous studies done by the Long Island Planning Board, consolidations would have a major benefit to the residents of Suffolk County.

The Legislature’s Budget Review Office has stated in numerous reports; the property tax levy levels are too low to support operations. The County Executive, in his budget message, is proud that the current property tax levy is the lowest it has been since the legislature was established in 1969. Those are two contradictory views as to the merits of a low General Fund property tax levy.

Who is right? It depends upon whether one takes a short or long term view. It depends upon whether one views the budget as tool for planning long term goals and objectives or as a political tool to gather support among the general electorate. Financial experts seek stability and tend to avoid risks. Moody's has issued a warning letter to the County for its dependence on sales tax and seemingly unwillingness to raise General Fund property taxes. Financial people prefer a balance of the revenues that support operations. In 1970, property taxes represented 25% of all General Fund revenues; today property taxes represent only 1.2% of General Fund revenues. The General Fund, from a financial perspective, has become too dependent upon a revenue base over which they have no control. Given an economic downturn, as we are currently experiencing, the revenue base disappears at the same time that service demands increase.

9. Sales Taxes

Sales tax revenues are the largest revenue source for the County's General Fund operations. The 2010 Recommended Operating Budget includes approximately \$1.026 billion in sales tax revenues for the General Fund, \$58.4 million for the Police District Fund and \$64.5 million for the Suffolk County Water Protection Fund, for a total of \$1.149 billion. A chart of the sales tax history since 2000 is included below.



When the economy is doing well, sales tax revenues are a reliable source of revenues for the County. However, an economic downturn will have a drastic impact. For example, the economy took a turn for the worse after September 11, 2001. The impact on Suffolk County was a decrease in sales tax revenues the following year of \$80.9 million dollars, which was one and one-half times the size of the General Fund property tax in 2002. The current economic downturn started impacting the County in 2008. The 2008 Adopted Operating Budget included \$1.203 billion in sales tax revenues, whereas final receipts for the year were only \$1.166 billion, a shortfall of more than \$37.0 million. The economy continues to fare poorly in 2009. The County budgeted \$1.202 billion; however the County Executive's estimated receipts for the year are only \$1.095 billion, a shortfall of approximately \$107.0 million. Members of AME are acutely aware of the impacts of these shortfalls since they have been required to make substantial fiscal contributions to help mitigate these deficits.

For 2010, the County Executive is projecting a 5% increase in sales tax revenues over his estimate for 2009. Although this is a substantial increase, this estimate is still less than actual sales tax revenues received in 2008 and 2007. The County Executive's justifications for making his sales tax estimate appear overly optimistic. Some of the major impact factors on sales taxes are not expected to recover rapidly. These include the housing market, automobile sales and other big ticket sales, as well as the overriding impact of the financial market on the County's purchasing taxable goods and services.

If the sales tax estimates are wrong for the third year in a row, the County will be forced again to make mid-year budget corrections in 2010 that would have a toxic impact on AME members. It would be more prudent to reduce sales tax revenue projections by 2% and appropriately gauge the General Fund property taxes to make up the difference. The County would be taking a step in the right direction by weaning itself from total dependence on the volatile sales tax revenue and bolstering the General Fund property tax as a more consistent funding source for General Fund operations. This would be consistent with the mandatory SC Sewer Tax increase of 3% annually. The total increase per average property taxpayer would be \$2.65.

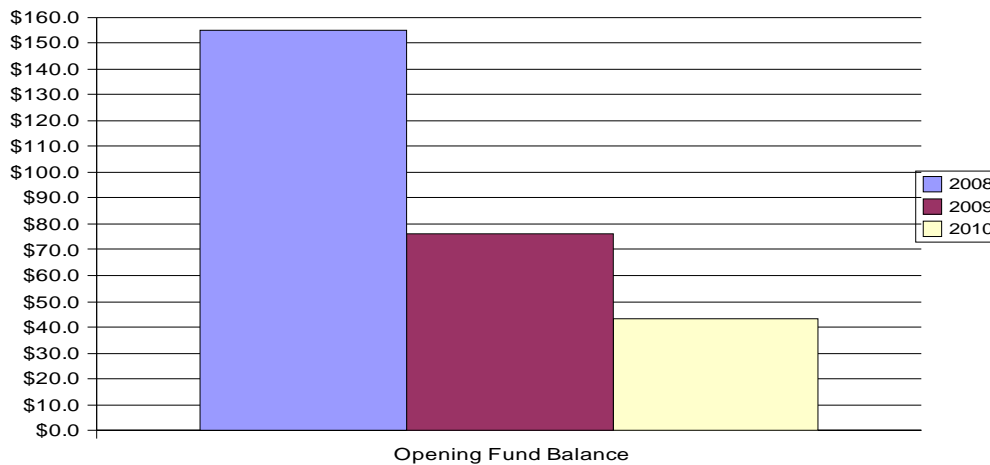
10. Fund Balance

A major concern has been the differences between the annual revenues collected each year, for the General Fund, and the expenses. The differences have been balanced via the Fund Balances:

General Fund Balances

	<u>2008</u> (Millions)	<u>2009</u> (Millions)	<u>2010</u> (Millions)	<u>Cum. Differences</u> 2008-2010
Opening Fund Balance	\$154.8	\$76.4	\$43.3	(\$111.5)
Closing Fund Balance	\$76.4	\$43.3		

General Fund Balances 2008-2010



Fund balances in the General Fund and the Police District Fund are revenues, one-shot revenues. They are revenues because each subsequent year County budget must include the previous year ending fund balance as revenue. For example, the 2010 Recommended Operating Budget for the General Fund includes \$43.3 million in revenues which is the 2009 estimated ending fund balance in the General Fund. The problem with this is that the County General Fund had been generating large fund balances on an annual basis through the 2008 Adopted Operating Budget. Due to the downturn in the economy and the impacts on the County's operating budgets, the actual fund balance for 2008 and estimated fund balance for 2009 have dropped dramatically. What this does is, it causes the following year budgets to start off with a revenue shortfall that must be made up by increases in property taxes, sales taxes, federal or state aid, fees, etc.

The 2010 Recommended Operating Budget revenues are starting with a fund balance of \$43.3 million. The 2009 Adopted Operating Budget revenues started off with a fund balance of \$82.1 million. The fund balance declined \$38.8 million, therefore \$38.8 million in additional revenues must be raised in the 2010 Operating Budget, before anything else, just to make up the prior year ending fund balance shortfall. This doesn't bode well for AME members since assets that may have been available for new staff, supplies and materials, collective bargaining settlements, etc., are going towards filling a revenue hole from the prior year.

11. Tax Stabilization Reserve Fund

The County maintains a Tax Stabilization Reserve Fund as authorized by New York State General Municipal Law. The purpose of this reserve fund is to avoid large General Fund property tax increases, however, the County must increase the General Fund property taxes a minimum of 2.5% in order to draw down these funds and the draw down must not reduce the property tax increase to less than 2.5%. Another permitted use of the Tax Stabilization Reserve Fund is to cover unanticipated revenue losses during the year and/or to cover unanticipated expenditures where insufficient appropriations exist. It is the later condition that was recently used by the County to use \$30.0 million in Tax Stabilization Reserve Funds to help mitigate the budget shortfall in 2009.

The Tax Stabilization Reserve Fund balance is projected to be \$98.1 million at the end of this year and \$99.9 million at the end of 2010. Annual funding requirements for the Tax Stabilization Reserve Fund are established in the County Charter. "Resolution No. 373-2009, Adopting Local Law No. 19-2009, a Charter Law to Establish a Fiscally Sound, Flexible Policy for Managing Budget Volatility" changed the funding requirements to give the County Executive and County Legislature more flexibility to manage the operating budget during these times of economic upheaval. This legislation will first impact the 2010 Operating Budget.

The Tax Stabilization Reserve Fund is a fiscally responsible fund to maintain to help deal with unforeseen budget problems that arise; however, use of these funds is one-shot revenue. Any use of the funds in the current period will have to be made up in the subsequent budget unless they were used to address a one-time, non-recurring problem. In the County's case this year, the budget shortfall was not a one-time, non-recurring problem; rather it was an ongoing, recurring problem with a depressed economy that still has no end date in sight.

12. One-Shots

Various sections of this report have outlined one-shots used and to be used by the County to alleviate budget shortfalls caused by the bad economic conditions over the last two years. The major one-shots are detailed below.

SUMMARY OF MAJOR COUNTY ONE-SHOTS

(Excluding Carryover Fund Balances)

In Millions

DESCRIPTION	2008	2009	2010	2011	2012	2013	Total
Tobacco Securitization	\$21.1	\$51.1	\$48.4	\$41.3	\$37.3	\$20.0	\$219.2
Medicaid FMAP Relief	\$0.0	\$44.2	\$46.3	\$7.1	\$0.0	\$0.0	\$97.6
Debt Service Reserve Fund	\$47.8	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$47.8
Tax Stabilization Reserve Fund	\$0.0	\$30.0	\$0.0	\$0.0	\$0.0	\$0.0	\$30.0
Union Employee Deferrals	\$0.0	\$30.0	\$0.0	\$0.0	\$0.0	\$0.0	\$30.0
Total	\$68.9	\$125.3	\$94.7	\$48.4	\$37.3	\$20.0	\$424.6

These one-shots are temporary fixes, but they can have harmful effects in the future if the County budget, primarily recurring revenue increases and recurring expenditure reductions, are not attained. The 2010 Recommended Operating Budget increases estimated sales tax revenues by \$59.3 million. Sales tax is the County's largest single revenue source for the General Fund and even if the County Executive's estimate proves accurate, it doesn't come close to making up the one-shots used. The 2010 General Fund property taxes are slated to decrease under the County Executive's Recommended Operating Budget, obviously not a prudent choice given the direction the County budget is going.

This all bodes poorly for the hard working members of AME. They have suffered through wage deferrals, budget reductions, loss of adequate staff and are now working without a contract. The 2010 Recommended Operating Budget is loaded with one-shots just to cover the basic costs of operation of the General Fund, but doesn't take into account the employees who actually do the work and provide the high level services to the residents of Suffolk County.

13. Revenue Generation/Cost Savings

General Fund Property Tax – As mentioned several times in this report, our analyses show that the General Fund property tax is artificially low and should be raised to a more appropriate level to adequately provide a less volatile revenue base for funding General Fund operations. The County Executive’s 2010 Recommended Operating Budget clearly indicates that the average homeowner’s General Fund property tax bill for 2009 was only \$92.23. This was the average homeowners total property tax obligation towards funding a \$1.931 billion General Fund Operating Budget. ***Instead of the County Executive proposing a \$3.82 reduction in the average homeowner’s General Fund property tax bill in the 2010 Recommended Operating Budget, should be taking a positive step towards establishing a more reliable revenue source not as prone to economic fluctuations.***

Sales Tax – The County portion of the current sales tax is 4.25%. Of this amount, 0.25% goes to the Suffolk County Water Protection Fund (Fund 477) and then that is broken down further in accordance with existing governing legislation. The remaining 4.0% is the main source of revenues for General Fund operations. Section 1210 of Article 29 of New York Tax Law establishes the base Suffolk County sales tax authorization of 3.0%, as well as an additional 1% that must be renewed on a periodic basis. The 1% has a restriction on a portion of the revenues. Resolution No. 952-2005, which extended the 1%, modified this restriction as follows:

“...an amount equal to not less than one-eighth and no more than three-eighths of the net collections received from the imposition of the one percent rate increase shall be dedicated for public safety purposes and the balance shall be deposited in the general fund of the County.”

Prior to this Resolution, the cap was one-quarter percent. The resolution states that a minimum of these sales tax revenues must be dedicated for public safety purposes, but it permits public safety purposes in the County General Fund or the Police District Fund.

Historically, the County has budgeted some of these sales tax revenues in the Police District Fund to help stabilize annual Police District property tax increases. The Police District Fund tax warrants still increased annually through 2004, sometimes at double-digit rates. It appears that Police District property tax rates were mirroring the actual costs of operating the Police District Fund. Starting in 2005, the amount of sales tax budgeted in the Police District Fund almost tripled the previous year, thereby dramatically reducing the rate of increase in the Police District warrant. This has continued in the ensuing years. Large amounts of sales tax revenues have been included in the Police District Fund annually, thereby mitigating the Police District property tax warrant increases to less than 3% or 2% annually. The 2010 Recommended Operating Budget includes \$58.4 million in sales tax, resulting in a Police District property tax warrant that actually decreases by 0.23%.

In fact, the funding for Town and Village revenue sharing in the Police District Fund budget is made possible by the amount of sales tax revenues included in the Police District Fund budget. This revenue sharing with the Towns and Villages was fairly constant through 2005 at approximately \$3.1 million per year, but has grown at \$0.5 million annually since then. The 2010 Recommended Operating Budget now includes \$6.6 million for Town and Village revenue sharing.

The bottom line is, the public safety restricted sales tax revenues have been overly allocated to the Police District Fund to keep the Police District property tax warrant artificially low, and by doing so the real costs of operating the Police District are not being borne by the taxpayers in the Police District. There are more than sufficient public safety costs in the General Fund (i.e. Police, Sheriff, Probation, etc.) to justify the inclusion of the restricted sales tax revenue in the General Fund. The additional sales tax revenues for the General Fund could provide funds for additional staffing to alleviate the overburdened SCAME members, provide them with the necessary equipment and supplies to do their jobs and even provide the necessary funds to adequately compensate them through a collective bargaining agreement.

14. Budget Forecast

We reviewed the current budget projections, along with past budget history in order to forecast budget impacts in 2011 for the major taxing funds, the General Fund and the Police District Fund.

The Police District budget forecast includes these major assumptions:

- 2009 Estimated Police District expenses and revenues as shown in 2010 Recommended Operating Budget are accurate.
- 2010 Recommended Operating Budget estimated Police District expenses and revenues for 2010 are accurate.
- 2010 contingency funds for police personnel collective bargaining settlement is expended and, therefore, becomes part of base personnel costs going forward.
- Other expenses increase based on historical trends.
- The same amount of sales tax revenues estimated for 2010 are used in 2011.
- Other revenues are based on historical trends.

Our projections for the 2011 Police District Operating Budget estimate total appropriations of \$577.8 million, and total other than property tax revenues of \$67.0 million, leaving a projected real property tax warrant of \$510.8 million (see 2011 Police District Combined). The 2010 Recommended property tax warrant is \$445.4 million, so 2011 would be an increase of \$65.4 million, or a 14.7% increase.

The General Fund budget forecast includes these major assumptions:

- 2009 Estimated General Fund expenses and revenues as shown in 2010 Recommended Operating Budget are accurate.
- 2010 Recommended Operating Budget estimated General Fund expenses and revenues for 2010 are accurate.
- 2010 contingency funds for police personnel collective bargaining settlement is expended and, therefore, becomes part of base personnel costs going forward.
- Collective bargaining settlements are not made with AME and the other non-police unions without a current contract, therefore no salary increases, other than estimated step increases, are included in future personnel cost projections.
- Medicaid costs return to their pre-stimulus relief levels.
- No increase in net debt service costs over 2010 Recommended Operating Budget.
- General Fund subsidization of the nursing home returns to more historical level without the recent one-shot revenues.
- Other expenses increase based on historical trends.
- Sales tax revenues increase at the rate of 3% over the 2010 Recommended Operating Budget, with the increase over 2010 all going to the General Fund, not the Police District Fund.
- Tobacco settlement revenues in accordance with Projected Tobacco MSA Revenues schedule included in this report.
- Other revenues are based on historical trends.

Our projections for the 2011 General Fund Operating Budget estimate total appropriations of \$1.951 billion, and total other than property tax revenues of \$1.762 billion, leaving a projected real property tax warrant of \$161.5 million (see 2011 General Fund Combined). The 2010 Recommended property tax warrant is \$49.0 million, so 2011 would be an increase of \$112.5 million, or a 229.6% increase which would not be needed if a consistent General Fund warrant was maintained to meet expenses over the years. This projection assumes no use of tax stabilization reserve funds at this time.

In conclusion, it is evident by these forecasts that the County is going to continue to be in a severe budget position going forward if adequate steps are not taken to increase recurring revenues, mainly real property taxes, and reduce recurring expenses to insure a sound operating budget that is not reliant on one-shots to bail it out. Unfortunately this bodes poorly for the members of AME. Every county employee, both union and management alike, have already made numerous sacrifices to support the County in balancing the budget and it appears that there is no end in sight unless the County is willing to adequately fund its operations through reliable, recurring revenue sources.

The Budget Review Office (BRO) report identifies department-by-department how it will be virtually impossible to fill vacancies and new positions with the proposed appropriations in spite of escalating caseloads. Automatic filling of Child Protection Service (CPS) workers and creation of new 8 members for a CPS Preventive Services Team yields no substance as the funds provided in this budget are insufficient to do both. In fact, only 109 of the 220 vacancies in DSS can be filled within the proposed appropriations, yet the June 2009 announcement of a new DSS Commissioner said he would be supervising over 1,700 employees, which is clearly not the case. The County Executive's continues to allow for less than half of vacancies to be filled in DSS, while the vacancy rate for DSS has double during his term from 6.4% to 12.4%.

The Consumer Protection Agency, and a revenue producing department, shows a vacancy rate of over 30%.

And finally, the County Executive was completely wrong about John J. Foley Skilled Nursing Facility (JJFSNF) last year. The county subsidy is down to a remarkable \$941,630 not the \$15 million as predicted by a high price consultant. AME is aware that much of this savings was the results of changes to the Medicaid Rate Structure and federal aid under Medicare Underpayment Program, however, these actions fall under the "Doctrine of Unexpected Benefits" that arises when you are committed to making something work, rather than abandoning it. One of the points AME made last year was that proactive supervision committed to keeping the JJF skilled nursing facility open would lead to better outcomes when both management and labor worked together for a solution. The work of the JJFSNF oversight committee, led by Presiding Officer William Lindsay, proves that employees are part of the solution, not part of the problem.

We appreciate the time you have given AME to present our 2010 analysis and look forward to being part of the solution.

STATUS OF FUND
COUNTY OF SUFFOLK
ANNUAL BUDGET

2009 ESTIMATED	2010 RECOMMENDED	2010 ESTIMATED	2011 POLICE DISTRICT COMBINED	2011 REQUESTED	2011 PROJECTED	2011 ADOPTED
\$	\$	\$		\$	\$	\$
21,875,765	36,619,033	36,619,033	STATUS OF FUND			
523,775,051	512,346,455	#N/A	Fund Balance, January 1	36,619,033	36,619,033	
0	0	0	Revenue, Jan. 1-Dec. 31		541,162,626	0
			Plus Liquidation of Encumbrances	0	0	0
545,650,816	548,965,488	36,619,033	Total Funds Available	36,619,033	577,781,659	0
509,031,783	548,965,488	#N/A	Less Expenditures Jan. 1 - Dec. 31		577,781,659	0
0	0	0	Less Reserved for Bonded Debt & Encumbrances	0	0	0
36,619,033	0	36,619,033	Fund Balance, Dec 31	36,619,033	0	0
			POLICE DISTRICT PROPERTY TAX LEVY (as budgeted)			
	548,965,488		Appropriations		577,781,659	
	66,935,046		Less Non-Property Tax Revenues		67,005,974	
	482,030,442		Stand Alone Net Property Tax Levy	0	510,775,686	0
	36,619,033		Less: surplus Appropriated to Reduce Tax Levy	36,619,033	36,619,033	0
			Less Amt. Credited(+) or Charged(-) to Warrant from Prev Yr			
			Less Amt. credited(+) or Charged(-) to Warrant from 2 Yrs Prev			
	445,411,409		Property Tax Warrant	(36,619,033)	474,156,653	0

VARIANCES BY MAJOR REVENUE ITEM

ALL FUNDS (in millions)

REVENUE ITEM	2008	2009	2010	DIFFERENCE ACT/EST		DIFFERENCE EST/REC	
	ACT	EST	REC	AMOUNT	%	AMOUNT	%
SALES TAXES	\$1,012.2	\$1,094.6	\$1,149.3	\$82.4	8.14%	\$54.7	5.00%
REAL PROPERTY TAXES	\$530.9	\$531.9	\$563.1	\$1.0	0.19%	\$31.2	5.87%
REAL PROPERTY TAX ITEMS	\$42.1	\$42.4	\$41.8	\$0.3	0.71%	(\$0.6)	-1.42%
FEDERAL AID	\$193.3	\$244.5	\$218.2	\$51.2	26.49%	(\$26.3)	-10.76%
STATE AID	\$326.2	\$320.7	\$320.7	(\$5.5)	-1.69%	\$0.0	0.00%
USES OF MONEY AND PROPERTY	\$89.5	\$81.3	\$83.7	(\$8.2)	-9.16%	\$2.4	2.95%
DEPARTMENTAL INCOME	\$227.7	\$188.2	\$190.8	(\$39.5)	-17.35%	\$2.6	1.38%
INTERFUND REVENUES	\$527.5	\$499.8	\$475.4	(\$27.7)	-5.25%	(\$24.4)	-4.88%
OTHER	\$190.4	\$21.9	\$32.1	(\$168.5)	-88.50%	\$10.2	46.58%
TOTAL	\$3,139.8	\$3,025.3	\$3,075.1	(\$114.5)	-3.65%	\$49.8	1.65%
FUND BALANCES (General Fund & Police District Only)	\$160.8	\$98.3	\$81.9	(\$62.5)	-38.87%	(\$16.4)	-16.68%

SUMMARY OF PROPERTY TAX WARRANTS

2004 - 2009

Description	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Adopted
General Fund Tax Warrant	53,499,213	52,314,496	52,032,399	51,455,503	51,093,013	51,091,951
Annual % (+ or -)	0.00%	-2.21%	-0.54%	-1.11%	-0.70%	0.00%
Police District Fund Tax Warrant	396,784,286	412,412,048	422,722,349	429,367,184	439,543,186	446,444,014
Annual % (+ or -)	6.51%	3.94%	2.50%	1.57%	2.37%	1.57%
Total Annual Tax Warrant	3,564,473,796	3,839,329,700	4,087,856,483	4,366,774,587	4,571,080,251	4,780,023,954
Annual % (+ or -)	7.14%	7.71%	6.47%	6.82%	4.68%	4.57%
General Fund % of Total Tax Warrant	1.50%	1.36%	1.27%	1.18%	1.12%	1.07%
Police District Fund % of Total Tax Warrant	11.13%	10.74%	10.34%	9.83%	9.62%	9.34%

VARIANCES BY MAJOR EXPENSE ITEM

ALL FUNDS (in millions)

EXPENSE ITEM	2008 ACTUAL	2009 EST.	2010 REC.	DIFFERENCE ACT/EST		DIFFERENCE EST/REC	
				AMOUNT	%	AMOUNT	%
PERSONAL SERVICES	\$945.0	\$900.1	\$995.1	(\$44.9)	-4.99%	\$95.0	10.55%
EQUIPMENT	\$16.8	\$15.3	\$9.1	(\$1.5)	-9.80%	(\$6.2)	-40.52%
SUPPLIES, MATERIALS & OTHER EXPENSES	\$78.3	\$86.8	\$91.2	\$8.5	9.79%	\$4.4	5.07%
CONTRACTUAL EXPENSES	\$626.2	\$597.7	\$586.0	(\$28.5)	-4.77%	(\$11.7)	-1.96%
DEBT SERVICE PRINCIPAL & INTEREST	\$107.6	\$77.6	\$104.4	(\$30.0)	-38.66%	\$26.8	34.54%
EMPLOYEE BENEFITS	\$457.4	\$463.1	\$477.6	\$5.7	1.23%	\$14.5	3.13%
INTERFUND TRANSFERS	\$0.0	\$0.0	\$0.1	\$0.0	0.00%	\$0.1	0.00%
MEDICAID (A)	\$225.2	\$201.3	\$190.6	(\$23.9)	-11.87%	(\$10.7)	-5.32%
EDUCATION OF HANDICAPPED CHILDREN (A)	\$171.0	\$169.4	\$171.4	(\$1.6)	-0.94%	\$2.0	1.18%
TOTAL	\$2,627.5	\$2,511.3	\$2,625.5	(\$116.2)	-4.63%	\$114.2	4.55%

NOTE A: General Fund Only

STATUS OF FUND
COUNTY OF SUFFOLK
ANNUAL BUDGET

2009 ESTIMATED	2010 RECOMMENDED	2010 ESTIMATE	2011 GENERAL FUND COMBINED	2011 REQUESTED	2011 PROJECTED	2011 ADOPTED
\$	\$	\$		\$	\$	\$
76,397,378	43,252,358	43,252,358	STATUS OF FUND			
1,779,597,189	1,810,595,183	1,810,595,183	Fund Balance, January 1	0	0	
0	0	0	Revenue, Jan. 1-Dec. 31	0	1,950,986,888	0
			Plus Liquidation of Encumbrances	0	0	0
1,855,994,567	1,853,847,541	1,853,847,541	Total Funds Available	0	1,950,986,888	0
1,812,742,209	1,853,847,541	1,853,847,541	Less Expenditures Jan. 1 - Dec. 31	0	1,950,986,888	0
0		0	Less Reserved for Bonded Debt & Encumbrances			
43,252,358	0	0	Fund Balance, Dec 31	0	0	0
			GENERAL PROPERTY TAX LEVY (as budgeted)			
	1,853,847,541		Appropriations		1,950,986,888	
	1,761,558,145		Less Non-Property Tax Revenues		1,789,521,902	
	92,289,396		Stand Alone Net Property Tax Levy	0	161,464,986	0
	43,252,358		Less: Surplus Appropriated to Reduce Tax Levy	0	0	0
			Less Amt. Credited (+) or Charged (-) to Warrant from Prev. Yr.			
			Less Amt. Credited(+) or Charged (-) to Warrant from 2 Yrs. Prior			
	49,037,038		General Property Tax Warrant	0	161,464,986	0