

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, 2017

JOHN M. KENNEDY, JR.
COMPTROLLER

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**SUFFOLK COUNTY
NEW YORK**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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 (the "County"), as of and for the year ended December 31, 2017 (with the Suffolk County Community College for the year ended August 31, 2017), and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Suffolk County Regional Off-Track Betting Corporation, the Suffolk County Community College, and the Suffolk County Industrial Development Agency, which represents 100% of the County's discretely presented component units. Those statements were audited by other auditors whose report has 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, for which the Suffolk County Regional Off-Track Betting Corporation opinion includes an emphasis of matter paragraph related to the possibility of overcharging of construction costs. We also did not audit the financial statements of the Suffolk County Economic Development Corporation, which represents a blended component unit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness

of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, based on our audit and the report of 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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As described in Note I to the financial statements, in 2017, Suffolk County adopted Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which resulted in restated beginning net position. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual, Schedule of Changes in Total OPEB and Related Ratios, Schedule of Proportionate Share of the Net Pension Liability, and Schedule of Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2018 on our consideration of the Suffolk County's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Suffolk County's internal control over financial reporting and compliance.

Deloitte & Touche LLP

June 29, 2018

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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, 2017.

Financial Highlights

- The liabilities and deferred inflows of resources of Suffolk County exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$5,268,384,334 (deficit). This net position includes \$597,834,173 in restricted net position and is net of a deficit of \$7,735,774,380 in unrestricted net position. Also included as an offset is \$1,869,555,873 reported in net investment in capital assets.
- Suffolk County's total net position decreased by \$165,629,712, after a restatement of net position in the amount of \$2.8 billion as a result of the implementation of GASB Statement No. 75 and No. 80.
- As of the close of the current fiscal year, Suffolk County's governmental funds reported combined fund balances of \$229,710,037, a decrease of \$8,708,431 in comparison with the prior year. The fund balance is classified within the spendable fund balance categories: restricted of \$597,834,173 and an unassigned deficit of \$368,124,136.
- At the end of the current fiscal year, the unassigned fund deficit for the general fund was \$244,229,904.
- Suffolk County's total bonded debt increased by \$7,531,253 (0.43 percent) during the current fiscal year.

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 position presents information on all of Suffolk County's assets and deferred outflows of resources, and liabilities, and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 Francis S. Gabreski Airport 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). Financial information for these component units is reported separately from the financial information presented for the primary government itself. The Suffolk Tobacco Asset Securitization Corp. (STASC), Judicial Facilities Agency, Suffolk County Landbank Corp., Recreation and Economic Development Corp., and the Suffolk County Economic Development Corporation (EDC) although also legally separate, function 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 18-21 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 reports 55 individual governmental funds on a GAAP basis. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and two special revenue funds (Police District Fund and Suffolk Tobacco Asset Securitization Corp.), and one capital project fund, all of which are considered to be major funds. Data from the other 51 non-major governmental funds are combined into a single aggregated presentation. Individual fund data for each of these 51 non-major governmental funds is provided in the form of combining statements, which is included with the Combining and Individual Fund Statements and Schedules.

Suffolk County adopts an annual appropriated budget for the general fund and 6 of its components as well as 36 special revenue funds. Budgetary comparison schedules have 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 35 non-major 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 22-25 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 County Ball Park and Francis S. Gabreski Airport.

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 26-28 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 29-30 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 35-92 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents the Schedule of Changes in Total OPEB and Related Ratios, Schedule of Proportionate Share of the Net Pension Liability, and Schedule of Contributions which are Required Supplementary Information.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As the following table demonstrates, the County's liabilities and deferred inflows exceeded its assets and deferred outflows by \$5,268,384,334 at the close of the most recent fiscal year.

A summary of the County's net position for 2017 is presented below, together with comparative 2016 information.

	Suffolk County's Net Position					
	Governmental Activities		Business-type Activities		Totals	
	2017	2016 *	2017	2016 **	2017	2016 *
Current and other assets	\$ 1,559,155,665	\$ 1,590,536,366	\$ 1,650,412	\$ 2,380,058	\$ 1,560,806,077	\$ 1,592,916,424
Cash with fiscal agents	19,525,330	25,649,191	-	-	19,525,330	25,649,191
Capital assets	3,146,676,737	3,069,316,316	60,824,717	55,936,653	3,207,501,454	3,125,252,969
Total assets	4,725,357,732	4,685,501,873	62,475,129	58,316,711	4,787,832,861	4,743,818,584
Total deferred outflows of resources	715,653,182	795,380,923	637,696	554,522	716,290,878	795,935,445
Total assets and deferred outflows of resources	5,441,010,914	5,480,882,796	63,112,825	58,871,233	5,504,123,739	5,539,754,029
Long term liabilities outstanding	8,857,831,466	9,177,361,887	10,414,208	11,361,511	8,868,245,674	9,188,723,398
Other liabilities	1,333,863,459	1,354,867,692	1,323,871	1,443,411	1,335,187,330	1,356,311,103
Total liabilities	10,191,694,925	10,532,229,579	11,738,079	12,804,922	10,203,433,004	10,545,034,501
Total deferred inflows of resources	568,381,962	97,430,591	693,107	43,559	569,075,069	97,474,150
Total liabilities and deferred inflows of resources	10,760,076,887	10,629,660,170	12,431,186	12,848,481	10,772,508,073	10,642,508,651
Net position:						
Net investment in capital assets	1,815,836,084	1,738,281,001	53,719,789	49,214,866	1,869,555,873	1,787,495,867
Restricted	597,834,173	602,210,477	-	-	597,834,173	602,210,477
Unrestricted	(7,732,736,230)	(7,489,268,852)	(3,038,150)	(3,192,114)	(7,735,774,380)	(7,492,460,966)
Total net position	\$ (5,319,065,973)	\$ (5,148,777,374)	\$ 50,681,639	\$ 46,022,752	\$ (5,268,384,334)	\$ (5,102,754,622)

* As restated for GASB 75 and 80

** As restated for GASB 75

Net position includes \$1,869,555,873 in capital assets (e.g., land, buildings, machinery, and equipment) less debt used to acquire those assets, reflecting the County's net investment in capital assets. 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 position, \$597,834,173, represents resources that are subject to external restrictions on how they may be used. The remaining balance is a

deficit in unrestricted net position of \$7,735,774,380 which is primarily the result of long-term liabilities being recognized prior to the date on which funding is due.

	Suffolk County's Changes in Net Position					
	Governmental Activities		Business-type Activities		Totals	
	2017	2016 *	2017	2016 **	2017	2016 *
Revenues:						
Program revenues:						
Charges for services	\$ 375,081,897	\$ 324,317,115	\$ 3,434,453	\$ 3,643,065	\$ 378,516,350	\$ 327,960,180
Operating grants and contributions	536,201,384	546,255,665	-	-	536,201,384	546,255,665
Capital grants and contributions	76,542,920	74,332,607	5,010,341	3,258,097	81,553,261	77,590,704
General revenues:						
Property taxes	702,462,132	691,092,015	-	-	702,462,132	691,092,015
Sales and use tax	1,409,558,615	1,352,668,032	-	-	1,409,558,615	1,352,668,032
Other, net	52,019,799	56,777,056	96,019	201,605	52,115,818	56,978,661
Total revenues	<u>3,151,866,747</u>	<u>3,045,442,490</u>	<u>8,540,813</u>	<u>7,102,767</u>	<u>3,160,407,560</u>	<u>3,052,545,257</u>
Expenses:						
General government	407,164,778	724,920,813	-	-	407,164,778	724,920,813
Economic assistance and opportunity	757,996,674	1,098,332,565	-	-	757,996,674	1,098,332,565
Health	201,334,405	367,110,217	-	-	201,334,405	367,110,217
Public safety	1,403,820,811	3,285,699,685	-	-	1,403,820,811	3,285,699,685
Culture and recreation	37,818,150	64,445,117	-	-	37,818,150	64,445,117
Education	187,321,905	182,908,987	-	-	187,321,905	182,908,987
Home and community services	105,339,774	164,323,618	-	-	105,339,774	164,323,618
Transportation	158,702,610	191,328,470	-	-	158,702,610	191,328,470
Ball park	-	-	592,463	509,701	592,463	509,701
Gabreski airport	-	-	2,240,686	3,170,842	2,240,686	3,170,842
Interest on long term debt	63,705,016	66,047,143	-	-	63,705,016	66,047,143
Total expenses	<u>3,323,204,123</u>	<u>6,145,116,615</u>	<u>2,833,149</u>	<u>3,680,543</u>	<u>3,326,037,272</u>	<u>6,148,797,158</u>
Change in net position before transfers	(171,337,376)	(3,099,674,125)	5,707,664	3,422,224	(165,629,712)	(3,096,251,901)
Transfers	1,048,777	956,595	(1,048,777)	(956,595)	-	-
Change in net position	<u>(170,288,599)</u>	<u>(3,098,717,530)</u>	<u>4,658,887</u>	<u>2,465,629</u>	<u>(165,629,712)</u>	<u>(3,096,251,901)</u>
Net position - beginning	<u>(5,148,777,374)</u>	<u>(2,050,059,844)</u>	<u>46,022,752</u>	<u>43,557,123</u>	<u>(5,102,754,622)</u>	<u>(2,006,502,721)</u>
Net position - ending	<u>\$ (5,319,065,973)</u>	<u>\$ (5,148,777,374)</u>	<u>\$ 50,681,639</u>	<u>\$ 46,022,752</u>	<u>\$ (5,268,384,334)</u>	<u>\$ (5,102,754,622)</u>

* As restated for GASB 75 and 80

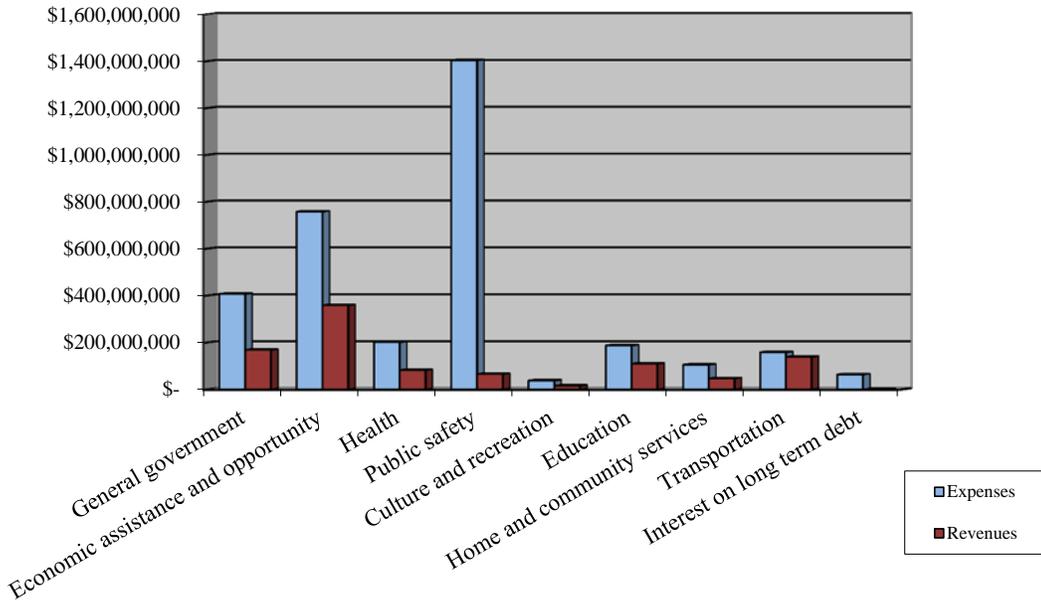
** As restated for GASB 75

The County's net position decreased by \$165,629,712, after a restatement of net position in the amount of \$2.8 billion as a result of the implementation of GASB Statement No 75 and No 80 during the current fiscal year. Key elements of the decrease are as follows:

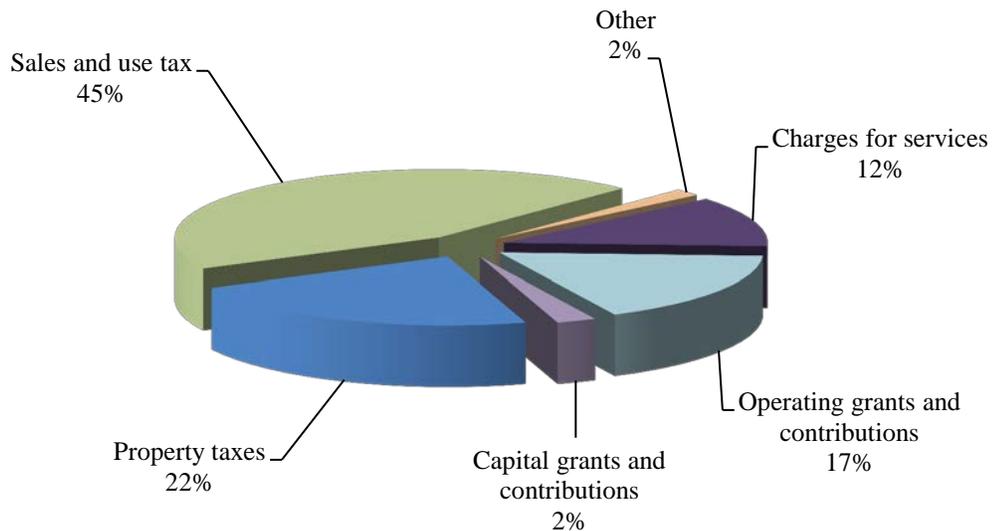
- The current year net effect of the County's OPEB related liability, deferred outflows of resources and deferred inflows of resources, in the amount of \$189.9 million.
- A net increase in the County's bonds payable, in the amount of \$7.5 million, resulting from the issuance of advanced refunding bonds and the reallocation of debt service and premiums on the refunding as well as the EFC debt which was issued to partially defease a note. This transaction resulted in an offsetting decrease in notes payable in the amount of \$36.8 million.
- An increase of \$5 million in the recognition of State Aid as part of a capital project to repair damage from Superstorm Sandy and strengthen Fire Island to withstand future storms by building an engineered beach and dune system.

Governmental activities. Governmental activities decreased the County’s net position by \$170,288,599, after a restatement of net position in the amount of \$2.796 billion as a result of the implementation of GASB Statement No. 75 and No. 80. The key factors of the decrease were the effect of the OPEB related liability, deferred outflows of resources and deferred inflows of resources, in the amount of \$198.7 million, the issuance of advanced refunding bonds and EFC debt to partially defease a note, for a net increase in bonds payable of \$8.1 million, and an offsetting decrease in notes payable in the amount of \$36.8 million.

Expenses and Program Revenues - Governmental Activities

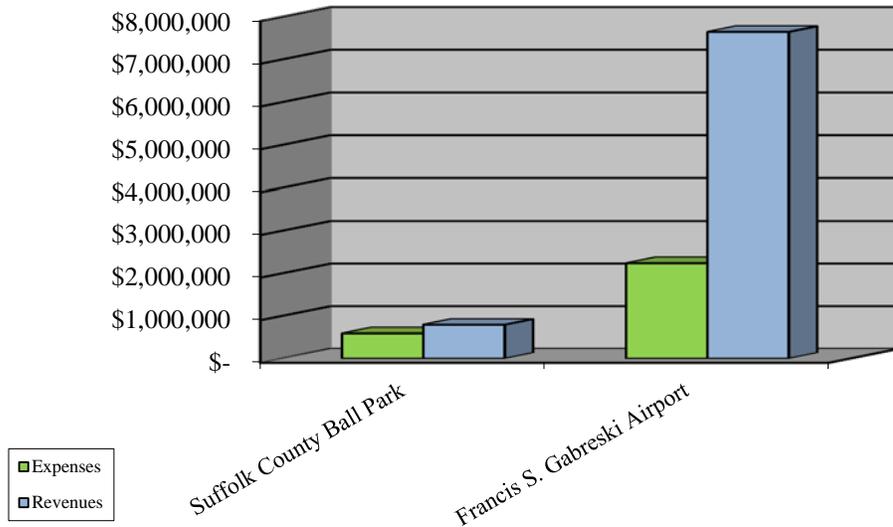


Revenues by Source - Governmental Activities

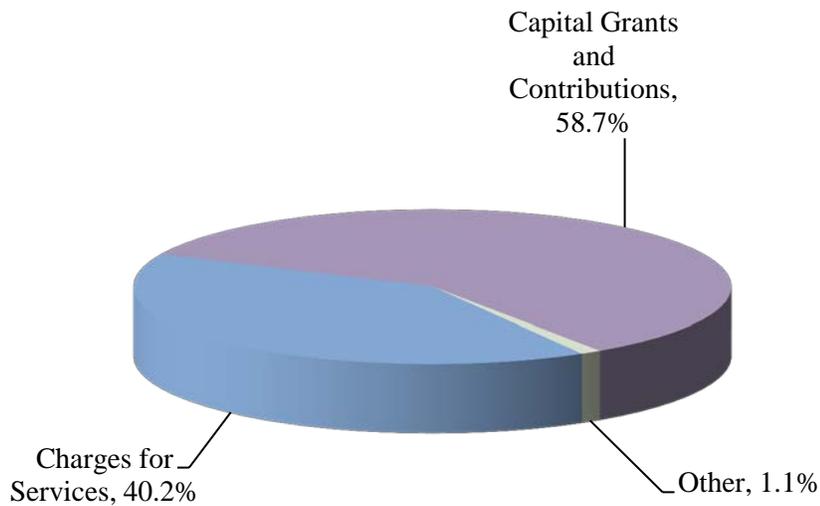


Business-type activities. Business-type activities increased the County’s net position by \$4,658,887 after a restatement of net position in the amount of \$775,512 as a result of the implementation of GASB Statement No. 75. The increase is attributable to an increase in Federal and State capital contributions for renovations and construction projects at Gabreski Airport. In addition, there was a decline in Gabreski Airport expenses compared to 2016.

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$229,710,037, a decrease of \$8,708,431 in comparison with the prior year. The fund balance is classified based on the County's obligation to honor constraints on the specific purposes for which amounts in those funds can be spent. Of the total fund balance, \$597,834,173 is restricted to indicate that these resources can be expended only for a specific purpose through an externally imposed constraint. The most significant of these restrictions are for the purposes of: (1) Home and community services (\$250,953,582), (2) Debt service (\$209,056,010), (3) Public safety (\$31,328,663), (4) Transportation (\$48,329,264), and (5) General government support (\$17,329,324).

The general fund is the chief operating fund of Suffolk County. At the end of the current fiscal year, unassigned fund balance of the general fund on a GAAP basis amounted to a deficit totaling \$244,229,904. No portion of the general fund balance was restricted.

The fund balance of Suffolk County's general fund decreased by \$18,114,377. This decrease was largely due to increased costs for the County's self-insured health plan and lawsuit settlement payments.

The police district fund has a total fund deficit of \$96,001,810. The police district total fund balance decreased during the current year by \$16,784,971. The decline in fund balance was mainly the result of separation pay for retirees and new recruits hired in 2017.

The capital fund has a total fund balance of \$120,209,602. The capital fund total fund balance decreased during the current year by \$4,639,164. The decrease in fund balance resulted from a reduction in both bond proceeds and funding from the County's Water Protection reserve fund compared to 2016.

The Suffolk Tobacco Asset Securitization Corporation (STASC) is a blended component unit of the County and had a fund balance of \$209,056,010. The fund balance of STASC decreased by \$7,902,301. The decrease is attributed to the annual amortization of the deferred outflows of resources; to account for the purchase of Suffolk County's future rights to Tobacco Settlement Revenues (TSR) in compliance with GASB 48.

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 position/ (deficit) of the Suffolk County Ball Park and Francis S. Gabreski Airport at the end of the year amounted to \$263,007 and (\$3,301,157), respectively. The Suffolk County Ball Park had an increase of \$118,344 and Francis S. Gabreski Airport had a decrease of \$739,892.

General Fund Budgetary Basis Highlights

Differences between the original and final amended budget for expenditures were de minimis at a decrease of 0.029 percent, (\$531 thousand decrease in appropriations).

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Suffolk County is currently 4.5 percent, which is an increase from a rate of 4.4 percent a year ago. The County's rate is equal to the state's average unemployment rate and slightly higher than the national average rate of 4.4 percent.
- The vacancy rate of office properties located in the County over the past three years is 17.9, 14.6 and 13.3 percent for years 2015, 2016, and 2017 respectively.
- During 2017, inflationary trends in the region were slightly lower than national indices. The annual 2017 NY metro area regional Consumer Price Index (CPI) was 2.0 whereas the U.S. city annual CPI was 2.1 percent.

All of these factors were considered in preparing the County's budget for the 2018 fiscal year.

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, 2017, amounts to \$3,207,501,454 (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 2.63 percent (a 2.52 percent increase for governmental activities and an 8.74 percent increase for business-type activities).

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

- Land was acquired during 2017 pursuant to various land preservation and protection programs at a cost of \$1.5 million. In addition, land purchases, condemnations, and easements were acquired during 2017 pursuant to the Fire Island Inlet to Moriches Inlet (FIMI) Stabilization Project. The FIMI Project is a \$207 million project, financed by the federal government to protect the barrier island. Suffolk County will acquire title/obtain easements to over 450 properties at an estimated cost of \$68 million. Costs for 2017 totaled \$18.7 million, reaching over \$50 million at year-end. Once easements and titles have been acquired, the FIMI Project will repair damage from Superstorm Sandy and strengthen Fire Island to withstand future storms by building an engineered beach and dune system.
- Various road construction projects to strengthen and expand the County's existing roadways began or continued in 2017. Construction in progress as of the close of the fiscal year reached \$93.0 million. A total of \$64.5 million was spent in 2017. In

addition, \$15.3 million was transferred to road infrastructure upon completion of the construction projects during 2017.

- Various sewer system construction projects began or continued in 2017. Construction in progress as of the close of the fiscal year reached \$212.0 million and a total of \$28.5 million was spent in 2017.

Suffolk County's Capital Assets (net of depreciation)							
	Governmental activities		Business-type activities		Totals		
	2017	2016	2017	2016	2017	2016	
Land	\$ 919,389,277	\$ 904,265,836	\$ 22,092,831	\$ 22,092,831	\$ 941,482,108	\$ 926,358,667	
Development rights and easements	261,929,794	256,895,592	-	-	261,929,794	256,895,592	
Historic buildings	4,607,607	4,607,607	-	-	4,607,607	4,607,607	
Buildings	632,877,142	632,073,904	10,960,586	11,442,078	643,837,728	643,515,982	
Improvements other than buildings	40,347,441	36,320,377	16,520,994	17,270,126	56,868,435	53,590,503	
Vehicles and equipment	138,724,527	122,017,669	764,922	726,008	139,489,449	122,743,677	
Infrastructure	769,319,668	775,516,839	-	-	769,319,668	775,516,839	
Construction in progress	379,481,281	337,618,492	10,485,384	4,405,610	389,966,665	342,024,102	
Total	\$ 3,146,676,737	\$ 3,069,316,316	\$ 60,824,717	\$ 55,936,653	\$ 3,207,501,454	\$ 3,125,252,969	

Additional information on Suffolk County's capital assets can be found in note III.C. on pages 58-61 of this report.

Long-term debt. At the end of the current year, Suffolk County had total bonded debt outstanding of \$1,751,902,341. The general obligation bonds are backed by the full faith and credit of the County. STASC series 2008 and 2012 asset-backed bonds issued by the Corporation as well as JFA series 2013 lease revenue bonds are not backed by the full faith and credit of the County.

Suffolk County's Outstanding Debt Bonds							
	Governmental activities		Business-type activities		Totals		
	2017	2016	2017	2016	2017	2016	
General obligation debt	\$ 647,734,869	\$ 974,248,125	\$ 2,518,215	\$ 5,721,662	\$ 650,253,084	\$ 979,969,787	
Advance refunding debt	735,487,626	398,629,567	5,373,820	2,744,915	740,861,446	401,374,482	
STASC	300,295,807	299,974,009	-	-	300,295,807	299,974,009	
Lease revenue bonds	60,492,004	63,052,810	-	-	60,492,004	63,052,810	
Total bonds payable	\$ 1,744,010,306	\$ 1,735,904,511	\$ 7,892,035	\$ 8,466,577	\$ 1,751,902,341	\$ 1,744,371,088	

Suffolk County's total bonded debt increased during the current fiscal year by \$7,531,253 (0.43 percent).

Suffolk County maintains an "A-" with a stable outlook rating from Standard & Poor's, an "A-" with a stable outlook rating from Fitch and an "A3" with a "negative outlook" 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 \$18,715,809,840 which is significantly in excess of Suffolk County's outstanding general obligation debt. The County has \$548,760,000 in bonds authorized, but unissued.

Additional information on Suffolk County's long-term debt can be found in note III.G. on pages 66-73 of this report.

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.

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BASIC FINANCIAL STATEMENTS

SUFFOLK COUNTY, NEW YORK

Statement of Net Position

December 31, 2017

	Primary Government			Component Units
	Governmental Activities	Business - Type Activities	Totals	
Assets				
Current assets:				
Cash and cash equivalents	\$ 729,611,853	\$ 3,703,167	\$ 733,315,020	\$ 100,952,318
Investments	15,520,172	-	15,520,172	17,520,755
Property tax receivable, net of allowance for estimated uncollectibles of \$ 14,698,414	249,898,435	-	249,898,435	-
Accounts receivable, net	-	-	-	4,962,774
Due from:				
New York State and federal sources:				
Programs of assistance	109,931,127	-	109,931,127	-
Grants-in-aid	142,882,681	2,824,809	145,707,490	-
Sales tax	159,318,263	-	159,318,263	-
Other	-	-	-	5,914,386
Towns	78,860,776	-	78,860,776	-
Component units	7,618,061	-	7,618,061	-
Internal balances	4,930,274	(4,930,274)	-	-
Other receivables	60,567,784	52,710	60,620,494	5,136,355
Prepays	16,239	-	16,239	30,727
Total current assets	<u>1,559,155,665</u>	<u>1,650,412</u>	<u>1,560,806,077</u>	<u>134,517,315</u>
Noncurrent assets:				
Restricted:				
Cash with fiscal agents	19,525,330	-	19,525,330	-
Investments	-	-	-	4,861,373
Net pension asset	-	-	-	1,324,495
Capital assets:				
Nondepreciable	1,565,407,959	32,578,215	1,597,986,174	24,765,097
Depreciable, net	1,581,268,778	28,246,502	1,609,515,280	217,054,268
Other	-	-	-	914,694
Total noncurrent assets	<u>3,166,202,067</u>	<u>60,824,717</u>	<u>3,227,026,784</u>	<u>248,919,927</u>
Total assets	<u>4,725,357,732</u>	<u>62,475,129</u>	<u>4,787,832,861</u>	<u>383,437,242</u>
Deferred outflows of resources				
Deferred charge on refundings	42,002,063	343,808	42,345,871	235,349
Deferred outflows - pension - ERS	194,533,208	153,888	194,687,096	13,826,982
Deferred outflows - pension - PFRS	263,187,911	-	263,187,911	-
Deferred outflows - pension - TRS	-	-	-	15,195,829
Deferred outflows - OPEB	215,930,000	140,000	216,070,000	-
Total deferred outflows of resources	<u>715,653,182</u>	<u>637,696</u>	<u>716,290,878</u>	<u>29,258,160</u>
Total assets and deferred outflows of resources	<u>5,441,010,914</u>	<u>63,112,825</u>	<u>5,504,123,739</u>	<u>412,695,402</u>

(Continued)

SUFFOLK COUNTY, NEW YORK

Statement of Net Position

December 31, 2017

	Primary Government			Component Units
	Governmental Activities	Business - Type Activities	Totals	
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 459,544,293	\$ 242,105	\$ 459,786,398	\$ 47,950,980
Contract retainage payable	9,492,733	252,335	9,745,068	-
Accrued interest payable	10,553,562	-	10,553,562	-
Notes payable	575,518,875	-	575,518,875	-
Due to:				
Component units	641,267	-	641,267	-
Primary government	-	-	-	1,979,606
Unearned tax revenue	-	22,336	22,336	-
Unearned revenue, restricted	40,853,738	-	40,853,738	21,341,602
Current portion of noncurrent liabilities:				
Accumulated vacation and sick leave	21,355,194	-	21,355,194	3,136,638
Estimated liability for claims	45,301,606	-	45,301,606	-
Loans	-	-	-	20,621,232
Obligations under capital leases	82,082	-	82,082	46,073
Long-term obligations	143,751,628	807,095	144,558,723	6,492,609
Due to NYS retirement system	26,768,481	-	26,768,481	106,843
Total current liabilities	<u>1,333,863,459</u>	<u>1,323,871</u>	<u>1,335,187,330</u>	<u>101,675,583</u>
Noncurrent liabilities:				
Accumulated vacation and sick leave	482,500,083	-	482,500,083	29,221,499
Estimated liability for claims	552,674,458	-	552,674,458	-
Loans	-	-	-	29,719,886
Prepetition claims	-	-	-	11,650,842
Obligations under capital leases	-	-	-	43,769
Net pension liability	407,473,514	169,268	407,642,782	15,484,383
Long-term obligations	1,600,258,678	7,084,940	1,607,343,618	64,327,238
Due to NYS retirement system	243,134,733	-	243,134,733	-
Obligation for postemployment benefits other than pensions	5,571,790,000	3,160,000	5,574,950,000	333,209,778
Other long-term debt	-	-	-	487,597
Total noncurrent liabilities	<u>8,857,831,466</u>	<u>10,414,208</u>	<u>8,868,245,674</u>	<u>484,144,992</u>
Total liabilities	<u>10,191,694,925</u>	<u>11,738,079</u>	<u>10,203,433,004</u>	<u>585,820,575</u>
Deferred inflows of resources				
Deferred inflows - pension - ERS	41,351,283	33,107	41,384,390	3,054,380
Deferred inflows - pension - PFRS	34,440,679	-	34,440,679	-
Deferred inflows - pension - TRS	-	-	-	3,778,363
Deferred inflows - OPEB	492,590,000	660,000	493,250,000	-
Deferred amounts on NYS TAP	-	-	-	6,141,640
Total deferred inflows of resources	<u>568,381,962</u>	<u>693,107</u>	<u>569,075,069</u>	<u>12,974,383</u>
Total liabilities and deferred inflows of resources	<u>10,760,076,887</u>	<u>12,431,186</u>	<u>10,772,508,073</u>	<u>598,794,958</u>

(Continued)

SUFFOLK COUNTY, NEW YORK

Statement of Net Position

December 31, 2017

	Primary Government			Component Units
	Governmental Activities	Business - Type Activities	Totals	
Net Position				
Net investment in capital assets	\$ 1,815,836,084	\$ 53,719,789	\$ 1,869,555,873	\$ 131,672,023
Restricted for:				
Capital projects	-	-	-	4,861,373
Grants	-	-	-	16,411,867
General government support	17,329,324	-	17,329,324	-
Economic assistance & opportunity	3,551,308	-	3,551,308	-
Health	198,796	-	198,796	-
Public Safety	31,328,663	-	31,328,663	-
Culture and recreation	6,700,337	-	6,700,337	-
Education	9,740,638	-	9,740,638	-
Home and community services	250,953,582	-	250,953,582	-
Transportation	48,329,264	-	48,329,264	-
Debt service	209,056,010	-	209,056,010	-
Environmental protection	18,250,569	-	18,250,569	-
Tourism and recreation	2,395,682	-	2,395,682	-
Section 532.3a surcharge	-	-	-	49,567
Unrestricted (deficit)	(7,732,736,230)	(3,038,150)	(7,735,774,380)	(339,094,386)
Total net position	<u>\$ (5,319,065,973)</u>	<u>\$ 50,681,639</u>	<u>\$ (5,268,384,334)</u>	<u>\$ (186,099,556)</u>

(Concluded)

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, 2017

	Program Revenues				Net (Expenses) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Functions/Programs								
Primary Government:								
Governmental activities:								
General government support	\$ 407,164,778	\$ 156,592,069	\$ 12,013,559	\$ -	\$ (238,559,150)	\$ -	\$ (238,559,150)	\$ -
Economic assistance and opportunity	757,996,674	39,677,015	319,461,649	-	(398,858,010)	-	(398,858,010)	-
Health	201,334,405	19,081,464	63,575,072	-	(118,677,869)	-	(118,677,869)	-
Public safety	1,403,820,811	46,412,556	17,827,552	1,450,702	(1,338,130,001)	-	(1,338,130,001)	-
Culture and recreation	37,818,150	13,240,361	1,713,122	1,131,830	(21,732,837)	-	(21,732,837)	-
Education	187,321,905	19,098,655	80,007,325	10,747,595	(77,468,330)	-	(77,468,330)	-
Home and community services	105,339,774	40,429,744	5,908,960	700,268	(58,300,802)	-	(58,300,802)	-
Transportation	158,702,610	40,550,033	35,694,145	62,512,525	(19,945,907)	-	(19,945,907)	-
Interest on long-term debt	63,705,016	-	-	-	(63,705,016)	-	(63,705,016)	-
Total governmental activities	<u>3,323,204,123</u>	<u>375,081,897</u>	<u>536,201,384</u>	<u>76,542,920</u>	<u>(2,335,377,922)</u>	<u>-</u>	<u>(2,335,377,922)</u>	<u>-</u>
Business-type activities:								
Suffolk County Ball Park	592,463	796,430	-	-	-	203,967	203,967	-
Francis S. Gabreski Airport	2,240,686	2,638,023	-	5,010,341	-	5,407,678	5,407,678	-
Total business-type activities	<u>2,833,149</u>	<u>3,434,453</u>	<u>-</u>	<u>5,010,341</u>	<u>-</u>	<u>5,611,645</u>	<u>5,611,645</u>	<u>-</u>
Total primary government	<u>\$ 3,326,037,272</u>	<u>\$ 378,516,350</u>	<u>\$ 536,201,384</u>	<u>\$ 81,553,261</u>	<u>\$ (2,335,377,922)</u>	<u>\$ 5,611,645</u>	<u>\$ (2,329,766,277)</u>	<u>\$ -</u>
Component units:								
Suffolk County Community College	\$ 267,771,353	\$ 95,602,740	\$ 163,895,819	\$ -	\$ -	\$ -	\$ -	\$ (8,272,794)
Suffolk Regional Off-Track Betting Corp	9,861,743	22,485,921	-	-	-	-	-	12,624,178
Suffolk County Industrial Development	1,297,826	732,426	-	-	-	-	-	(565,400)
Total Component units	<u>\$ 278,930,922</u>	<u>\$ 118,821,087</u>	<u>\$ 163,895,819</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,785,984</u>
General Revenues:								
Taxes:								
Real property taxes					\$ 702,462,132	\$ -	\$ 702,462,132	\$ -
Sales and use tax					1,409,558,615	-	1,409,558,615	-
Interest on investments					4,335,489	8,286	4,343,775	2,183,475
Miscellaneous					47,684,310	87,733	47,772,043	-
Transfers					1,048,777	(1,048,777)	-	-
Total General revenues, special items, and transfers					<u>2,165,089,323</u>	<u>(952,758)</u>	<u>2,164,136,565</u>	<u>2,183,475</u>
Change in net position					<u>(170,288,599)</u>	<u>4,658,887</u>	<u>(165,629,712)</u>	<u>5,969,459</u>
Net position at beginning of year, as restated (See Note I.D.)					<u>(5,148,777,374)</u>	<u>46,022,752</u>	<u>(5,102,754,622)</u>	<u>(192,069,015)</u>
Net position at end of year					<u>\$ (5,319,065,973)</u>	<u>\$ 50,681,639</u>	<u>\$ (5,268,384,334)</u>	<u>\$ (186,099,556)</u>

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

SUFFOLK COUNTY, NEW YORK

Balance Sheet

Governmental Funds

December 31, 2017

	General	Police District	Capital	Suffolk Tobacco Asset Securitization Corp.	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 254,432,588	\$ 32,930	\$ 135,716,291	\$ 3,303,884	\$ 336,126,160	\$ 729,611,853
Investments	-	-	-	15,520,172	-	15,520,172
Property tax receivable, net of allowance for estimated uncollectibles of \$ 14,698,414	249,898,435	-	-	-	-	249,898,435
Due from:						
New York State and federal sources:						
Programs of assistance	98,165,751	-	-	-	11,765,376	109,931,127
Grants-in-aid	71,092,552	32,335	53,829,080	-	17,928,714	142,882,681
Sales tax	150,605,487	-	-	-	8,712,776	159,318,263
Towns	78,860,776	-	-	-	-	78,860,776
Other funds	359,525,297	170,683,620	46,054,398	-	362,793,002	939,056,317
Component units	7,618,061	-	-	-	-	7,618,061
Other receivables	49,294,222	256,893	86,227	-	10,870,767	60,508,109
Total assets	<u>1,319,493,169</u>	<u>171,005,778</u>	<u>235,685,996</u>	<u>18,824,056</u>	<u>748,196,795</u>	<u>2,493,205,794</u>
Deferred outflows of resources						
Purchase of future tobacco revenues	-	-	-	190,237,684	-	190,237,684
Total deferred outflows of resources	-	-	-	<u>190,237,684</u>	-	<u>190,237,684</u>
Total assets and deferred outflows of resources	<u>\$ 1,319,493,169</u>	<u>\$ 171,005,778</u>	<u>\$ 235,685,996</u>	<u>\$ 209,061,740</u>	<u>\$ 748,196,795</u>	<u>\$ 2,683,443,478</u>
Liabilities						
Accounts payable and accrued liabilities	\$ 287,746,197	\$ 86,721,595	\$ 46,947,967	\$ 5,730	\$ 38,122,804	\$ 459,544,293
Contract retainage payable	5,919	-	2,834,533	-	6,652,281	9,492,733
Notes payable	562,884,226	-	2,931,849	-	9,702,800	575,518,875
Due to:						
Other funds	262,970,859	173,885,650	44,773,053	-	452,826,084	934,455,646
Component units	641,267	-	-	-	-	641,267
Unearned revenue	22,799,052	121	17,988,992	-	65,573	40,853,738
Total liabilities	<u>1,137,047,520</u>	<u>260,607,366</u>	<u>115,476,394</u>	<u>5,730</u>	<u>507,369,542</u>	<u>2,020,506,552</u>
Deferred inflows of resources						
Unavailable revenue - property taxes	236,077,293	-	-	-	-	236,077,293
Unavailable revenue - government receivables	7,241,514	-	-	-	-	7,241,514
Sale of future tobacco revenues	183,356,746	6,400,222	-	-	151,114	189,908,082
Total deferred inflows of resources	<u>426,675,553</u>	<u>6,400,222</u>	<u>-</u>	<u>-</u>	<u>151,114</u>	<u>433,226,889</u>
Fund balances (deficits)						
Restricted for:						
General government support	-	-	10,358,186	-	6,971,138	17,329,324
Economic assistance and opportunity	-	-	2,470,733	-	1,080,575	3,551,308
Health	-	-	198,470	-	326	198,796
Public safety	-	-	17,926,745	-	13,401,918	31,328,663
Culture and recreation	-	-	6,604,433	-	95,904	6,700,337
Education	-	-	9,740,638	-	-	9,740,638
Home and community services	-	-	24,581,133	-	226,372,449	250,953,582
Transportation	-	-	48,329,264	-	-	48,329,264
Debt service	-	-	-	209,056,010	-	209,056,010
Environmental protection	-	-	-	-	18,250,569	18,250,569
Tourism and recreation	-	-	-	-	2,395,682	2,395,682
Unassigned	(244,229,904)	(96,001,810)	-	-	(27,892,422)	(368,124,136)
Total fund balances (deficits)	<u>(244,229,904)</u>	<u>(96,001,810)</u>	<u>120,209,602</u>	<u>209,056,010</u>	<u>240,676,139</u>	<u>229,710,037</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,319,493,169</u>	<u>\$ 171,005,778</u>	<u>\$ 235,685,996</u>	<u>\$ 209,061,740</u>	<u>\$ 748,196,795</u>	<u>\$ 2,683,443,478</u>

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

SUFFOLK COUNTY, NEW YORK
Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Position
December 31, 2017

Amounts reported for governmental activities in the statement of net position are different from the amounts reported in the balance sheet of the governmental funds because of the following:

Fund balances: total from governmental funds		\$ 229,710,037
Noncurrent assets reported in governmental activities are not financial resources and therefore, are not reported in the governmental funds.		19,525,330
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		3,146,676,737
Certain expenditures represent a consumption of net position that applies to a future period and is therefore reported as a deferred outflow of resources in the statement of net position.		715,653,182
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Accumulated vacation and sick leave	\$ (503,855,277)	
Estimated liability for claims	(597,976,064)	
Net pension liability	(407,473,514)	
Obligations under capital leases-long term	(82,082)	
Interest payables	(10,553,562)	
Long-term obligations	(1,744,010,306)	
Due to NYS retirement system	(269,903,214)	
Obligation for postemployment benefits other than pensions	<u>(5,571,790,000)</u>	
Total long-term liabilities		(9,105,644,019)
Certain financial statement elements represent an acquisition of net position that applies to a future period and therefore is reported as deferred inflows of resources in the statement of net position.		(568,381,962)
Certain revenues are earned but not collected at year-end and therefore are reported as deferred inflows of resources in the governmental funds balance sheets.		243,318,807
Certain expenditures are considered prepaid to match expenses with the period to which it relates.		16,239
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		59,676
Net position of governmental activities		<u><u>\$ (5,319,065,973)</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, 2017

	General	Police District	Capital	Suffolk Tobacco Asset Securitization Corp.	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Real property taxes	\$ 87,991,833	\$ 548,925,562	\$ -	\$ -	\$ 56,337,051	\$ 693,254,446
Sales and use tax	1,260,114,840	52,626,056	-	-	96,817,719	1,409,558,615
New York State aid	231,486,586	254,896	25,169,570	-	45,994,905	302,905,957
Federal aid	210,679,281	325,317	50,817,218	-	42,750,243	304,572,059
Licenses, permits, fines, fees, etc.	200,578,709	5,548,433	-	-	132,009,901	338,137,043
Interest on investments	2,151,109	10,592	-	803,577	1,370,211	4,335,489
Miscellaneous	83,400,689	1,002,771	11,823,749	16,052,165	9,741,477	122,020,851
Total revenues	<u>2,076,403,047</u>	<u>608,693,627</u>	<u>87,810,537</u>	<u>16,855,742</u>	<u>385,021,507</u>	<u>3,174,784,460</u>
Expenditures						
Current:						
General government support	245,095,831	1,242,211	-	89,048	29,862,256	276,289,346
Economic assistance and opportunity	607,243,485	-	-	-	30,641,582	637,885,067
Health	125,716,304	-	-	-	8,933,627	134,649,931
Public safety	327,689,304	392,461,481	-	-	27,360,497	747,511,282
Culture and recreation	15,196,333	-	-	-	6,692,807	21,889,140
Education	187,321,905	-	-	-	-	187,321,905
Home and community services	7,400,604	-	-	-	50,146,609	57,547,213
Transportation	112,417,623	-	-	-	10,803,708	123,221,331
Employee benefits	597,598,960	115,399,662	-	-	18,013,129	731,011,751
Debt service:						
Principal	109,145,152	7,221,858	-	1,910,000	23,394,535	141,671,545
Interest and other charges	33,269,536	1,013,953	-	16,813,838	12,470,727	63,568,054
Capital outlay	-	-	166,537,729	-	28,561,895	195,099,624
Total expenditures	<u>2,368,095,037</u>	<u>517,339,165</u>	<u>166,537,729</u>	<u>18,812,886</u>	<u>246,881,372</u>	<u>3,317,666,189</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(291,691,990)</u>	<u>91,354,462</u>	<u>(78,727,192)</u>	<u>(1,957,144)</u>	<u>138,140,135</u>	<u>(142,881,729)</u>
Other financing sources (uses)						
Refunding bonds issued	340,229,875	-	-	-	-	340,229,875
Premium on refunding bonds issued	39,957,924	-	-	-	-	39,957,924
Payments to refunding bond escrow agent	(380,187,799)	-	-	-	-	(380,187,799)
General obligation bonds issued	12,827,315	-	68,330,392	-	49,577,332	130,735,039
Premium on serial bonds issued	125,614	-	784,929	-	545,468	1,456,011
Transfers in	268,473,765	39,658,768	8,709,540	-	114,042,831	430,884,904
Transfers out	(7,849,081)	(147,798,201)	(3,736,833)	(5,945,157)	(264,506,855)	(429,836,127)
Total other financing sources (uses)	<u>273,577,613</u>	<u>(108,139,433)</u>	<u>74,088,028</u>	<u>(5,945,157)</u>	<u>(100,341,224)</u>	<u>133,239,827</u>
Net change in fund balances	(18,114,377)	(16,784,971)	(4,639,164)	(7,902,301)	37,798,911	(9,641,902)
Fund balances (deficits) at beginning of year as restated (See Note I.D.1)	(226,115,527)	(79,216,839)	124,848,766	216,958,311	202,877,228	239,351,939
Fund balances (deficits) at end of year	<u>\$ (244,229,904)</u>	<u>\$ (96,001,810)</u>	<u>\$ 120,209,602</u>	<u>\$ 209,056,010</u>	<u>\$ 240,676,139</u>	<u>\$ 229,710,037</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, 2017

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	\$ (9,641,902)
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 (\$22,355,176) exceeded depreciation (\$1,670,371) in the current period.	101,172,930
The net effect of various miscellaneous transactions involving capital and non current assets (i.e., sales, trade-ins and donations) is to decrease net position.	(23,812,509)
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 position. 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.	267,977
Revenues reported in the governmental funds statements and not reported in the statement of activities.	5,469,885
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.	(243,744,980)
Change in net position of governmental activities	<u><u>\$ (170,288,599)</u></u>

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

SUFFOLK COUNTY, NEW YORK

Statement of Net Position

Enterprise Funds

December 31, 2017

	<u>Suffolk County Ball Park</u>	<u>Francis S. Gabreski Airport</u>	<u>Total</u>
Assets			
Current assets:			
Cash and cash equivalents	\$ 441,302	\$ 3,261,865	\$ 3,703,167
Due from New York State and federal sources	461,004	2,363,805	2,824,809
Due from other funds	-	831,111	831,111
Other receivables	-	52,710	52,710
Total current assets	<u>902,306</u>	<u>6,509,491</u>	<u>7,411,797</u>
Noncurrent assets:			
Capital assets:			
Nondepreciable	2,092,831	30,485,384	32,578,215
Depreciable, net	10,055,222	18,191,280	28,246,502
Total noncurrent assets	<u>12,148,053</u>	<u>48,676,664</u>	<u>60,824,717</u>
Total assets	<u>13,050,359</u>	<u>55,186,155</u>	<u>68,236,514</u>
Deferred outflows of resources			
Deferred charges on refundings	29,739	314,069	343,808
Deferred outflows - pension - ERS	-	153,888	153,888
Deferred outflows - OPEB	-	140,000	140,000
Total deferred outflows of resources	<u>29,739</u>	<u>607,957</u>	<u>637,696</u>
Total assets and deferred outflows of resources	<u>13,080,098</u>	<u>55,794,112</u>	<u>68,874,210</u>
Liabilities			
Current liabilities:			
Accounts payable	13,527	228,578	242,105
Contract retainage payable	-	252,335	252,335
Due to other funds	625,773	4,806,008	5,431,781
Unearned revenue	-	22,336	22,336
Current portion of long-term obligations	151,170	655,925	807,095
Total current liabilities	<u>790,470</u>	<u>5,965,182</u>	<u>6,755,652</u>
Noncurrent liabilities:			
Net pension liability	-	169,268	169,268
Long-term obligations	158,087	6,926,853	7,084,940
Obligation for postemployment benefits other than pensions	-	3,160,000	3,160,000
Total noncurrent liabilities	<u>158,087</u>	<u>10,256,121</u>	<u>10,414,208</u>
Total liabilities	<u>948,557</u>	<u>16,221,303</u>	<u>17,169,860</u>
Deferred inflows of resources			
Deferred inflows - pensions - ERS	-	33,107	33,107
Deferred inflows - OPEB	-	660,000	660,000
Sale of future tobacco revenues	-	329,604	329,604
Total deferred inflows of resources	<u>-</u>	<u>1,022,711</u>	<u>1,022,711</u>
Total liabilities and deferred inflows of resources	<u>948,557</u>	<u>17,244,014</u>	<u>18,192,571</u>
Net Position			
Net investment in capital assets	11,868,534	41,851,255	53,719,789
Unrestricted (deficit)	263,007	(3,301,157)	(3,038,150)
Total net position	<u>\$ 12,131,541</u>	<u>\$ 38,550,098</u>	<u>\$ 50,681,639</u>

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

SUFFOLK COUNTY, NEW YORK
Statement of Revenues, Expenses, and Changes in Net Position
Enterprise Funds
For the Year Ended December 31, 2017

	<u>Suffolk County Ball Park</u>	<u>Francis S. Gabreski Airport</u>	<u>Total</u>
Operating revenues			
Licenses, permits, fines, fees, etc.	\$ 796,430	\$ 2,638,023	\$ 3,434,453
Miscellaneous	-	87,733	87,733
Total operating revenues	<u>796,430</u>	<u>2,725,756</u>	<u>3,522,186</u>
Operating expenses			
Salaries and wages	-	517,220	517,220
Administrative expenses	-	367,607	367,607
Depreciation	457,056	857,565	1,314,621
Miscellaneous	120,697	-	120,697
Employee benefits	-	270,708	270,708
Debt service interest	14,710	227,586	242,296
Total operating expenses	<u>592,463</u>	<u>2,240,686</u>	<u>2,833,149</u>
Operating income (loss)	<u>203,967</u>	<u>485,070</u>	<u>689,037</u>
Nonoperating revenues (expenses)			
Interest on investments	625	7,661	8,286
Total nonoperating revenues (expenses)	<u>625</u>	<u>7,661</u>	<u>8,286</u>
Income (loss) before contributions and transfers	204,592	492,731	697,323
Capital contributions - grants	-	5,010,341	5,010,341
Transfers in	-	13,056	13,056
Transfers out	<u>(285,868)</u>	<u>(775,965)</u>	<u>(1,061,833)</u>
Total other financing sources (uses)	<u>(285,868)</u>	<u>4,247,432</u>	<u>3,961,564</u>
Change in net position (deficit)	(81,276)	4,740,163	4,658,887
Total net position at beginning of year, as restated	<u>12,212,817</u>	<u>33,809,935</u>	<u>46,022,752</u>
Total net position at end of year	<u>\$ 12,131,541</u>	<u>\$ 38,550,098</u>	<u>\$ 50,681,639</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, 2017

	Suffolk County Ball Park	Francis S. Gabreski Airport	Totals
Cash flows from operating activities			
Receipts from operations	\$ 796,430	\$ 2,649,903	\$ 3,446,333
Receipts from other revenue	-	199,852	199,852
Payments to suppliers	-	(353,579)	(353,579)
Payments for contractual services	-	(117,271)	(117,271)
Miscellaneous expenses	(113,080)	-	(113,080)
Payments to employees	-	(482,210)	(482,210)
Payments for employee benefits	-	(204,824)	(204,824)
	<hr/>	<hr/>	<hr/>
Net cash provided by (used in) operating activities	683,350	1,691,871	2,375,221
Cash flows from noncapital financing activities			
Bad debt recovery	-	-	-
Transfer from other funds	-	5,903,809	5,903,809
Transfer to other funds	11,826	(2,974,954)	(2,963,128)
	<hr/>	<hr/>	<hr/>
Net cash provided by (used in) noncapital financing activities	11,826	2,928,855	2,940,681
Cash flows from capital and related financing activities			
Capital grants	-	2,703,418	2,703,418
Purchase of capital assets	-	(6,038,245)	(6,038,245)
Principal paid on capital debt	(253,667)	(604,916)	(858,583)
Interest paid on capital debt	(14,710)	(241,639)	(256,349)
	<hr/>	<hr/>	<hr/>
Net cash provided by (used in) capital and related financing activities	(268,377)	(4,181,382)	(4,449,759)
Cash flows from investing activities			
Interest on investments	625	7,903	8,528
	<hr/>	<hr/>	<hr/>
Net cash provided by (used in) investing activities	625	7,903	8,528
	<hr/>	<hr/>	<hr/>
Net increase (decrease) in cash and cash equivalents	427,424	447,247	874,671
Cash and cash equivalents at beginning of year	13,878	2,814,618	2,828,496
Cash and cash equivalents at end of year	<u>\$ 441,302</u>	<u>\$ 3,261,865</u>	<u>\$ 3,703,167</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ 203,967	\$ 485,070	\$ 689,037
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	457,056	857,565	1,314,621
Other increase (decrease)	14,710	40,230	54,940
Change in assets and liabilities:			
Receivables, net	-	107,551	107,551
Accounts and other payables	7,617	185,007	192,624
	<hr/>	<hr/>	<hr/>
Net cash provided by (used in) operating activities	<u>\$ 683,350</u>	<u>\$ 1,675,423</u>	<u>\$ 2,358,773</u>
Schedule of non-cash capital and related financing activities			
Capital grants	\$ -	\$ 2,285,479	\$ 2,285,479

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

SUFFOLK COUNTY, NEW YORK
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2017

	Private-Purpose Trusts	Agency Funds
Assets		
Cash and cash equivalents	\$ 416,794	\$ 62,328,327
Investments	13,598,049	4,066,938
Other assets	-	8,111,959
Total assets	14,014,843	74,507,224
Liabilities		
Accounts payable and accrued liabilities	-	1,998,730
Agency fund liabilities	-	72,508,494
Trust fund liabilities	14,009,516	-
Total liabilities	14,009,516	74,507,224
Net Position		
Held in trust	\$ 5,327	

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

SUFFOLK COUNTY, NEW YORK
Statement of Changes in Fiduciary Net Position
Private-Purpose Trusts
For the Year Ended December 31, 2017

	Private-Purpose Trusts
Additions	
Investment income:	
Interest	\$ 247
Transfer in	2,481,519
Other revenue	273,945
	2,755,711
Deductions	
Administrative and general expenses	2,755,464
	247
Change in net position	247
Net position at beginning of year	5,080
	5,327
Net position at end of year	\$ 5,327

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

SUFFOLK COUNTY, NEW YORK

Statement of Net Position

Component Units

December 31, 2017

With Suffolk County Community College as of August 31, 2017

	Suffolk County Community College	Suffolk Regional Off-Track Betting Corporation	Suffolk County Industrial Development Agency	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 71,655,944	\$ 19,018,967	\$ 10,277,407	\$ 100,952,318
Investments	17,520,755	-	-	17,520,755
Accounts receivable	2,768,025	1,022,886	-	3,790,911
Students accounts receivable, net	4,962,774	-	-	4,962,774
Due from other governments	5,173,628	740,758	-	5,914,386
Prepaid expenses	30,727	-	-	30,727
Other assets	66,041	1,244,854	34,549	1,345,444
Total current assets	<u>102,177,894</u>	<u>22,027,465</u>	<u>10,311,956</u>	<u>134,517,315</u>
Noncurrent assets:				
Restricted:				
Investments	4,861,373	-	-	4,861,373
Net pension asset	1,324,495	-	-	1,324,495
Capital assets:				
Nondepreciable	9,786,167	14,978,930	-	24,765,097
Depreciable, net	186,135,137	30,916,041	3,090	217,054,268
Other	-	914,694	-	914,694
Total noncurrent assets	<u>202,107,172</u>	<u>46,809,665</u>	<u>3,090</u>	<u>248,919,927</u>
Total assets	<u>304,285,066</u>	<u>68,837,130</u>	<u>10,315,046</u>	<u>383,437,242</u>
Deferred outflows of resources				
Deferred outflows of resources - pensions - ERS	11,524,632	2,150,735	151,615	13,826,982
Deferred outflows of resources - pensions - TRS	15,195,829	-	-	15,195,829
Deferred charges on refundings	235,349	-	-	235,349
Total deferred outflows of resources	<u>26,955,810</u>	<u>2,150,735</u>	<u>151,615</u>	<u>29,258,160</u>
Total assets and deferred outflows of resources	<u>331,240,876</u>	<u>70,987,865</u>	<u>10,466,661</u>	<u>412,695,402</u>

(Continued)

SUFFOLK COUNTY, NEW YORK

Statement of Net Position

Component Units

December 31, 2017

With Suffolk County Community College as of August 31, 2017

	Suffolk County Community College	Suffolk Regional Off-Track Betting Corporation	Suffolk County Industrial Development Agency	Total
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 29,398,175	\$ 11,928,263	\$ 20,736	\$ 41,347,174
Due to primary government	1,979,606	-	-	1,979,606
Due to other governments	-	-	5,925,825	5,925,825
Due to NYS retirement system	-	106,843	-	106,843
Unearned revenue	21,281,145	60,457	-	21,341,602
Accumulated vacation and sick leave	3,136,638	-	-	3,136,638
Other liabilities	648,660	-	29,321	677,981
Capital lease payable	-	46,073	-	46,073
Bonds payable	6,492,609	-	-	6,492,609
Loans	-	20,621,232	-	20,621,232
Total current liabilities	<u>62,936,833</u>	<u>32,762,868</u>	<u>5,975,882</u>	<u>101,675,583</u>
Noncurrent liabilities:				
Accumulated vacation and sick leave	28,260,114	810,720	150,665	29,221,499
Obligation for postemployment benefits other than pensions	314,161,000	18,152,613	896,165	333,209,778
Capital lease payable	-	43,769	-	43,769
Bonds payable	64,327,238	-	-	64,327,238
Net pension liability	13,329,836	2,034,937	119,610	15,484,383
Other long-term debt	-	487,597	-	487,597
Loans	-	29,719,886	-	29,719,886
Prepetition Claims	-	11,650,842	-	11,650,842
Total noncurrent liabilities	<u>420,078,188</u>	<u>62,900,364</u>	<u>1,166,440</u>	<u>484,144,992</u>
Total liabilities	<u>483,015,021</u>	<u>95,663,232</u>	<u>7,142,322</u>	<u>585,820,575</u>
Deferred inflows of resources				
Deferred inflows of resources - pensions - ERS	2,601,591	416,779	36,010	3,054,380
Deferred inflows of resources - pensions - TRS	3,778,363	-	-	3,778,363
Deferred amounts on NYS TAP	6,141,640	-	-	6,141,640
Total deferred inflows of resources	<u>12,521,594</u>	<u>416,779</u>	<u>36,010</u>	<u>12,974,383</u>
Total liabilities and deferred inflows of resources	<u>495,536,615</u>	<u>96,080,011</u>	<u>7,178,332</u>	<u>598,794,958</u>
Net Position				
Net investment in capital assets	126,132,414	5,536,519	3,090	131,672,023
Restricted for capital projects	4,861,373	-	-	4,861,373
Restricted for grants	16,411,867	-	-	16,411,867
Section 532.3a surcharge	-	49,567	-	49,567
Unrestricted (deficit)	(311,701,393)	(30,678,232)	3,285,239	(339,094,386)
Total net position	<u>\$ (164,295,739)</u>	<u>\$ (25,092,146)</u>	<u>\$ 3,288,329</u>	<u>\$ (186,099,556)</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, 2017

With Suffolk County Community College as of August 31, 2017

	Suffolk County Community College	Suffolk Regional Off-Track Betting Corporation	Suffolk County Industrial Development Agency	Total
Expenses:				
Program operations	\$ 252,189,884	\$ 11,602,107	\$ 1,296,558	\$ 265,088,549
Depreciation and amortization	7,737,606	1,734,957	1,268	9,473,831
Other expenses	5,669,168	(3,475,321)	-	2,193,847
Total expenses	<u>265,596,658</u>	<u>9,861,743</u>	<u>1,297,826</u>	<u>276,756,227</u>
Program revenues:				
Charges for services	95,602,740	22,485,921	732,426	118,821,087
Operating grants and contributions	163,895,819	-	-	163,895,819
Total program revenues	<u>259,498,559</u>	<u>22,485,921</u>	<u>732,426</u>	<u>282,716,906</u>
Net program revenues (expenses)	<u>(6,098,099)</u>	<u>12,624,178</u>	<u>(565,400)</u>	<u>5,960,679</u>
General revenues (expenses):				
Interest on investments	2,166,526	-	16,949	2,183,475
Interest on long-term debt	(2,174,695)	-	-	(2,174,695)
Total general revenues	<u>(8,169)</u>	<u>-</u>	<u>16,949</u>	<u>8,780</u>
Change in net position	(6,106,268)	12,624,178	(548,451)	5,969,459
Net position at beginning of year	(158,189,471)	(37,716,324)	3,836,780	(192,069,015)
Net position at end of year	<u>\$ (164,295,739)</u>	<u>\$ (25,092,146)</u>	<u>\$ 3,288,329</u>	<u>\$ (186,099,556)</u>

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

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I. Summary of significant accounting policies

A. Reporting entity

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

Blended component units

The Suffolk Tobacco Asset Securitization Corporation (STASC) is a not-for-profit local development corporation organized pursuant to Section 1411 of the Not-For-Profit Corporation Law of the State of New York. The Board of Directors of STASC has three directors, one appointed by the Presiding Office of the County Legislature and two appointed by the County Executive of which one must meet certain requirements of independence. STASC provides services exclusively to the County and accordingly, under GASB Statement No. 61, is reported as a special revenue fund of the primary government. Pursuant to a Purchase and Sale Agreement dated as of August 1, 2008 and March 1, 2012 STASC purchased from the County all future rights, title and interest of the County under the Master Settlement Agreement (MSA) and the Consent Decree and Final Judgment. These rights include the County's share of all Tobacco Settlement Revenues' (TSRs). The 2008 sale of the TSRs by the County to STASC was simultaneous with the issuance by STASC of Series 2008 Tobacco Asset-Backed Bonds. STASC pledged as security for its Series 2008 Bonds 36 percent of annual payments through December 31, 2012 and 75 percent thereafter. The 2012 sale of TSRs was followed on April 5, 2012 with the issuance by STASC of Series 2012 Tobacco Settlement Asset-Backed Bonds. STASC pledged as security for the Series 2012 Bonds the remaining un-securitized annual payments. The Series 2008 and 2012 Bonds are not backed by the full faith and credit of the County. The consideration paid by STASC to the County for the 2008 and 2012 acquisition of TSRs consisted of \$206,270,222 and \$34,214,911 in cash, respectively. Of these amounts \$206,243,337 and \$31,714,911 was paid into a revocable trust for the benefit of the County. Complete financial statements for STASC may be obtained at Suffolk Tobacco Asset Securitization Corporation, P.O. Box 6100, 100 Veterans Memorial Highway, Hauppauge, New York 11788-0099

The Suffolk County Judicial Facilities Agency (JFA) was created in 1999, as a separate legal entity and was authorized to acquire, build, improve, renovate, extend, rehabilitate, or relocate the John P. Cohalan Court Complex. In 2013, the New York State Public Authorities Law was amended to expand the JFA authority to include the new replacement

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correctional facility at Yaphank, the H. Lee Dennison building and the North County Complex. The JFA is governed by a six member Board of Directors whose members are appointed by the Suffolk County Executive. The JFA provides services exclusively to the County and accordingly, is reported as a special revenue fund of the primary government in accordance with GASB Statement No. 61. Pursuant to a Sale and Lease Agreement dated November 14, 2013, JFA purchased the H. Lee Dennison building from the County and entered a tenancy in common agreement with the County making the building available to the County for essential governmental functions.

The Suffolk County Landbank Corporation (Landbank) was created in May 2013 under the provisions of Article 16 of the New York Not-For-Profit Corporation Law. The Landbank was formed to acquire, remediate, and rehabilitate abandoned, tax delinquent, and environmentally contaminated properties within Suffolk County and return such properties to productive use and to the tax rolls. These services are provided almost exclusively for the benefit of Suffolk County and accordingly, under GASB Statement No. 61, are reported as a special revenue fund of the primary government.

The Recreation and Economic Development Corporation of Suffolk County (REDC) was created in January 2016 pursuant to Section 1411 of the New York Not-For-Profit Corporation Law. The REDC is governed by a four member Board of Directors. One director is appointed upon the advice and consent of the Presiding Officer of Suffolk County Legislature; and three Directors are appointed by the County Executive. The REDC was formed for the purpose of providing organized outdoor recreation and special events to spur economic growth within Suffolk County. These events are provided for the exclusive benefit of Suffolk County, therefore, under GASB Statement No. 61, REDC is reported as a special revenue fund of the primary government.

Suffolk County Economic Development Corporation (EDC) was created on March 23, 2010 as a not-for-profit local development corporation pursuant to Section 1411(c) of the Not-for-Profit Corporation Law. The EDC's purpose is to conduct activities that will promote employment and maintain job opportunities; instruct, or train individuals to improve or develop their capabilities for such jobs; and attract or retain industry within the County. The EDC is authorized to finance facilities for not-for-profit corporations; acquire and sell or lease the acquired property; and issue bonds in order to carry out EDC's purpose. The County is not liable for the payment of principal or interest on any of the bonds of EDC. The Corporation is governed by a Board of Directors, whose members are elected by the County Legislature and the County Executive. The County is the sole corporate member of this not-for-profit corporation and under the provisions of GASB Statement No. 80, is reported as a blended component unit.

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.

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Suffolk County Community College (the College) was established in 1959 with Suffolk County as the local sponsor under provisions of Article 126 of the State Education Law. The College provides two-year post-secondary programs pursuant to regulations prescribed by the State University trustees. Suffolk County, as the local sponsor, and the College duly executed a five-year Sponsor Service Agreement on August 21, 2009, which was extended on April 11, 2014 as is permitted and authorized by State and County laws and State University of New York regulations. The County provides one-half of the capital costs and approximately 33 percent of the operating costs for the College. Bonds that are direct obligations and pledge the full faith and credit of the County are issued by the County for College capital program purposes. A fiscal year ending August 31st is mandated by State Law for the College. The College is included in the County's reporting entity as a component unit because the College is closely related to and financially integrated with the County. The County's financial statements would not be complete without the inclusion of the College.

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

On May 11, 2012, OTB filed for protection under Chapter 9 of Title 11, United States Code. The Second Amended Plan for Adjustment of Debts of OTB dated September 11, 2014 was confirmed October 22, 2014 by the United States Bankruptcy Court for the Eastern District of New York, effective October 31, 2014. Until the Plan has been fully executed, OTB is still considered a Municipal Debtor subject to the bankruptcy court who will oversee the administration of the plan. During 2016 and 2017, OTB capitalized costs totaling approximately \$31.2 million for the development of a gaming facility. OTB is disputing certain capitalized costs and cannot estimate the overstatement of charges. If OTB is successful it will result in a reduction of capitalized costs and debt.

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 Directors 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 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 do not extend beyond making the appointments:

- Suffolk County Water Authority
- Vocational Educational and Extension Board

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

B. Government-wide and fund financial statements

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial

statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

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

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

The County reports the following major governmental funds:

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

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

The police district fund, a special revenue fund, accounts for the operations of the Suffolk County Police District, which provides police services to the residents of the five western towns of Suffolk County. Property and sales taxes are the main revenues used to support the district's operations.

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

The County reports the following major proprietary funds:

The 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.

Additionally, the County reports the following fiduciary funds:

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

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

General agency is used for such purposes as sewer escrow deposits, contractor bill deposits and land management escrow.

Bail agency is used for bail monies posted by sureties on behalf of defendants.

Mortgage tax agency is used for mortgage tax collections by the County Clerk held for semi-annual distributions to towns and villages.

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

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

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

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

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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.

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 Francis S. Gabreski Airport and Suffolk County Ball Park, are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The County reports the following stabilization and reserve funds:

The general capital reserve fund was established pursuant to NYS General Municipal Law, Article 2, Section 6-c. This fund is used for financing capital improvements. For financial reporting purposes, the general capital reserve fund is reported within the general fund. The balance in the general capital reserve fund at December 31, 2017 was \$0.

The tax stabilization reserve fund was established in 1997 by the adoption of County Resolution No. 1154-1997, as authorized under Section 6-e of NYS General Municipal Law. Originally this reserve fund was subject to Local Law 29 of 1995, which requires a minimum of 25 percent of the general fund discretionary fund balance surplus be transferred to the tax stabilization reserve fund or debt service reserve fund. However, this requirement was amended by LL 43-2006 which requires that once the tax stabilization reserve fund exceeds the greater of \$120 million or 5 percent of the general fund operating budget, use of funds in excess of the \$120 million may be returned to the taxpayers or appropriated for specific

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purposes as specified in the local law. Additionally, Local Law 19-2009 was passed to suspend the required general fund transfer to the tax stabilization reserve fund for the years 2009-2016.

Expenditures from the fund are used to avoid a projected increase in the real property tax levy in excess of 2.5 percent. The County Executive is also authorized to recommend transfers from the tax stabilization reserve fund to the general fund to address an unanticipated loss of revenues or unanticipated expenses. For financial reporting purposes, the tax stabilization reserve fund is reported within the general fund. The balance in the tax stabilization reserve fund at December 31, 2017 was \$49,452,142.

The assessment stabilization reserve fund receives funding from ¼ percent of the County's sales tax revenues pursuant to NYS Tax Law §1210. The fund received 100 percent of the ¼ percent tax from 1985 to 1989. Between 1989 and 1999, the ¼ percent sales tax revenues were redirected. Beginning in 2000 the ¼ percent sales tax was deposited into the Suffolk County water protection fund which then transferred 35.7 percent of this tax revenue to the assessment stabilization reserve fund. The passage of Local Law No. 24-2007 amended the percentage of sales tax receipts transferred to the assessment stabilization reserve fund from 35.7 percent to 25 percent.

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

In 2011, the County adopted Resolution No. 625-2011 which provided that if the assessment stabilization reserve fund's fund balance exceeded \$140 million in fiscal years 2011 through 2013, 62.5 percent of the excess could be used if accepted by duly approved resolutions, for specific sewer district costs. Additionally, the remaining 37.5 percent of the excess fund balance shall be appropriated, via duly approved resolutions, to a reserve fund for bonded indebtedness or a reserve fund for retirement contributions. The resolution provided that in fiscal years 2014-2021, any fund balance in excess of \$140 million shall be used exclusively, via duly approved resolutions, for specific sewer district costs. For financial reporting purposes, the assessment stabilization reserve fund is reported within the water quality protection reserve fund, a nonmajor governmental fund. The balance in the assessment stabilization reserve fund at December 31, 2017 was \$4,115,298.

The southwest assessment stabilization reserve fund was established in 2000, through adoption of the County's operation budget, to stabilize rates within the southwest sewer district (sewer district #3). For financial reporting purposes, the southwest assessment stabilization reserve fund is reported within the sewer district #3 fund; a nonmajor government fund. The balance in the southwest assessment stabilization reserve fund at December 31, 2017 was \$146,454,553.

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The sewer infrastructure program fund was established by Resolution 866-2013, to provide grants and loans for municipal and private sewer infrastructure expansion projects within Suffolk County. In October 2013, a transfer from the assessment stabilization reserve fund via a duly approved resolution was made into the sewer infrastructure program fund. The County expects to provide approximately \$30 million in funding for sewer expansion projects. Projects submitted for loan or grant consideration will be evaluated by the Suffolk County Sewer Infrastructure Committee and then submitted to the Suffolk County Legislature for approval. For financial reporting purposes, the sewer infrastructure program fund is reported within the water quality protection reserve fund, a nonmajor governmental fund. The balance in the sewer infrastructure program fund at December 31, 2017 was \$19,613,128.

The retirement contribution reserve fund was established pursuant to NYS General Municipal Law, Article 2, and Section 6-r. As required by law, expenditures from this fund are limited to the purpose of financing retirement contributions. For financial reporting purposes, the retirement contribution reserve fund is reported within the general fund. The balance in the retirement contribution reserve fund at December 31, 2017 was \$0.

The water quality protection reserve fund received ¼ percent sales tax revenues due to the County under NYS Tax Law §1210-a, beginning in 1989 until 2000. In December of 2000, the ¼ percent sales tax revenues were redirected to the Suffolk County water protection fund. The remaining fund balance in the water quality protection reserve fund is restricted, per NYS law, for the purpose of the operation of certain groundwater protection programs including toxic waste cleanup and purchase of open-space land. The balance in the water quality protection reserve fund at December 31, 2017 was \$155, prior to the reclassification of the environmental trust fund in the amount of \$3,604,762, the assessment stabilization reserve fund in the amount of \$4,115,298, and the sewer infrastructure program fund in the amount of \$19,613,128.

The Suffolk County water protection fund serves as a repository for the County's ¼ percent sales tax. Pursuant to NYS Tax Law § 1210-a, the ¼ percent sales tax revenue is restricted to specifically dedicated purposes. County Local Law determines the allocation of funding to these legally restricted purposes. Therefore, dedicated sales tax revenue is distributed from this fund to other governmental funds in order to fund the various components of the program. The balance in the Suffolk County water protection fund at December 31, 2017 was \$14,645,652.

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D. Restatement of beginning balances

1. GASB No. 80 restatement

The effect of the implementation of GASB Statement No. 80 is a restatement of the 2017 beginning fund of the non-major governmental funds in order to reclassify the Economic Development Corporation from a discretely presented component unit to a blended component unit as follows:

	Economic Development Corp.	Non-Major Governmental Funds
Net position as of December 31, 2016, as previously reported	\$ -	\$ 201,943,757
Composition of Restatement:		
Economic Development beginning fund balance as reported in the Component Units Statement	933,471	933,471
Net position as of December 31, 2016, as restated	\$ 933,471	\$ 202,877,228

2. GASB No. 75 restatement

The effect of the implementation of GASB Statement No. 75 is a restatement of the 2017 beginning net position to retroactively report the beginning balances for the other than pension benefits (OPEB) liability as follows:

	Governmental Activities	Business-type Activities
Net position as of December 31, 2016, as previously reported	\$ (2,354,136,357)	\$ 46,798,264
Economic Development Corp. restatement (Note I.D.1)	933,471	
Composition of OPEB Restatement:		
Total OPEB liabilities, beginning of year, as previously reported	2,854,160,000	2,770,000
Total OPEB liabilities, beginning of year, as restated	5,649,734,488	3,545,512
Total restatement for OPEB	(2,795,574,488)	(775,512)
Net position as of December 31, 2016, as restated	\$ (5,148,777,374)	\$ 46,022,752

E. Assets, liabilities, deferred outflows/inflows of resources, and net position 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.

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

- Certificates of Deposit issued by a bank or trust company authorized to do business in the County
- Time deposit accounts in a bank or trust company authorized to do business in the County
- Obligations of New York State
- Obligations of the United States Government
- Repurchase agreements involving the purchase and sale of direct obligations of the United States Government
- Obligations of agencies of the Federal Government if principal and interest are guaranteed by the United States Government
- Any securities approved by the Comptroller of New York State

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

Investments in repurchase agreements are required by County policy to be collateralized by obligations of the United States Government, which are maintained by a custodial bank. 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.

GASB Statement No. 72 establishes a hierarchy of inputs to valuation techniques used to measure fair value. The hierarchy has three levels as follows:

- Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities that an entity has the ability to access. Valuation adjustments are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.
- Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.
- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

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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 inflows of resources are recorded 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, 2017 and 2016 were approximately 96.5 and 96.4 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 inflows, 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 inflows on the County’s financial statements.

The following is a summary of the County’s property tax calendar for 2017:

Levy date	December 1, 2016
Tax bills mailed	December 1, 2016
Property taxes recorded	January 1, 2017
First installment payment due	January 10, 2017
Second installment payment due	May 31, 2017
Taxes become overdue	June 1, 2017
Lien date	December 1, 2017

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3. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method, 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.

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 (individual costs that fall below the thresholds are expensed):

<u>Asset</u>	<u>Threshold</u>
Land	Capitalize All
Buildings	\$100,000
Improvements other than buildings	\$ 5,000
Infrastructure	\$100,000
Equipment and vehicles	\$ 5,000
Historical treasures	\$100,000

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition 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.

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 position. Bond premiums and discounts 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 expensed as incurred.

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 financial 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. *Deferred outflows/inflows of resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The County has four items that qualify for reporting in this category. The first is reported in the balance sheet and the other three are presented on the enterprise funds and government-wide statements of net position. The first item is an intra-entity transfer of future revenues, resulting from the sale of the County's share of all Tobacco Settlement Revenues to STASC. The amount will be recognized over the duration of the Purchase and Sale agreement. STASC is reported as a blended component unit of the County. The second item is a deferred charge on refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or

refunding debt. The third item is related to the County's pension plans. Additional information about the County's deferred inflows of resources relating to pension plans is provided in note IV.E. The fourth item is related to the County's obligation for postemployment benefits other than pensions. Information relating to this deferred inflow can be found in note IV.D.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The County has unavailable revenue, which arises under the modified accrual basis of accounting; that qualifies for reporting in this category. The unavailable revenues are delinquent property taxes and revenues from the sale of future tobacco settlement proceeds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The County also reports deferred inflows related to pension and OPEB plans in this category in the government-wide statement of net position. Additional information is available on these deferred inflows in note IV.E. and IV.D., respectively.

9. Net position/Fund balance

Net position represents the difference between all other elements (assets, deferred outflows of resources, liabilities, deferred inflows of resources) on the government-wide, proprietary, and fiduciary fund statements of financial position and is displayed in three components: net investment in capital assets; restricted; and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of borrowing that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Fund balance classifications are based primarily on the extent to which the County is bound to honor external and internal constraints on the specific purpose for which the amounts in those funds can be spent. Fund balances are reported in the following categories:

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

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

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

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

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

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

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

10. Encumbrances

The County uses encumbrances in order to budgetarily designate resources for specific commitments. Encumbered amounts are not displayed separately on the face of the financial statements but rather reported within the restricted classifications of the individual funds or within the assigned fund balance of the general fund. Encumbered balances at December 31, 2017 are as follows:

Major Funds

Capital fund	\$ 169,783,542
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Non-Major Funds

Capital Sewer fund	\$ 17,130,415
Capital Southwest Sewer fund	\$ 27,982,650

F. New Accounting Pronouncements

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

In November 2016, the GASB issued Statement No. 83, "Certain Asset Retirement Obligations." This Statement addresses accounting and financial reporting for certain legally enforceable asset retirement obligations (AROs). A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this statement are effective for reporting periods beginning after June 15, 2018. The County is evaluating the effect that adoption of this Statement will have on the financial statements.

In January 2017, the GASB issued Statement No. 84, "Fiduciary Activities." This Statement establishes criteria for state and local governments in identifying fiduciary activities and how they should be reported. The County is required to adopt Statement No. 84 for its 2019 financial statements. The County is evaluating the effect that adoption of this Statement will have on the financial statements.

In March 2017, the GASB issued Statement No. 85, "Omnibus 2017." This statement addresses practice issues that were identified during implementations, such as, blending component units, goodwill, fair value measurement and postemployment benefits. The requirements of this Statement are effective for the County's year ending December 31, 2018. The County has not completed the process of evaluating the impact of this Statement.

In May 2017, the GASB issued Statement No. 86, "Certain Debt Extinguishment Issues." The objective of this statement is to improve consistency in accounting and reporting as well as disclosures for in-substance defeasance of debt. The County is required to implement this Statement in its 2018 financial statements. The County is evaluating the effect that the adoption of GASB Statement No. 86 will have on the financial statements.

In June 2017, the GASB issued Statement No. 87, "Leases." This Statement improves the usefulness of governmental financial statements by establishing a single model for lease accounting which is based on the concept that lease is a financing of the right to use an underlying asset. The requirements of this Statement are effective for the County's year ending December 31, 2020. The County is evaluating the effect that implementing this Statement will have on the financial statements.

G. Adoption of New Accounting Standards

In June 2015, the GASB issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." This Statement replaces the requirements of Statements No. 45 and No. 57. This Statement increases the usefulness of OPEB information by requiring recognition of the entire OPEB liability and a more comprehensive measure of OPEB expense. The County has early implemented Statement No. 75 for its 2017 financial statements. See note I.D.2 for more information.

In January 2016, the GASB issued Statement No. 80, “Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14.” This Statement changes the requirements for determining blended component units of all state and local governments. The new standard requires that component units incorporated as a not-for-profit corporation, where the primary government is the sole corporate member, should be presented as a blended component unit. The County implemented this Statement in its 2017 financial statements. See note I.A. and I.D.1 for more information.

In March 2016, the GASB issued Statement No. 81, “Irrevocable Split-Interest Agreements.” This statement provides guidance to governments that are a recipient in a split-interest agreement, where a donor provides to two or more beneficiaries. The County is not currently participating in any split-interest agreements.

In March 2016, the GASB issued Statement No. 82, “Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73.” The objective of this Statement covers issues that were not within the scope of GASB Statements 67, 68 and 73. Statement 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee contribution requirements. The County adopted this Statement for its 2017 financial statements. See note IV.D. for more information.

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, blended component units (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.
- Recognition of deferred inflows from the sale of future tobacco revenues is not budgeted in the general fund or the police district fund.
- Certain special revenue funds per GASB 54 have been reported within another fund on a GAAP basis but are reported separately on a budget basis.

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Governmental funds with legally adopted annual budget include:

General Fund	Sewer District #10
Police District	Sewer District #11
Grants Management	Sewer District #12
Tax Certiorari	Sewer District #13
Public Safety Communications System E-911	Sewer District #14
County Road	Sewer District #15
Handicapped Parking Education	Sewer District #16
MTA Payroll Tax	Sewer District #18
District Court	Sewer District #19
Traffic Violations Bureau	Sewer District #20
Hotel/Motel Tax Culture and History	Sewer District #21
Sewer District #1	Sewer District #22
Sewer District #2	Sewer District #23
Sewer District #3	Sewer District #24
Sewer District #5	Sewer District #28
Sewer District #6	Workforce Investment Revenue
Sewer District #7	Medicaid Compliance Fund
Sewer District #8	Suffolk County Water Protection
Sewer District #9	

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:

Community Development Fund	Assets Forfeiture - Sheriff
Home Investment Partnership	Assets Forfeiture - Police
Emergency Shelter Grants Program	Assets Forfeiture - District Attorney
Neighborhood Stabilization	New York State Assets Forfeiture
Water Quality Protection Reserve Fund	DWI Asset Seizure
Assets Forfeiture - Probation	

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

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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 2017, General Fund appropriations were reduced by \$531,122. No supplemental appropriations were needed.

B. Excess of expenditures over appropriations

For the year ended December 31, 2017, expenditures exceeded appropriations for the following category of expenditures within each of the respective funds:

General Fund:	
· General government support:	
Civil service	\$ 29,880
District attorney	1,588,762
Public administrator	6,287
Real property	13,469
· Health:	
Medical examiner	\$ 261,020
· Public safety:	
Fire rescue and emergency service	\$ 79,366
Police	11,585,936
Sheriff	12,812,570
· Culture and recreation:	
Parks	\$ 194,441
· Education:	
Health services	\$ 1,268,226
· Home and community services:	
County executive	\$ 74,062
Police District:	
· Public safety:	
Police	\$ 29,562,936
Grants Management:	
· General government support:	
Legal aid society	\$ 4,639
· Employee benefits	154,397
· Transfers out	2,417,817
Public Safety Communications System E-911:	
· Public safety:	
Fire rescue and emergency service	\$ 3,069
County Road:	
· Transportation:	
Public works	\$ 1,004,700
· Transfers out	197,150
District Court	
· Transfers out	\$ 3,108,221
Sewer District #3	
· Debt service:	
Interest and other charges	\$ 4,816
· Transfers out	14,725
Suffolk County Water Protection:	
· Public works	\$ 71,892
· Transfers out	1,727,202

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C. Deficit fund equity

The following funds have deficit fund equity balances at December 31, 2017:

General Fund	\$ 244,229,904
Special Revenue Funds:	
• Police District	\$ 96,001,810
• Grants Management	4,192,543
• Tax Certiorari	1,032,123
• Public Safety Communications System E-911	1,897,926
• County Road	8,172,364
• District Court	5,716,189
• Traffic Violations Bureau	230,421
• Sewer District #16	66,690
• Sewer District #21	852,296
• Workforce Investment Revenue	987,524
• Community Development	2,170,329
• Medicaid Compliance	2,559,869

The County plans to eliminate the deficits listed above through prospective tax levies and other revenue generating or cost saving methods. The deficit in the General Fund, the Police District, and the Public Safety Communications System E-911 is partly attributable to the County's adherence to GASB Statement No. 48 for the reporting of the 2008 and 2012 sale of the County's future tobacco settlement revenues. The deficits relating to this accounting treatment will be reduced annually by the amortization of the deferred inflow of resources from the sale of future tobacco revenues.

III. Detailed notes on all funds

A. Deposits and investments

At year end, Suffolk County's bank balance in all financial institutions was \$777,557,144. The entire bank balance was either covered by federal depository insurance or by collateral held by the County's agent in the County's name.

The bank balances for each of the County's discretely presented component units, was covered either by federal depository insurance or by collateral held by the component unit's agent in its name.

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

Credit Risk – The County limits its investment choices as a means of managing its exposure to credit risk. As authorized by General Municipal Law, Section II, the County is authorized

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 of the United States of America;

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

Obligations of New York State;

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

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

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

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

Investments

The County's formal investment policy as described above does not apply to the County's component units.

Investments in External Investment Pools

The County is a participant in the New York Cooperative Liquid Asset Securities System (NYCLASS), an external investment pool. The County reports its investment in the pool at fair value. The investment advisor for NYCLASS is Public Trust Advisors, LLC, a SEC

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registered investment advisor. The pool was established under a municipal cooperation agreement made pursuant to New York General Municipal Law and enables participants to invest in short-term, highly liquid investments that yield favorable returns. NYCLASS is rated ‘AAAm’ by Standard and Poor’s Global, who also monitors the portfolio weekly. The composition of the County’s Agency fund investment in the external investment pools in the amount of \$4,066,938 is as follows:

Collateralized bank deposits	25%
Repurchase agreements	26%
Treasury bills	31%
Treasury note/bond	18%

Suffolk Tobacco Asset Securitization Corporation

Suffolk Tobacco Asset Securitization Corporation (STASC) 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. This investment is not subject to the hierarchy disclosure requirements under GASB Statement No. 72.

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, 2017, STASC deposits balances with a financial institution were \$3,303,884. Of these balances, \$250,000 was insured by the Federal Deposit Insurance Corporation, \$3,044,531 consisted of an uncollateralized temporary investment in the Dreyfus Treasury & Agency Cash Management Fund, and \$9,353 was uncollateralized. The entire amount of the 2012 and a portion of the 2008 Liquidity Reserve Account are invested in the Dreyfus Treasury & Agency Cash Management Fund which invests only in U.S. government or U.S. Treasury securities, and in repurchase agreements.

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 2008 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 \$15,520,172 at December 31, 2017, is due to mature on June 1, 2048, and earns interest at 4.614 percent annually. The Repurchase Agreement is fully collateralized by debt obligations having fair values that range from 100 percent to 102 percent of the deposited amount held by a custodial bank.

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Vanderbilt Private-Purpose Trust

The Suffolk County Legislature has fiduciary responsibility for the Vanderbilt Private-Purpose Trust. Suffolk County Resolution No. 1266-2007 provides that until modified current investment guidelines, permitting a 50/50 split between fixed income securities and equities (within a 5 percent to 10 percent range of the 50/50 split as determined by market conditions) shall remain in effect.

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income:				
Corporate bonds	\$ -	\$ 5,813,693	\$ -	\$ 5,813,693
Government bonds	-	151,884	-	151,884
Equities:				
Corporate stocks	7,252,551	-	-	7,252,551
U.S. equities	379,921	-	-	379,921
	<u>\$ 7,632,472</u>	<u>\$ 5,965,577</u>	<u>\$ -</u>	<u>\$ 13,598,049</u>

Component Units

At August 31, 2017, Suffolk County Community College's investment balances were as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income:				
Corporate bonds	\$ -	\$ 4,017,838	\$ -	\$ 4,017,838
Non-convertible preferred stocks	-	1,357,285	-	1,357,285
Equities:				
Corporate stocks	9,430,334	-	-	9,430,334
Mutual funds	2,425,986	-	-	2,425,986
Exchange traded funds	289,312	-	-	289,312
	<u>\$ 12,145,632</u>	<u>\$ 5,375,123</u>	<u>\$ -</u>	<u>\$ 17,520,755</u>

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B. Receivables

Receivables at December 31, 2017 were as follows:

	Governmental Funds				Total Governmental Receivables
	General	Police District	Capital	Other Governmental	
Receivables:					
Property Tax	\$ 264,596,849	\$ -	\$ -	\$ -	\$ 264,596,849
Sales Tax	150,605,487	-	-	8,712,776	159,318,263
Intergovernmental accounts	248,119,079	32,335	53,829,080	29,694,090	331,674,584
Other receivables	49,294,222	256,893	86,227	10,870,767	60,508,109
Total receivables	<u>712,615,637</u>	<u>289,228</u>	<u>53,915,307</u>	<u>49,277,633</u>	<u>816,097,805</u>
Allowance for doubtful accounts	(14,698,414)	-	-	-	(14,698,414)
Receivables, net	<u>\$ 697,917,223</u>	<u>\$ 289,228</u>	<u>\$ 53,915,307</u>	<u>\$ 49,277,633</u>	<u>\$ 801,399,391</u>

	Enterprise Funds			Total Enterprise Receivables
	Suffolk County Ball Park	Francis S. Gabreski Airport		
Receivables:				
Intergovernmental accounts	\$ 461,004	\$ 2,363,805	\$	2,824,809
Other receivables	-	52,710	-	52,710
Receivables, net	<u>\$ 461,004</u>	<u>\$ 2,416,515</u>	<u>\$</u>	<u>2,877,519</u>

Governmental funds report deferred inflows of resources 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 inflows of resources and unearned revenue reported in the governmental funds were as follows:

	Deferred Inflows of Resources	Unearned Revenue
Delinquent property taxes receivable (general fund)	\$ 236,077,293	\$ -
New York State Department of Health:		
Mental health and alcohol advances for County programs (general fund)	-	18,029,791
Federal and State government receivables (general fund)	7,241,514	-
Stop DWI (police district fund)	-	179
Abandoned vehicle auction advances (general fund)	-	21,806
NYS ILS Hurrell-Harring caseload relief grant advances (general fund)	-	4,083,094
NYS ILS regional immigration assist. center grant advances (general fund)	-	26,367
NYS office of indigent legal services advances (general fund)	-	637,937
Federal and State Aid advances (capital fund)	-	17,950,389
Restricted borrowing - interest (capital)	-	38,602
Sale of future tobacco revenues (STASC fund)	189,908,082	-
Suffolk County Landbank Corporation (Landbank fund)	-	65,573
Total deferred inflows/unearned revenue for governmental funds	<u>\$ 433,226,889</u>	<u>\$ 40,853,738</u>

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C. Capital Assets

Capital asset activity for the year ended December 31, 2017 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 904,265,836	\$ 15,123,441	\$ -	\$ 919,389,277
Development rights and easements	256,895,592	5,034,202	-	261,929,794
Historic buildings	4,607,607	-	-	4,607,607
Construction in progress	337,618,492	84,030,662	(42,167,873)	379,481,281
Total capital assets, not being depreciated	1,503,387,527	104,188,305	(42,167,873)	1,565,407,959
Capital assets, being depreciated:				
Buildings	1,053,947,128	19,621,553	-	1,073,568,681
Improvements other than buildings	66,387,218	6,420,340	-	72,807,558
Vehicles and equipment	354,986,478	44,013,887	(21,921,497)	377,078,868
Infrastructure	1,306,952,943	19,559,229	-	1,326,512,172
Total capital assets, being depreciated	2,782,273,767	89,615,009	(21,921,497)	2,849,967,279
Less accumulated depreciation for:				
Buildings	(421,873,224)	(18,818,315)	-	(440,691,539)
Improvements other than buildings	(30,066,841)	(2,393,276)	-	(32,460,117)
Vehicles and equipment	(232,968,809)	(25,993,172)	20,607,640	(238,354,341)
Infrastructure	(531,436,104)	(25,756,400)	-	(557,192,504)
Total accumulated depreciation	(1,216,344,978)	(72,961,163)	20,607,640	(1,268,698,501)
Total capital assets, being depreciated, net	1,565,928,789	16,653,846	(1,313,857)	1,581,268,778
Governmental activities capital assets, net	<u>\$ 3,069,316,316</u>	<u>\$ 120,842,151</u>	<u>\$ (43,481,730)</u>	<u>\$ 3,146,676,737</u>

(Continued)

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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	4,405,610	6,079,774	-	10,485,384
Total capital assets, not being depreciated	26,498,441	6,079,774	-	32,578,215
Capital assets, being depreciated:				
Buildings	19,349,702	-	-	19,349,702
Improvements other than buildings	21,392,431	-	-	21,392,431
Vehicles and equipment	1,157,624	122,911	-	1,280,535
Total capital assets, being depreciated	41,899,757	122,911	-	42,022,668
Less accumulated depreciation for:				
Buildings	(7,907,623)	(481,493)	-	(8,389,116)
Improvements other than buildings	(4,122,305)	(749,132)	-	(4,871,437)
Vehicles and equipment	(431,617)	(83,996)	-	(515,613)
Total accumulated depreciation	(12,461,545)	(1,314,621)	-	(13,776,166)
Total capital assets, being depreciated, net	29,438,212	(1,191,710)	-	28,246,502
Business-type activities capital assets, net	<u>\$ 55,936,653</u>	<u>\$ 4,888,064</u>	<u>\$ -</u>	<u>\$ 60,824,717</u>

Depreciation expense and amortization for the year ended December 31, 2017 was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government support	\$ 20,500,327
Economic assistance and opportunity	91,307
Health	1,514,752
Public safety	15,775,855
Culture and recreation	3,138,181
Home and community services	11,849,798
Transportation	20,090,943
Total depreciation expense-governmental activities	<u>\$ 72,961,163</u>
Business-type activities:	
Suffolk County Ball Park	\$ 457,056
Francis S. Gabreski Airport	857,565
Total depreciation expense-business-type activities	<u>\$ 1,314,621</u>

Construction commitments

The County has a number of active construction project commitments at December 31, 2017. Active projects for which amounts spent as of December 31, 2017 exceed \$10,000,000 include 32 projects. The total spent as of December 31, 2017 for these projects amounts to approximately \$1.2 billion. Remaining commitments for these projects amount to approximately \$451.7 million.

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Discretely presented component units

Capital asset activity for Suffolk County Community College (College) for the year ended August 31, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 4,948,118	\$ -	\$ -	\$ 4,948,118
Construction in progress	25,375,873	3,151,568	(23,689,392)	4,838,049
Total capital assets, not being depreciated	30,323,991	3,151,568	(23,689,392)	9,786,167
Capital assets, being depreciated:				
Buildings and improvements	234,757,405	35,028,264	(3,307,681)	266,477,988
Vehicles and equipment	29,758,839	2,163,287	(150,314)	31,771,812
Infrastructure	10,904,531	9,000,070	-	19,904,601
Total capital assets, being depreciated	275,420,775	46,191,621	(3,457,995)	318,154,401
Less accumulated depreciation for:				
Buildings and improvements	(97,983,934)	(5,739,914)	-	(103,723,848)
Vehicles and equipment	(22,378,800)	(1,648,754)	160,026	(23,867,528)
Infrastructure	(3,937,578)	(490,310)	-	(4,427,888)
Total accumulated depreciation	(124,300,312)	(7,878,978)	160,026	(132,019,264)
Total capital assets, being depreciated, net	151,120,463	38,312,643	(3,297,969)	186,135,137
College capital assets, net	<u>\$181,444,454</u>	<u>\$41,464,211</u>	<u>\$ (26,987,361)</u>	<u>\$195,921,304</u>

Capital asset activity for the Suffolk Regional Off-Track Betting Corporation (OTB) for the year ended December 31, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 11,243,538	\$ -	\$ -	\$ 11,243,538
Construction in progress	14,527,538	100,680	(10,892,826)	3,735,392
Total capital assets, not being depreciated	25,771,076	100,680	(10,892,826)	14,978,930
Capital assets, being depreciated:				
Building & leasehold improvements	1,539,092	28,882,409	(6,877)	30,414,624
Vehicles and equipment	2,938,149	2,804,023	(668,366)	5,073,806
Total capital assets, being depreciated	4,477,241	31,686,432	(675,243)	35,488,430
Less accumulated depreciation:	(3,534,211)	(1,734,957)	696,779	(4,572,389)
Total capital assets, being depreciated, net	943,030	29,951,475	21,536	30,916,041
OTB capital assets, net	<u>\$ 26,714,106</u>	<u>\$ 30,052,155</u>	<u>\$ (10,871,290)</u>	<u>\$ 45,894,971</u>

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Capital asset activity for the Suffolk County Industrial Development Agency (IDA) for the year ended December 31, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Vehicles and equipment	\$ 57,829	\$ 2,026	\$ -	\$ 59,855
Total capital assets, being depreciated	57,829	2,026	-	59,855
Less accumulated depreciation for:				
Vehicles and equipment	(55,497)	(1,268)	-	(56,765)
Total accumulated depreciation	(55,497)	(1,268)	-	(56,765)
Total capital assets, being depreciated, net	2,332	758	-	3,090
IDA capital assets, net	\$ 2,332	\$ 758	\$ -	\$ 3,090

D. Payables and accrued liabilities

Payables and accrued liabilities at December 31, 2017, were as follows:

	Other Governments	Salaries	Vouchers	Other	Total
Governmental activities:					
General	\$ 2,023,957	\$ 111,683,826	\$ 85,617,766	\$ 88,420,648	\$ 287,746,197
Police district	-	85,114,227	1,393,406	213,962	86,721,595
Capital	-	-	36,096,228	10,851,739	46,947,967
STASC	5,730	-	-	-	5,730
Other governmental	59,262	10,867,223	20,040,180	7,156,139	38,122,804
Total governmental activities	\$ 2,088,949	\$ 207,665,276	\$ 143,147,580	\$ 106,642,488	\$ 459,544,293
Business-type activities:					
Suffolk County Ball Park	\$ -	\$ -	\$ 13,527	\$ -	\$ 13,527
Francis S. Gabreski Airport	-	72,898	114,879	40,801	228,578
Total business-type activities	\$ -	\$ 72,898	\$ 128,406	\$ 40,801	\$ 242,105

E. Interfund balances and transfers

The composition of interfund balances as of December 31, 2017 is as follows:

Due to general fund from:	
Police fund	\$ 164,476,634
Capital fund	40,637,004
Nonmajor governmental funds	149,973,870
Francis S. Gabreski Airport	3,812,016
Suffolk County Ball Park	625,773
Total due to general fund from other funds	\$ 359,525,297

(Continued)

SUFFOLK COUNTY
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Due to police fund from:	
General fund	\$ 134,007,353
Capital fund	215,168
Nonmajor government funds	36,461,099
Total due to police fund from other funds	<u>\$ 170,683,620</u>
Due to capital fund from:	
General fund	\$ 5,615,681
Police fund	13,515
Nonmajor government funds	40,425,202
Total due to capital fund from other funds	<u>\$ 46,054,398</u>
Due to nonmajor governmental funds from:	
General fund	\$ 123,253,325
Police fund	9,395,501
Capital fund	3,185,233
Nonmajor governmental funds	225,964,951
Francis S. Gabreski Airport	993,992
Total due to nonmajor governmental funds from other funds	<u>\$ 362,793,002</u>
Due to Francis S. Gabreski Airport from:	
General fund	\$ 94,500
Capital fund	735,648
Nonmajor governmental funds	963
Total due to airport from other funds	<u>\$ 831,111</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.

Individual fund transfers for the year ended December 31, 2017 were as follows:

Transfers to general fund from:	
Police fund	\$ 139,533,180
Capital fund	3,358,846
STASC	5,781,152
Nonmajor governmental funds	119,282,269
Suffolk County Ball Park	285,868
Francis S. Gabreski Airport	232,450
Total transfers to general fund	<u>\$ 268,473,765</u>
Transfers to police fund from:	
Capital fund	\$ 192,768
STASC	144,965
Nonmajor governmental funds	39,321,035
Total transfers to police fund	<u>\$ 39,658,768</u>
Transfers to capital fund from:	
General fund	\$ 1,000,000
Nonmajor governmental funds	7,709,540
Total transfers to capital fund	<u>\$ 8,709,540</u>

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SUFFOLK COUNTY
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Transfers to nonmajor governmental funds from:	
General fund	\$ 6,849,081
Police fund	8,265,021
Capital fund	185,219
STASC	5,984
Nonmajor governmental funds	98,194,011
Francis S. Gabreski Airport	543,515
Total transfers to nonmajor governmental funds	<u>\$ 114,042,831</u>
Transfers to Francis S. Gabreski Airport from:	
STASC	\$ 13,056
Total transfers to Francis S. Gabreski Airport	<u>\$ 13,056</u>

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

F. Leases

Operating Leases

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

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, 2017:

<u>Years Ending December 31</u>	<u>Amount</u>
2018	\$ 18,644,279
2019	17,967,308
2020	17,624,026
2021	17,169,053
2022	16,605,039
2023-2027	43,098,395
2028-2032	12,323,599
Thereafter	4,026,665
Total	<u>\$ 147,458,364</u>

Rent expenditures for the year ended December 31, 2017 approximated \$23,041,668.

SUFFOLK COUNTY
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Capital Leases

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

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31 were as follows:

Years Ending December 31	Seventh Precinct
2018	\$ 82,150
Total minimum lease payments	82,150
Less: Imputed interest	68
Present value of future minimum lease payments	\$ 82,082

Assets acquired from the aforementioned capital lease are recorded on the County's financial statements in the amount of \$4,392,000 which represents net book value as of December 31, 2017.

G. Long-term debt

General Obligation Bonds

Primary Government

The County issues general obligation bonds to provide funds for the acquisition of land and equipment and to construct buildings and equipment. General obligation bonds have been issued for both governmental and business-type activities. The original amount of general obligation bonds issued in prior years was \$3,282,210,831. During the year, general obligation bonds totaling \$132,191,050 were issued.

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

Purpose	Interest Rates	Amount
Governmental activities	0.50 - 9.0%	\$ 647,734,869
Governmental activities-refunding	2.75 - 6.0%	735,487,626
Business-type activities	2.50 - 5.5%	2,518,215
Business-type activities-refunding	3.00 - 5.0%	5,373,820
		<u>\$ 1,391,114,530</u>

Additionally, \$7,892,035 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, including advanced refunding debt, are as follows:

Year Ending December 31	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2018	\$ 132,271,695	\$ 44,155,973	\$ 747,319	\$ 260,887
2019	115,909,611	41,369,852	758,554	250,527
2020	113,400,701	37,037,118	628,223	221,942
2021	106,270,340	32,881,629	608,264	196,992
2022	107,699,880	28,894,946	632,242	172,196
2023-2027	534,814,642	83,262,510	3,145,711	474,927
2028-2032	144,750,471	13,779,257	664,728	51,763
2033-2037	26,854,056	3,026,248	56,191	1,649
2038-2042	16,935,000	1,166,819	-	-
2043-2046	2,440,000	78,406	-	-
	<u>1,301,346,396</u>	<u>\$ 285,652,758</u>	<u>7,241,232</u>	<u>\$ 1,630,883</u>
Plus: Unamortized premium	81,876,099		650,803	
	<u>\$ 1,383,222,495</u>		<u>\$ 7,892,035</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 \$162,065,370. During the year, general obligation bonds totaling \$16,148,457 were issued.

The bonds are direct obligations, and pledge the full faith and credit, of the County. The bonds are issued as 10 to 30-year serial bonds with varying amounts of principal maturing each year. General obligation bonds currently outstanding amounted to \$70,819,847 at August 31, 2017 and such serial bonds were issued with interest rates that ranged from 2.0 percent to 5.0 percent.

SUFFOLK COUNTY
Notes to the Financial Statements
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Annual principal and interest requirements to service all College debt outstanding as of August 31, 2017 are as follows:

	General Obligations	Interest	Total
Year ending August 31:			
2018	\$ 6,492,609	\$ 2,220,814	\$ 8,713,423
2019	6,444,544	1,988,488	8,433,032
2020	6,292,374	1,749,464	8,041,838
2021	5,894,039	1,544,233	7,438,272
2022	5,680,229	1,361,887	7,042,116
2023-2027	25,681,375	4,358,362	30,039,737
2028-2032	11,557,857	1,264,857	12,822,714
2033-2037	1,859,753	94,390	1,954,143
	69,902,780	\$ 14,582,495	\$ 84,485,275
Plus: Unamortized premium	917,067		
	\$ 70,819,847		

Advance refundings

On April 25, 2017 and December 28, 2017 the County issued \$353,055,000 in general obligation refunding bonds (of which \$10,027,105 pertains to Suffolk County Community College, a discrete component unit) with an average interest rate of 4.47 percent to advance refund \$374,129,466 (of which \$10,533,770 pertains to Suffolk County Community College) of outstanding general obligation bonds with an average interest rate of 3.76 percent. The net proceeds of \$391,312,472.03 (after payment of \$3,051,498.37 in underwriting fees, insurance and other issuance costs) were used to purchase State and Local Government Series securities in the total amount of \$391,311,298.08. Those securities, in addition to a cash deposit in the amount of \$1,173.95, 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 position.

The advanced refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$16,632,245.44 (exclusive of the portion related to Suffolk County Community College). This difference reported in the accompanying financial statements (net of issuance costs which are expensed in the current year) as a deferred outflow or inflow of resources and charged to operations through 2029, using a method that approximates effective interest. The County completed the advanced refunding to reduce its total debt service payments over the next twelve years by \$14,595,881.40 and to obtain an economic gain (difference between present values of the old and new debt service payments) of \$11,529,138.03.

In prior years, the County defeased certain general obligation bonds by placing 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, 2017, \$93,635,000 of bonds outstanding is considered defeased.

STASC Tobacco Settlement Asset-Backed Bonds

Tobacco Settlement Asset-Backed Bonds issued in 2008 (Series 2008 Bonds) and 2012 (Series 2012 Bonds) for the purchase of future rights to TSRs are secured by a pledge of revenues to be derived from TSR receipts after the deduction of the amounts necessary to pay all operating charges. Principal and interest paid on these bonds in 2017 totaled \$18,723,838. Interest on select Series 2008 Bonds and Series 2012 Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code.

Any additional pledged revenues received above the required debt service payments for the Series 2008 Bonds are used to turbo redeem the outstanding bonds. Any additional pledged revenues received above the required debt service payments for the Series 2012 Bonds are transferred to the 2012 Residual Trust.

For the Series 2008 Bonds, pledged revenues consist of a portion of the TSRs equal to 36 percent of the annual payments through December 31, 2012, and 75 percent thereafter and like percentages of any lump sum payment made in lieu of such annual payments. Pledged revenue does not include 100 percent of TSRs representing amounts withheld or deposited in the Disputed Payments Account under the MSA before August 21, 2008, regardless of when such amounts are received. Pledged revenue received in 2017 amounted to \$12,039,124, or 75.3 percent of total principal and interest payments made on the 2008 Series Bonds during the year. The STASC withdrew \$3,248,907 from the 2008 Liquidity Reserve Account to pay a portion of the interest payment on the Bonds due on December 1, 2017.

For the Series 2012 Bonds, pledged revenues consist of a portion of the TSRs equal to 64 percent of TSRs through December 31, 2012, 25 percent of TSRs received thereafter and 100 percent of TSRs representing amounts withheld or deposited in the Disputed Payments Account under the MSA before August 21, 2008, regardless of when such amounts are received. Pledged revenue received in 2017 amounted to \$4,013,041. This amount, including \$1,628 of interest earned on the account, was used to pay 2012 bond principal and interest of \$2,729,863, \$1,283,306 was transferred to the residual trust, and \$1,500 was used to pay the 2012 trustee fees.

Payments with respect to the Series 2008 Bonds and Series 2012 Bonds are dependent upon receipt of TSRs. The Series 2008 Bonds are special obligations of the STASC payable solely from the pledged revenues, the 2008 Liquidity Reserve Account, and other funds and accounts under the 2008 indenture. The Series 2012 Bonds are special obligations of the STASC payable solely from the pledged revenues, the 2012 Liquidity Reserve Account, and other funds and accounts under the 2012 indenture. The STASC has no other assets available for the payment of the Series 2008 Bonds and Series 2012 Bonds.

The amount of TSRs received is dependent on many factors, including future domestic cigarette consumption, the financial capability of the Participating Manufacturers (the "PMs"), litigation affecting the MSA and related legislation, and 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.

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Bonds outstanding at December 31, 2017, are as follows:

Description	Original Date Issued	Original Amount	Interest Rate	Maturity Date	Amount Outstanding
2008A	08/21/08	\$ 9,765,000	4.000 - 5.000%	6/1/12-6/1/18	\$ 2,820,000
2008B (2028)	08/21/08	40,045,000	5.375%	6/1/2028	33,995,000
2008B (2048)	08/21/08	62,295,000	6.000%	6/1/2048	62,295,000
2008C	08/21/08	107,671,781	6.625%	6/1/2044	142,295,000
2008D	08/21/08	13,375,082	8.000%	6/1/2048	27,880,411
2012B	03/29/12	34,635,000	4.000 - 5.000%	6/1/16-6/1/37	33,130,000
Premiums					559,988
Unamortized discounts					(2,679,592)
Total					<u><u>\$ 300,295,807</u></u>

The following table summarizes the STASC's estimated future debt service requirements as of December 31, 2017 based on future projected TSRs:

	Principal	Interest	Total Principal and Interest
2018	\$ 4,235,000	\$ 16,672,638	\$ 20,907,638
2019	1,450,000	16,537,588	17,987,588
2020	1,495,000	16,463,963	17,958,963
2021	1,545,000	16,387,963	17,932,963
2022	1,590,000	16,317,538	17,907,538
2023-2027	8,685,000	80,377,675	89,062,675
2028-2032	42,510,000	70,005,897	112,515,897
2033-2037	8,435,000	66,937,637	75,372,637
2038-2042	-	65,823,719	65,823,719
2043-2047	107,671,781	67,452,285	175,124,066
2048	75,670,082	291,503,028	367,173,110
	<u><u>\$ 253,286,863</u></u>	<u><u>\$ 724,479,931</u></u>	<u><u>\$ 977,766,794</u></u>

JFA Lease Revenue Bonds

Lease Revenue Bonds issued in 2013 for the purchase of the County's H. Lee Dennison building are secured by a pledge of net revenues (defined as revenues other than the Administrative Rent and Supplemental Rent paid by Suffolk County pursuant to Section 3.3 of the lease agreement with Suffolk County) and, except as otherwise provided in Section 5.02 of the Lease Revenue Bond Agreement, all funds and accounts established, other than the Operating Fund, the Contingency Fund and the Arbitrage Rebate Fund, are pledged to the Trustee (the bank or trust company appointed as trustee for the bonds) as security for the payment of the principal and redemption price of and interest on the bonds and as security for the performance of any other obligation of JFA in accordance with the provisions of the Lease Revenue Bond Agreement.

The Series 2013 bonds maturing prior to November 1, 2024 are not subject to redemption prior to maturity. The Series 2013 bonds maturing on or after November 1, 2024 are subject to redemption prior to maturity on or after November 1, 2023, in any order at the option of JFA, as a whole or in part at any time, at the redemption price equal to 100 percent of the

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principal amount of Series 2013 bonds to be redeemed, plus accrued interest, if any, to the redemption date.

The Series 2013 bonds maturing on November 1, 2033 are subject to mandatory redemption prior to maturity, in part, on each November 1 of the years and in the respective principal amounts set forth below, at the redemption price equal to 100 percent of the principal amount thereof being redeemed plus accrued interest to the redemption date, from mandatory sinking fund installments which are required to be made in amounts sufficient to redeem on November 1 of each year the principal amount of such Series 2013 bonds for each of the years shown below:

<u>Year</u>	<u>Amount</u>
2028	\$ 4,035,000
2029	4,235,000
2030	4,450,000
2031	4,670,000
2032	4,905,000
2033	5,150,000

JFA's bonds outstanding at December 31, 2017 consisted of Lease Revenue Serial Bonds, Series 2013, and Lease Revenue Term Bonds, Series 2013 in the amount of \$32,320,000 and \$27,445,000 respectively and are reported net of bond premiums of \$727,004. Bond principal payments are due annually on November 1 and interest payable semi-annually on May 1 and November 1.

The following table summarized the JFA's estimated future debt service requirement for bonds payable at December 31, 2017:

<u>Year</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Total Debt Service</u>
2018	\$ 2,640,000	5.000%	\$ 2,764,294	\$ 5,404,294
2019	2,775,000	5.000%	2,632,294	5,407,294
2020	2,915,000	5.000%	2,493,544	5,408,544
2021	3,060,000	3.375%	2,347,794	5,407,794
2022	3,160,000	3.500%	2,244,518	5,404,518
2023-2027	17,770,000	3.750 to 5.000%	9,260,481	27,030,481
2028-2032	22,295,000	5.000%	4,740,500	27,035,500
2033	5,150,000	5.000%	257,500	5,407,500
	<u>59,765,000</u>		<u>\$ 26,740,925</u>	<u>\$ 86,505,925</u>
Plus: Unamortized premium	<u>727,004</u>			
	<u>\$ 60,492,004</u>			

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Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2017 was as follows:

Governmental activities	Beginning Balance	Additions	Reductions	Ending Balance	Due within one Year
Bonds payable:					
General obligation debt	\$ 974,248,125	\$ 132,191,052	\$ 458,704,308	\$ 647,734,869	\$ 92,833,152
Advanced refunding debt	352,493,165	340,229,875	39,111,513	653,611,527	39,438,542
Plus premium	46,136,402	39,957,924	4,218,227	81,876,099	4,680,700
STASC bonds	255,196,863	-	1,910,000	253,286,863	4,235,000
Plus accreted interest	47,023,604	2,104,944	-	49,128,548	-
Plus premium	588,828	-	28,840	559,988	28,841
Less unamortized deferred discount	2,835,286	-	155,694	2,679,592	150,413
Lease revenue bonds	62,280,000	-	2,515,000	59,765,000	2,640,000
Plus premium	772,810	-	45,806	727,004	45,806
Total bonds payable	<u>1,735,904,511</u>	<u>514,483,795</u>	<u>506,378,000</u>	<u>1,744,010,306</u>	<u>143,751,628</u>
Accumulated vacation and sick leave	499,191,303	35,007,929	30,343,955	503,855,277	21,355,194
Estimated liability for claims	610,947,375	38,242,265	51,213,576	597,976,064	45,301,606
Other postemployment benefits other than pensions	2,854,160,000	2,850,770,000	133,140,000	5,571,790,000	-
Capital leases	568,872	-	486,790	82,082	82,082
Net pension liability	650,912,489	263,146,986	506,585,961	407,473,514	-
Due to NYS retirement system	260,510,684	35,234,699	25,842,169	269,903,214	26,768,481
Governmental activities Long-term liabilities	<u>\$ 6,612,195,234</u>	<u>\$ 3,736,885,674</u>	<u>\$ 1,253,990,451</u>	<u>\$ 9,095,090,457</u>	<u>\$ 237,258,991</u>
Business-type activities					
Bonds payable:					
Francis S. Gabreski Airport	\$ 7,658,342	\$ 3,595,430	\$ 3,670,994	\$ 7,582,778	\$ 655,925
Suffolk County Ball Park	808,235	-	498,978	309,257	151,170
Total bonds payable	<u>8,466,577</u>	<u>3,595,430</u>	<u>4,169,972</u>	<u>7,892,035</u>	<u>807,095</u>
Other postemployment benefits other than pensions	2,770,000	470,000	80,000	3,160,000	-
Net pension liability	293,304	105,205	229,241	169,268	-
Business-type activities Long-term liabilities	<u>\$ 11,529,881</u>	<u>\$ 4,170,635</u>	<u>\$ 4,479,213</u>	<u>\$ 11,221,303</u>	<u>\$ 807,095</u>

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Component units	Beginning Balance	Additions	Reductions	Ending Balance	Due within one Year
County general obligation bonds (Comm. College)	\$ 67,068,378	\$ 16,347,059	\$ 12,595,590	\$ 70,819,847	\$ 6,492,609
Total bonds payable	67,068,378	16,347,059	12,595,590	70,819,847	6,492,609
Accumulated vacation and sick leave	32,421,030	132,444	195,337	32,358,137	3,136,638
Other postemployment benefits other than pensions	314,931,627	49,312,186	31,034,035	333,209,778	-
Capital lease	130,130	19,657	59,945	89,842	46,073
Net pension liability	28,373,593	17,493	12,906,703	15,484,383	-
Due to NYS Retirement System	912,203	-	805,360	106,843	106,843
Loans	29,362,693	30,995,388	10,016,963	50,341,118	20,621,232
Prepetition claims	13,187,568	-	1,536,726	11,650,842	-
Other long-term debt	1,008,585	1,923,785	2,444,773	487,597	-
Component units Long-term liabilities	<u>\$ 487,395,807</u>	<u>\$ 98,748,012</u>	<u>\$ 71,595,432</u>	<u>\$ 514,548,387</u>	<u>\$ 30,403,395</u>

The general fund or applicable special revenue fund are the governmental funds that generally have been used in prior years to liquidate compensated absences and claims and judgments, pension obligations and other postemployment benefit obligations.

H. Short-term debt

Short-term debt activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance
Tax anticipation notes	\$ 410,000,000	\$ 410,000,000	\$ 410,000,000	\$ 410,000,000
Delinquent tax anticipation notes	100,000,000	100,000,000	100,000,000	100,000,000
Revenue anticipation notes	45,000,000	45,000,000	45,000,000	45,000,000
Public improvement bond anticipation notes	57,309,622	21,603,244	58,393,990	20,518,876
Governmental activities short-term debt	<u>\$ 612,309,622</u>	<u>\$ 576,603,244</u>	<u>\$ 613,393,990</u>	<u>\$ 575,518,876</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).

Revenue anticipation notes were issued during 2017 in anticipation of 2017 Federal and State aid revenue receipts.

Public improvement bond anticipation notes were issued by Suffolk County to provide financing for numerous capital projects.

IV. Other information

A. Risk management

The County is exposed to various risks related to torts, medical malpractice, errors and omissions, and the theft of, damage to, and destruction of assets. The County established a self-insurance program in 1975 to account for and finance insured risk of loss. The self-insurance program is administered by Risk Management. Fund 38, the self-insurance fund, was created to record any costs associated with the program. Risk Management is operated solely by and for the benefit of Suffolk County Government. Current self-insured retention per occurrence for liability is \$5,000,000 with a limit of \$60,000,000. Current deductible for property loss is \$1,000,000 per occurrence with a limit of \$300,000,000. The County purchases special lines of coverage for certain risks; marine, aviation, fidelity and advanced life support systems.

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

Changes in the balances of claims liabilities during the past two years are as follows:

	Year ended 12/31/2016	Year ended 12/31/2017
Unpaid claims, beginning of fiscal year	\$ 636,238,270	\$ 610,947,375
Incurred claims (including IBNRs)	49,443,786	50,350,980
Changes in the estimate for claims of prior years	(35,153,076)	(12,108,715)
Claim payments	(39,581,605)	(51,213,576)
Unpaid claims, end of fiscal year	\$ 610,947,375	\$ 597,976,064

B. Subsequent events

On April 10, 2018, the County issued \$45,000,000 Revenue Anticipation Notes (RAN). The RANs were issued in anticipation of the receipt of certain revenues expected to be received by the County from State and Federal aid. The interest rate on the RANs range from 2 percent to 3 percent and mature on March 21, 2019.

On June 14, 2018, Suffolk County issued \$49,030,000 Public Improvement Serial Bonds. The proceeds will be used to provide additional original or original project financing for

numerous public improvement projects. The interest rates on the bonds range from 1.75 percent to 3.375 percent. Bonds mature in varying amounts on June 1 of years 2019 through 2038.

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 post-employment benefits

The County provides other post-employment health benefits (OPEB) for all of its employees through a single employer defined benefit healthcare plan. OPEB costs are actuarially calculated based on a plan of benefits (other than pensions), that current and retired employees have accrued as a result of their respective years of employment service.

Plan description: The County's post-employment retirement healthcare benefit plan provides health benefits to all retired Suffolk County employees, their spouses, and some eligible dependents. The Plan is a comprehensive health benefits plan which pays for hospital services, doctor expenses and other medical related necessities which include prescription drugs, and mental health/substance abuse services, subject to provisions and limitations. The County administers the Plan through its Labor/Management Committee and Employee Benefits Unit and has the authority to establish and amend the benefits provisions offered. The Plan is not a separate entity or trust and does not issue stand-alone financial statements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits provided: The County provides health care coverage for retirees and their dependents. The County reimburses eligible employees and spouses for the monthly Part B premium (\$314.70 per month for 2017). Eligible spouses who already receive Part B reimbursement from another employer are not eligible for the County's reimbursement. The County contributes 100 percent of the cost of retirees' healthcare benefit on a pay-as-you-go basis.

Employees covered by benefit terms: At December 31, 2017, the following employees were covered by the benefit terms:

Active Employees	9,126
Retired Employees	10,221
	<u>19,347</u>

Total OPEB Liability

The County's total OPEB liability of \$5.6 billion was measured as of December 31, 2017, and was determined by an actuarial valuation as of that date.

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Actuarial assumptions: The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Discount rate	3.44%

Payroll growth		
Years of service	General	Public Safety
0	8.00%	27.00%
5	4.50%	7.50%
10	3.80%	4.10%
15	3.30%	3.60%
18+	3.00%	3.30%

Healthcare cost trend rates			
Fiscal Year-end	Medical/RX		Medicare Part B
	Pre-65	Post-65	
2018	9.00%	8.00%	3.00%
2019	8.50%	7.50%	3.50%
2020	8.00%	7.00%	4.00%
2021	7.50%	6.50%	4.50%
2022	7.00%	6.00%	4.50%
2023	6.50%	5.50%	4.50%
2024	6.00%	5.00%	4.50%
2025	5.50%	4.50%	4.50%
2026	5.00%	4.50%	4.50%
2027+	4.50%	4.50%	4.50%

The discount rate was based on Bond Buyer's 20-year general obligation municipal bond index.

	Bond Buyer Go 20-Year Bond Municipal Bond Index
Yield as of January 1, 2017	3.78%
Yield as of December 31, 2017	3.44%

Mortality rates were based on the RPH-2017 Total Dataset Mortality Table fully generational, Scale MP-2017, excluding disabled retirees. Disabled retiree mortality rates were based on Disabled Mortality Table fully generational, Scale MP-2017.

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The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2015 – December 31, 2015.

Changes in the Total OPEB liability (in millions)	Total OPEB Liability
Balance @ 1/1/2017	<u>\$ 5,653.28</u>
Changes for the year:	
Service cost	183.23
Interest	218.13
Changes in assumptions	270.09
Difference between expected and actual experience	(616.56)
Benefit payments	<u>(133.22)</u>
Net Changes	<u>(78.33)</u>
Balance @ 12/31/2017	<u><u>\$ 5,574.95</u></u>

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.44 percent) or 1-percentage-point higher (4.44 percent) than the current discount rate (in millions):

	1% Decrease (2.44%)	Discount Rate (3.44%)	1% Increase (4.44%)
Total OPEB liability	\$ 6,589.34	\$ 5,574.95	\$ 4,776.93

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (8.0 percent decreasing to 3.5 percent) or 1-percentage point higher (10.0 percent decreasing to 5.5 percent) than the current healthcare cost trend rates (in millions):

	1% Decrease (8.00% decreasing to 3.5%)	Healthcare Cost Trend Rates(9.00% decreasing to 4.5%)	1% Increase (10.0% decreasing to 5.5%)
Total OPEB liability	\$ 4,714.37	\$ 5,574.95	\$ 6,685.10

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OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2017, the County recognized OPEB expense of \$332.07 million. At December 31, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in millions):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 493.25
Changes in assumptions	216.07	-
Total	<u>\$ 216.07</u>	<u>\$ 493.25</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (in millions):

Fiscal Year End	Balance
2018	\$ (69.29)
2019	(69.29)
2020	(69.29)
2021	(69.31)
2022	-
Thereafter	-

E. Employee retirement system and pension plans

1. New York State and Local Retirement System

The primary government and the Suffolk Community College (College), a discretely presented component unit of the County participate in the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS) which are collectively referred to as New York State and Local Retirement System (the System). These are cost-sharing multiple-employer defined benefit retirement systems. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The County also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Benefits Provided

The System provides retirement benefits as well as death and disability benefits.

Tiers 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20 percent of the previous year. For tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous two years.

Tiers 3, 4, and 5

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4, and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 3, 4 and 5 members, each year of final average salary is limited to no more than 10 percent of the average of the previous two years.

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members and 62 for PFRS members.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with ten or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

Special Plans

The 25-Year Plans allow a retirement after 25 years of service with a benefit of one-half of final average salary, and the 20-Year Plans allow a retirement after 20 years of service with a benefit of one-half of final average salary. These plans are available to certain PFRS members, sheriffs, and correction officers.

Disability Retirement Benefits

Disability retirement benefits are available to ERS and PFRS members unable to perform their job duties because of permanent physical or mental incapacity. There are three general types of disability benefits: ordinary, performance of duty, and accidental disability benefits. Eligibility, benefit amounts, and other rules such as any offsets of other benefits depend on a member's tier, years of service, and plan.

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

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Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all retirees who have attained age 62 and have been retired for five years; (ii) all retirees who have attained age 55 and have been retired for ten years; (iii) all disability retirees, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1 percent or exceed 3 percent.

Contributions

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) who generally contribute 3 percent of their salary for their entire length of service. For tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31st. The County reports contributions to the System on an accrual basis for the fiscal year ending December 31st. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows (in thousands):

	<u>ERS</u>		<u>PFRS</u>	
	Primary	Component	Primary	
	<u>Government</u>	<u>Units</u>	<u>Government</u>	
2017	\$ 100,005	\$ 6,729	\$ 101,979	
2016	92,748	7,195	92,987	
2015	94,012	7,940	83,713	

Contribution Stabilization Programs

Chapter 57 of the Laws of 2010 of the State of New York allows local employers to amortize a portion of their retirement bill for 10 years in accordance with the following stipulations:

- For State fiscal year 2010-11, the amount in excess of the graded rate of 9.5 percent of employees' covered pensionable salaries, with the first payment of those pension costs not due until the fiscal year succeeding that fiscal year in which the amortization was instituted.

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- For subsequent State fiscal years, the graded rate will increase or decrease by up to one percent depending on the gap between the increase or decrease in the System’s average rate and the previous graded rate.
- For subsequent State fiscal years in which the System’s average rates are lower than the graded rates, the employer will be required to pay the graded rate. Any additional contributions made will first be used to pay off existing amortizations, and then any excess will be deposited into a reserve account and will be used to offset future increases in contribution rates.

Chapter 57 of the Laws of 2013 of the State of New York established an alternative to the original contribution stabilization program of 2010, allowing local employers to amortize a portion of their retirement bill for 12 years in accordance with the stipulations above with the following exceptions:

- The graded rate under the laws of 2013 will remain constant for the first two State fiscal years and will move by 0.5 percent per year thereafter.
- These laws require participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System’s fiscal years when the local employer opts to participate in the program. The total unpaid liability at the end of the fiscal year was \$269,903,214.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2017, the County reported a liability for its proportionate share of the net pension liability as follows (in thousands):

	ERS	PFRS	Total
Primary Government	\$ 211,582	\$ 196,061	\$ 407,643
Component Units	15,485	-	15,485

The net pension liability was measured as of March 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County’s proportion of the net pension liability was based on a projection of the County’s long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2017, the County’s proportion was 2.39 percent and 9.46 percent for ERS and PFRS respectively.

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For the year ended December 31, 2017, the County recognized pension expense of \$118,439,482 and \$123,163,627 for the primary government for ERS and PFRS, respectively. For the year ended August 31, 2017, the College recognized pension expense of \$7,499,855 for ERS. At December 31, 2017, the County reported deferred outflows and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflows of Resources				
	ERS		PFRS		Total Primary
	Primary	Component	Primary	Government	
	Government	Units*	Government	Government	
Differences between expected and actual experience	\$ 5,321	\$ 388	\$ 25,720	\$ 31,041	
Changes of assumptions	72,445	5,290	96,591	169,036	
Net difference between projected and actual earnings pension plan investments	42,705	3,093	29,281	71,986	
Changes in proportion and differences between contributions and proportionate share of contributions	2,818	484	33,188	36,006	
Contributions subsequent to the measurement date	71,398	4,573	78,408	149,806	
Total deferred outflows of resources	\$ 194,687	\$ 13,828	\$ 263,188	\$ 457,875	

	Deferred Inflows of Resources				
	ERS		PFRS		Total Primary
	Primary	Component	Primary	Government	
	Government	Units*	Government	Government	
Differences between expected and actual experience	\$ 32,202	\$ 2,351	\$ 33,875	\$ 66,077	
Changes in proportion and differences between contributions and proportionate share of contributions	9,183	704	566	9,749	
	\$ 41,385	\$ 3,055	\$ 34,441	\$ 75,826	

* The College is reported as of August 31, 2017

Amounts reported above as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

	ERS		PFRS		Total Primary
	Primary	Component	Primary	Government	
	Government	Units	Government	Government	
Year ended December 31:					
2018	\$ 37,893	\$ 2,853	\$ 46,716	\$ 84,609	
2019	37,893	2,853	46,716	84,609	
2020	33,672	2,535	44,530	78,202	
2021	-	(2,041)	4,615	4,615	

Actuarial Assumptions

The total pension liability at March 31, 2017 was determined by using an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total pension liability to March 31, 2017. The actuarial valuation used the following actuarial assumptions:

	ERS	PFRS
Inflation	2.5%	2.5%
Salary Increases	3.8%	4.5%
Investment rate of return (net of investment expense, including inflation)	7.0%	7.0%

Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System experience with adjustments for mortality improvements based on the Society of Actuaries’ Scale MP-2014.

The actuarial assumptions used in the April 1, 2015 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2017 are summarized below:

Asset class	Long-Term expected real rate of return
Domestic equity	4.55%
International equity	6.35%
Private equity	7.75%
Real estate	5.80%
Absolute return strategies	4.00%
Opportunistic portfolio	5.89%
Real assets	5.54%
Bonds and mortgages	1.31%
Cash	-0.25%
Inflation-indexed bonds	1.50%

Discount rate

The discount rate used to calculate the total pension liability was 7 percent. The projection of cash flows used to determine the discount rate assumes that contributions from plan members

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will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of the net pension liability to the discount rate assumption

The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6 percent) or 1-percentage-point higher (8 percent) than the current rate:

	1 percent Decrease (6 percent)	Current Assumption (7 percent)	1 percent Increase (8 percent)
ERS proportionate share	\$ 718,325	\$ 224,912	\$ (192,267)
PFRS proportionate share	555,820	196,061	(105,690)

Pension plan fiduciary net position

The components of the current-year net pension liability of the County as of March 31, 2017, were as follows (in thousands):

	Pension Plan's Fiduciary Net Position	County's proportionate share of the Pension Plan's Fiduciary Net Position	County's allocation percentage as determined by the Plan
<u>ERS</u>			
Total pension liability	\$ 177,400,586	\$ 4,246,338	2.393644%
Plan net position	(168,004,363)	(4,021,426)	2.393644%
Net pension liability	\$ 9,396,223	\$ 224,912	2.393644%
Ratio of plan net position to the total pension liability	94.7%	94.7%	
<u>PFRS</u>			
Total pension liability	\$ 31,670,483	\$ 2,995,839	9.459404%
Plan net position	(29,597,831)	(2,799,778)	9.459404%
Net pension liability	\$ 2,072,652	\$ 196,061	9.459404%
Ratio of plan net position to the total pension liability	93.5%	93.5%	

2. New York State Teachers' Retirement System

The College participates in the New York State Teachers' Retirement System (TRS). The TRS is a cost-sharing multiple-employer defined contribution pension plan. TRS provides retirement, disability, and death benefits to plan members. Obligations of employers and employees to contribute, and related benefits to employees are governed by New York State Retirement and Social Security Law. TRS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

Contributions

TRS provide retirement benefits as well as death and disability benefits. Benefits generally vest after five years of credited services. The NYSRSSL provides that all participants in TRS are jointly and severally liable for any actuarial unfunded amounts. TRS is noncontributory for the employees who joined prior to July 27, 1976. For employees who joined TRS after July 27, 1976 and prior to January 1, 2010, employees contribute 3.5 percent throughout their active membership. For employees who joined after April 1, 2012, employees in TRS contribute 3.5 percent of their salary until April 1, 2013, and then contribute 3 percent to 6 percent of their salary throughout their active membership.

Employer contributions of the plan are as follows:

	<u>TRS</u>
Employer Contributions	(In Thousands)
2017	\$ 3,236
2016	4,629
2015	4,157

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At August 31, 2017, the College reported \$1,324,495 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2017. The College's proportion of the net pension asset was based on a projection of the College's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At August 31, 2017, the College's proportion was 0.174253 percent, which was an increase from its proportionate share of 0.175411 at August 31, 2016.

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Notes to the Financial Statements
December 31, 2017

For the year ended August 31, 2017, the College recognized pension expense of \$3,329,150. At August 31 2017 the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 516,405
Changes of assumptions	1,089,734	-
Net difference between projected and actual earnings on pension plan investments	13,476,995	3,119,569
Changes in proportion and differences between the College's contributions and proportionate share of contributions	89,719	142,389
Contributions subsequent to the measurement date	539,381	-
	\$ 15,195,829	\$ 3,778,363

Deferred outflows of resources, in the amount of \$539,381, related to the College's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2017.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Plan's Year Ended June 30:	
2018	\$ 305,715
2019	3,564,811
2020	2,550,811
2021	632,645
2022	2,543,388
Thereafter	1,280,715
	\$ 10,878,085

Actuarial Assumptions

The total pension liability at the June 30, 2017 measurement date was determined by an actuarial valuation as of June 30, 2016, with update procedures used to roll forward the total pension liability to June 30, 2017. Total pension liability at the June 30, 2016 measurement date, was determined by an actuarial valuation as of June 30, 2015, with update procedures used to roll forward the total pension liability to June 30, 2016. These actuarial valuations used the following actuarial assumptions:

Inflation	3.00 percent
Projected Salary Increases	Rates of increase differ based on age and gender. They have been calculated based upon recent NYSTRS member experience.

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2017

<u>Service</u>	<u>Rate</u>
5	4.72%
15	3.46%
25	2.37%
35	1.90%

Projected COLAs	1.5 percent compounded annually
Investment Rate of Return	7.25 percent compounded annually, net of pension plan investment expenses, including inflation.

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on society of Actuaries Scale MP2014.

The actuarial assumptions used in the June 30, 2016 and 2015 valuations were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014.

Best estimates of arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of the valuation date of June 30, 2017 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset class</u>	Target allocations in %	Long-term expected real rate of return in %
Domestic equity	35.0%	5.9%
International equity	18.0%	7.4%
Real estate	11.0%	4.3%
Alternative investments	8.0%	9.0%
Domestic fixed income securities	16.0%	1.6%
Global fixed income securities	2.0%	1.3%
High-yield fixed income securities	1.0%	3.9%
Mortgages	8.0%	2.8%
Short-term	1.0%	0.6%
	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contributions rates and that contributions from colleges will be made at statutorily required rates, actuarially determined. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2017

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following represents the net pension liability (asset) of the College's calculated using the discount rate of 7.25 percent, as well as what the College proportionate share of the net pension liability would be if it were calculated using a discount rate of 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1 percent Decrease (6.25 percent)	Current Assumption (7.25 percent)	1 percent Increase (8.25 percent)
Proportionate share of net pension liability (asset)	\$ 22,817,127	\$ (1,324,495)	\$ (21,541,906)

Pension Plan Fiduciary Net Position

The components of the current-year net pension (asset) of the employers as of June 30, 2017, were as follows (in thousands):

	Pension Plan's Fiduciary Net Position	College's proportionate share of Plan's Fiduciary Net Position	College's allocation percentage as determined by the Plan
Total pension liability	\$ 114,708,261,032	\$ 199,882,586	0.174253%
Net position	(115,468,360,316)	(201,207,081)	0.174253%
Net pension liability (asset)	\$ (760,099,284)	\$ (1,324,495)	0.174253%
Fiduciary net position as a percentage of total pension liability	100.7%	100.7%	

3. Teachers Insurance and Annuity Association and the College Retirement Equities Fund

The Teachers Insurance and Annuity Association and the College Retirement Equities Fund (TIAA-CREF) is a privately operated contribution retirement plan which provides benefits to certain employees of the College. TIAA-CREF issues publicly available financial reports that include financial statements and required supplementary information. This report may be obtained by writing to the Teachers' Insurance and Annuity Association – College Retirement Equities Fund, 730 Third Avenue, New York, NY 10017.

Contributions

TIAA/CREF is a College Optional Retirement Program (ORP) and offers benefits through annuity contracts and provides retirement and death benefits to those employees who elected to participate in the ORP. Benefits are determined by the amount of individual accumulations and the retirement income option selected. All benefits generally vest after the completion of one year of service if the employee is retained thereafter. TIAA/CREF is contributory for employees who joined after July 27, 1976 who contribute 2 to 3 percent of their salary. Employer contributions range from 8 percent to 15 percent depending upon

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2017

when the employee was hired. Employee contributions are deducted from their salaries and remitted on a current basis to TIAA/CREF.

Employer contributions of the plan are as follows:

	<u>TIAA/CREF</u>
Employer Contributions	(In Thousands)
2017	\$ 5,071
2016	5,147
2015	5,139

The employer contributions are equal to 100 percent of the required contributions.

F. Employee benefits

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

During 2017, the County made contribution payments in the following amounts to the indicated Benefit Funds:

Suffolk County Municipal Employees Benefit Fund	\$ 7,748,099
Detectives Association	74,815
Suffolk County Police Benevolent Association Benefit Fund	5,139,993
Suffolk County Police Benevolent Association Legal Fund	100
Suffolk County Superior Officers Association Benefit Fund	974,377
Suffolk County Superior Officers Association	128,852
Total	\$ 14,066,236

G. Tax abatements

The County is subject to tax abatements that are granted by the Suffolk County Industrial Development Agency (SCIDA) and four separate town Industrial Development Agencies. Article 18-A of the New York State Municipal Law, "New York State Industrial Development Agency Act." was enacted to provide for the creation of Industrial Development Agencies (IDAs) to facilitate economic development in specific localities, and

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2017

delineate their powers and status as public benefit corporations. The legislation establishes the powers of New York State IDAs, including the authority to grant tax abatements and enter into agreements to require payments in lieu of taxes. Each IDA must adopt and follow a tax exemption policy with input from the effected taxing jurisdictions, however, once created the IDA can independently grant abatements in conformity with their policy. The IDAs within Suffolk County enter into agreements to abate property and sales tax for the purpose of increasing or retaining employment in the County.

Property abatements may be partially offset by an agreement that requires payments in lieu of taxes. These agreements specify the annual amount to be remitted by the property owner and are allocated to the effected jurisdiction based on the proportion of taxes abated. Abatements are presented in the aggregate for agreements that fall below 1 percent of the total County Warrant. For the year ending December 31, 2017 no individual agreements exceeded the threshold of \$7,609,341.

Abatement agreements of the town IDAs resulted in a revenue impact to the County for the year ended 12/31/2017 as follows:

<u>Tax abatement program</u>	<u>Gross tax reduction</u>	<u>Payments in lieu of taxes</u>	<u>Net revenue reduction</u>
Town of Babylon IDA:			
Property tax	3,378,591	1,986,802	1,391,789
Sales tax	857,952		857,952
Town of Brookhaven IDA:			
Property tax	3,278,760	2,152,647	1,126,113
Sales tax	2,195,851		2,195,851
Town of Islip IDA:			
Property tax	2,476,338	1,336,437	1,139,901
Sales tax	717,012		717,012
Town of Riverhead IDA:			
Property tax	38,016	14,648	23,368
Sales tax	477,971		477,971

SCIDA, a discretely presented component unit of the County, provides tax abatements to Suffolk County business owners in accordance with their tax exemption policy. This policy which was developed with input from the County at the creation of the SCIDA requires that each project application is individually evaluated for level of significance or strategic value and impact on Suffolk County in determining the abatement agreement. Abatement agreements are for a duration of 10 years with a minimum reduction consistent with Section 485b of the NYS Real Property Tax Law; a 50% reduction in property taxes the first year with declining abatements over the remaining 9 years. Projects determined by SCIDA to meet specific criteria which make the project highly significant or strategically valuable may receive enhanced real property tax relief.

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2017

SCIDA projects receiving property tax relief are subject to recapture of benefits in the case of: sale or closure of the facility, significant change in use of the facility, significant employment reductions, or failure to comply with terms of the abatement agreement.

For the year ending December 31, 2017 Suffolk County's tax revenues were affected by SCIDA issued abatements as follows:

<u>Tax abatement program</u>	<u>Gross tax reduction</u>	<u>Payments in lieu of taxes</u>	<u>Net revenue reduction</u>
Suffolk County IDA:			
Property tax	2,962,906	2,511,039	451,867
Sales tax	2,590,260	-	2,590,260

REQUIRED SUPPLEMENTARY INFORMATION

SUFFOLK COUNTY, NEW YORK
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2017

	<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	\$ 101,795,038	\$ 101,795,038	\$ 87,991,833	\$ (13,803,205)
Sales and use tax	1,237,325,054	1,237,325,054	1,260,114,840	22,789,786
New York State aid	241,218,687	242,027,729	231,486,586	(10,541,143)
Federal aid	217,936,276	218,123,466	210,679,281	(7,444,185)
Licenses, permits, fines, fees, etc.	153,395,661	153,411,649	193,921,793	40,510,144
Interest on investments	699,343	699,343	2,063,354	1,364,011
Miscellaneous	48,828,650	48,839,250	12,961,773	(35,877,477)
Total revenues	<u>2,001,198,709</u>	<u>2,002,221,529</u>	<u>1,999,219,460</u>	<u>(3,002,069)</u>
Expenditures				
Current:				
General government support:				
Audit and control	10,056,677	9,751,547	9,367,247	384,300
Board of elections	14,709,785	14,709,785	13,921,491	788,294
Civil service	4,842,779	4,842,779	4,872,659	(29,880)
County clerk	7,774,463	7,674,463	7,565,097	109,366
County ethics commission	319,223	319,223	302,649	16,574
County executive	5,360,551	4,891,599	4,715,661	175,938
District attorney	37,174,317	37,174,317	38,763,079	(1,588,762)
Law	10,961,836	11,084,849	11,084,456	393
Legal aid society	12,512,247	12,502,675	12,456,877	45,798
Legislative	10,573,270	10,167,971	10,133,442	34,529
Public administrator	480,846	480,846	487,133	(6,287)
Public works	66,862,896	67,734,441	67,621,253	113,188
Real property	1,191,141	1,191,141	1,204,610	(13,469)
Miscellaneous	16,373,085	11,420,154	11,389,217	30,937
Total general government support	<u>199,193,116</u>	<u>193,945,790</u>	<u>193,884,871</u>	<u>60,919</u>
Economic assistance and opportunity:				
County executive	14,900,520	14,840,105	14,256,792	583,313
Economic development and planning	4,674,813	4,443,103	4,209,976	233,127
Labor	7,753,004	7,753,004	7,527,945	225,059
Probation	3,435,924	6,441,605	6,394,110	47,495
Social services	589,202,891	580,695,666	574,854,662	5,841,004
Total economic assistance and opportunity	<u>619,967,152</u>	<u>614,173,483</u>	<u>607,243,485</u>	<u>6,929,998</u>

(Continued)

SUFFOLK COUNTY, NEW YORK
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget -</u>
				<u>Positive (Negative)</u>
Health:				
Health services	118,486,817	118,015,958	114,920,534	3,095,424
Medical examiner	10,537,713	10,534,750	10,795,770	(261,020)
Total health	<u>129,024,530</u>	<u>128,550,708</u>	<u>125,716,304</u>	<u>2,834,404</u>
Public safety:				
Fire rescue and emergency service	7,823,373	7,823,373	7,902,739	(79,366)
Police	100,218,189	101,214,952	112,800,888	(11,585,936)
Probation	30,483,647	31,594,677	31,234,826	359,851
Public works	60,000	44,420	59	44,361
Sheriff	159,526,438	162,938,222	175,750,792	(12,812,570)
Total public safety	<u>298,111,647</u>	<u>303,615,644</u>	<u>327,689,304</u>	<u>(24,073,660)</u>
Culture and recreation:				
County executive	6,153,824	6,153,824	5,837,666	316,158
Parks	8,395,761	9,164,226	9,358,667	(194,441)
Total culture and recreation	<u>14,549,585</u>	<u>15,318,050</u>	<u>15,196,333</u>	<u>121,717</u>
Education:				
Health services	123,375,111	124,615,290	125,883,516	(1,268,226)
Miscellaneous	60,521,308	61,438,389	61,438,389	-
Total education	<u>183,896,419</u>	<u>186,053,679</u>	<u>187,321,905</u>	<u>(1,268,226)</u>
Home and community services:				
County executive	476,827	476,827	550,889	(74,062)
Economic development and planning	3,920,014	3,920,014	3,464,875	455,139
Health services	169,977	169,977	169,977	-
Law	289,756	291,556	288,772	2,784
Public works	475,713	197,053	178,309	18,744
Soil and water conservation	325,094	325,094	297,578	27,516
Total home and community services	<u>5,657,381</u>	<u>5,380,521</u>	<u>4,950,400</u>	<u>430,121</u>
Transportation:				
Public works	100,901,620	102,221,662	102,047,094	174,568
Employee benefits	139,348,729	140,858,334	140,350,922	507,412
Debt service - principal	99,196,480	100,491,512	100,491,512	-
Debt service - interest	32,380,761	31,086,915	31,086,914	1
Total debt service	<u>131,577,241</u>	<u>131,578,427</u>	<u>131,578,426</u>	<u>1</u>
Total expenditures	<u>1,822,227,420</u>	<u>1,821,696,298</u>	<u>1,835,979,044</u>	<u>(14,282,746)</u>

(Continued)

SUFFOLK COUNTY, NEW YORK
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2017

	<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	178,971,289	180,525,231	163,240,416	(17,284,815)
Other financing sources (uses)				
Refunding bonds issued	-	-	340,229,875	340,229,875
Premium on refunding bonds issued	-	-	39,957,924	39,957,924
Payments to refunding bond escrow agent	-	-	(380,187,799)	(380,187,799)
Serial bonds issued	-	1,200,000	1,188,363	(11,637)
Premium on serial bonds issued	-	-	11,637	11,637
Transfers in	70,385,456	87,885,456	92,623,280	4,737,824
Transfers out	(262,652,266)	(262,430,281)	(255,888,335)	6,541,946
Total other financing sources (uses)	<u>(192,266,810)</u>	<u>(173,344,825)</u>	<u>(162,065,055)</u>	<u>11,279,770</u>
Net change in fund balances (budgetary basis)	(13,295,521)	7,180,406	1,175,361	(6,005,045)
Fund balances (deficits) at beginning of year (budgetary basis)	<u>13,295,521</u>	<u>(10,803,435)</u>	<u>(10,803,435)</u>	<u>-</u>
Fund balances (deficits) at end of year (budgetary basis)	<u>\$ -</u>	<u>\$ (3,623,029)</u>	<u>\$ (9,628,074)</u>	<u>\$ (6,005,045)</u>

Reconciliation between the budgetary basis of accounting and GAAP basis:

Fund balance at end of year (budgetary basis)	\$ (9,628,074)
Plus: General Fund Components:	
Town village code enforcement (GAAP basis)	103
Interdepartment operation & service (GAAP basis)	(2,200,068)
Self insurance fund (GAAP basis)	(10,188,838)
Employee medical health plan (GAAP basis)	(13,505,953)
Building sanitation administration (GAAP basis)	(177,513)
Tax stabilization reserve (GAAP basis)	49,452,142
Less: accrued pension expense	(76,504,765)
Less: accounting for sale of future revenues to STASC	(181,476,938)
Fund balance at end of year (GAAP basis)	<u>\$ (244,229,904)</u>

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

SUFFOLK COUNTY, NEW YORK
Police District - Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget -</u>
Revenues				
Real property taxes	\$ 549,678,671	\$ 549,678,671	\$ 548,925,562	\$ (753,109)
Sales and use tax	39,897,687	39,897,687	52,626,056	12,728,369
New York State aid	200,000	200,000	254,896	54,896
Federal aid	-	966	325,317	324,351
Licenses, permits, fines, fees, etc.	4,513,811	4,513,811	5,548,433	1,034,622
Interest on investments	7,696	7,696	10,592	2,896
Miscellaneous	1,264,725	1,264,725	1,002,771	(261,954)
Total revenues	595,562,590	595,563,556	608,693,627	13,130,071
Expenditures				
Current:				
General government support:				
Miscellaneous	1,251,487	1,251,487	1,242,211	9,276
Public safety:				
Police	362,904,141	362,898,545	392,461,481	(29,562,936)
Employee benefits	111,035,172	111,035,172	109,883,286	1,151,886
Debt Service:				
Principal	7,085,909	7,221,858	7,221,858	-
Interest and other charges	1,144,306	1,013,953	1,013,953	-
Total expenditures	483,421,015	483,421,015	511,822,789	(28,401,774)
Excess (deficiency) of revenues over (under) expenditures	112,141,575	112,142,541	96,870,838	(15,271,703)
Other financing sources (uses)				
Transfers in	45,968,060	45,968,060	39,513,803	(6,454,257)
Transfers out	(151,157,816)	(151,157,816)	(147,798,201)	3,359,615
Total other financing sources (uses)	(105,189,756)	(105,189,756)	(108,284,398)	(3,094,642)
Net change in fund balances (budgetary basis)	6,951,819	6,952,785	(11,413,560)	(18,366,345)
Fund balances (deficits) at beginning of year (budgetary basis)	(6,951,819)	(10,576,162)	(10,576,162)	-
Fund balances (deficits) at end of year (budgetary basis)	<u>\$ -</u>	<u>\$ (3,623,377)</u>	<u>\$ (21,989,722)</u>	<u>\$ (18,366,345)</u>

Reconciliation between the budgetary basis of accounting and GAAP basis:

Fund balance at end of year (budgetary basis)	\$ (21,989,722)
Less: accrued pension expense	(67,611,863)
Less: accounting for sale of future revenues to STASC	(6,400,225)
Fund balance at end of year (GAAP basis)	<u>\$ (96,001,810)</u>

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

SUFFOLK COUNTY, NEW YORK

Schedule of Changes in Total OPEB and Related Ratios

For Fiscal Year 2008 through 2017
(amounts in millions)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total OPEB liability										
Service cost	\$ 183.23	**	**	**	**	**	**	**	**	**
Interest	218.13	**	**	**	**	**	**	**	**	**
Changes of assumptions	270.09	**	**	**	**	**	**	**	**	**
Differences between expected and actual experience	(616.56)	**	**	**	**	**	**	**	**	**
Benefit payments	(133.22)	**	**	**	**	**	**	**	**	**
Net change in total OPEB liability	(78.33)	**	**	**	**	**	**	**	**	**
Total OPEB liability- beginning	5,653.28	\$ 4,878.97	\$ 5,149.47	**	**	**	**	**	**	**
Total OPEB liability- ending	5,574.95	5,653.28	4,878.97	\$ 5,149.47	**	**	**	**	**	**
Covered employee payroll	936.37	898.77	872.59	854.54	**	**	**	**	**	**
Total OPEB liability as a percentage of covered employee payroll	595%	629%	559%	603%	**	**	**	**	**	**

Notes to schedule:

Changes of assumptions. Changes of assumptions reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	3.44%
2016	3.78%
2015	**
2014	**
2013	**
2012	**
2011	**
2010	**
2009	**
2008	**

** Information is not available for this time period

SUFFOLK COUNTY, NEW YORK

Schedule of Proportionate Share of the Net Pension Liability

New York State and Local Retirement Systems Pension Plan

For Fiscal Years 2008 through 2017
(amounts in thousands)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
County's proportion of the net pension liability (asset) for ERS	2.39%	2.42%	2.64%	**	**	**	**	**	**	**
County's proportion of the net pension liability (asset) for PFRS	9.46%	9.61%	9.32%	**	**	**	**	**	**	**
County's proportion of the net pension liability (asset) for ERS	\$ 224,912	\$ 389,083	\$ 89,118	**	**	**	**	**	**	**
County's proportion of the net pension liability (asset) for PFRS	\$ 196,061	\$ 284,578	\$ 25,668	**	**	**	**	**	**	**
County's covered employee payroll for ERS	\$ 594,725	\$ 456,831	\$ 512,041	**	**	**	**	**	**	**
County's covered employee payroll for PFRS	\$ 422,944	\$ 511,901	\$ 368,729	**	**	**	**	**	**	**
County's proportionate share of the net pension liability (assets) as a percentage of its covered employee payroll for ERS	37.82%	85.17%	17.40%	**	**	**	**	**	**	**
County's proportionate share of the net pension liability (assets) as a percentage of its covered employee payroll for PFRS	46.36%	55.59%	6.96%	**	**	**	**	**	**	**
Plan fiduciary net position as a percentage of the total pension liability for ERS	94.70%	90.70%	97.90%	**	**	**	**	**	**	**
Plan fiduciary net position as a percentage of the total pension liability for PFRS	93.46%	90.20%	99.00%	**	**	**	**	**	**	**

** Information is not available for this time period

SUFFOLK COUNTY, NEW YORK

Schedule of Contributions

New York State and Local Retirement Systems Pension Plan

For Fiscal Years 2008 through 2017*
(amounts in thousands)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Contractually required contribution	\$ 201,984	\$ 185,734	\$ 177,725	\$ 178,873	\$ 150,047	\$ 132,439	\$ 125,333	\$ 108,388	\$ 95,949	\$ 106,922
Contributions in relation to the contractually required contribution	201,984	185,734	177,725	178,873	150,047	132,439	125,333	108,388	95,949	106,922
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
County's covered employee payroll	1,017,669	968,732	880,770	**	**	**	**	**	**	**
Contributions as a percentage of covered employee payroll	20%	19%	20%	**	**	**	**	**	**	**

*The amounts presented for each year are determined as of the fiscal year ending December 31 on an accrual basis

** Information not available for this time period

Uniform Guidance Section

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INDEPENDENT AUDITORS' 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 Management and Members of the Audit Committee
Suffolk County, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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 (the "County"), as of and for the year ended December 31, 2017 (with the Suffolk County Community College for the year ended August 31, 2017), and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents, and have issued our report thereon dated June 29, 2018, which contains an explanatory paragraph regarding the Suffolk County adopted Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which resulted in restated beginning net position.

Our report includes a reference to other auditors who audited the financial statements of Suffolk County Regional Off-Track Betting Corporation, the Suffolk County Community College, the Suffolk County Economic Development Corporation and the Suffolk County Industrial Development Agency, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those other auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by

those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2017-001 that we consider to be significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from 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*.

County's Response to Finding

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

We noted certain matters that we reported to the Audit Committee and management of the County in a separate letter dated June 29, 2018.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Deloitte & Touche LLP

June 29, 2018

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited the Suffolk County's (the "County"), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2017. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. The County's basic financial statements include the operations of the Suffolk County Community College ("College"), a component unit, which expended \$ 45,567,733 in federal awards as of the College's fiscal year ended August 31, 2017, which is not included in the Schedule of Expenditures of Federal Awards during the year ended December 31, 2017. Our audit, described below, did not include the operations of the College because this component unit engaged other auditors to perform an audit in accordance with Uniform Guidance. Our audit of compliance, in accordance with *Government Auditing Standards*, did not include the operations of the Suffolk County Regional Off-Track Betting Corporation, the Suffolk County Economic Development Corporation and the Suffolk County Industrial Development Agency, as described in our report on the County's financial statements, because those entities engaged other auditors to perform audits in accordance with Uniform Guidance or did not require an audit in accordance with Uniform Guidance.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 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 qualified and unmodified opinions on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Basis for Qualified Opinion on Adoption Assistance Title IV-E

As described in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding CFDA 93.659 Adoption Assistance Title IV-E as described in finding number 2017-005 for Eligibility. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

Qualified Opinion on Adoption Assistance Title IV-E

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Adoption Assistance Title IV-E for the year ended December 31, 2017.

Basis for Qualified Opinion on Equitable Sharing Program – Cigarette Strike Force

As described in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding CFDA 21.016 Equitable Sharing Program – Cigarette Strike Force as described in finding number 2017-002 for Allowable costs. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

Qualified Opinion on Equitable Sharing Program – Cigarette Strike Force

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Equitable Sharing Program – Cigarette Strike Force for the year ended December 31, 2017.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended December 31, 2017.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2017-001, 2017-003, and 2017-004. Our opinion on each major federal program is not modified with respect to these matters.

The County's response to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2017-002, and 2017-005 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2017-001, 2017-003, and 2017-004 to be significant deficiencies.

The County's response to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the County as of and for the year ended December 31, 2017, and have issued our report thereon dated June 29, 2018, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records

used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Deloitte & Touche LLP

September 21, 2018

SUFFOLK COUNTY, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2017

FEDERAL GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/ PASS-THROUGH GRANTOR - Note 15	FEDERAL/ PASS-THROUGH GRANTOR'S NUMBER	2017 AMOUNT PROVIDED TO SUB-RECIPIENTS Note 9	2017 EXPENDITURES
<u>U.S. Department of Agriculture</u>					
Special Supplemental Nutrition (Food) Program for Women, Infants and Children 2017 (WIC)	10.557	NYS DOH	C-30435GG	-	2,021,941
Special Supplemental Nutrition (Food) Program for Women, Infants and Children 2018 (WIC)	10.557	NYS DOH	C-30435GG	-	480,797
Special Supplemental Nutrition Program for Women and Children: Special Formula and Food Checks (Note 7)					
Non-Monetary Assist	10.557	NYS DOH	N/A	-	11,581,231
Total CFDA Number 10.557				-	14,083,969
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	NYS OTDA	18000	-	15,465,147
State Administrative Matching Grants for Supplemental Nutrition Assistance Program - E&T Dependent Care	10.561	NYS OTDA	18000	-	132,706
Total CFDA Number 10.561				-	15,597,853
Supplemental Nutrition Assistance Program, Process and Technology Improvement Grants	10.580	Federal Direct	N/A	-	4,524
Emergency Watershed Protection Program - Floodplain Easements – Disaster Relief Appropriations Act	10.928	Federal Direct	68-2C31-15-023	-	76,417
Total - U.S. Department of Agriculture				-	29,762,763
<u>U.S. Department of Housing and Urban Development</u>					
Community Development Block and Entitlement Grants	14.218	Federal Direct	N/A	2,055,531	2,205,863
Emergency Solutions Grant Program	14.231	Federal Direct	N/A	192,927	199,336
Home Investment Partnerships Program	14.239	Federal Direct	N/A	264,796	749,885
Home Investment Partnerships Program - Recaptured Funds (Note 14)	14.239	Federal Direct	N/A	-	(21,910)
Home Investment Partnerships Program - Repayment of Funds (Note 14)	14.239	Federal Direct	N/A	-	(6,175)
Home Investment Partnerships Program (Note 7)	14.239	Federal Direct	N/A	660,000	660,000
Total CFDA Number 14.239				924,796	1,381,800
Continuum of Care Program	14.267	Federal Direct	N/A	126,661	126,661
Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR) - CR12	14.269	NYS HTFC	INFR-0016	-	1,581,963
Total - U.S. Department of Housing and Urban Development				3,299,915	5,495,623
<u>U.S. Department of the Interior</u>					
Hurricane Sandy Disaster Relief – Coastal Resiliency Grants - Wetlands Restoration in Suffolk County	15.153	Federal Direct	2300.14.043006	-	199,915
Clean Vessel Act Program - Operations & Maintenance Program	15.616	NYS EFC	N/A	-	4,888
Clean Vessel Act Program - Construction & Upgrade Program	15.616	NYS EFC	N/A	-	12,255
Total CFDA Number 15.616				-	17,143
Total - U.S. Department of the Interior				-	217,058
<u>U.S. Department of Justice</u>					
Housing of Federal Adult & Juvenile Male/Female Prisoners & ICE Detainees	16.53-91-0038	Federal Direct	MOIA 53-91-0038	-	250,807
Juvenile Justice and Delinquency Prevention Allocation to States - LI Regional Youth & Justice	16.540	NYS DCJS	C612275	-	12,165
Crime Victim Assistance - Victim Assistance Program 16	16.575	NYS OVS	C100353	-	92,219
Crime Victim Assistance - Victim Assistance Program 17	16.575	NYS OVS	C100353	-	36,329
Total CFDA Number 16.575				-	128,548
Violence Against Women Formula Grants - STOP Violence Against Women 14 - 1st Supplement	16.588	NYS DCJS	SVB5652152	-	61,714
Violence Against Women Formula Grants - STOP Violence Against Women 17	16.588	NYS DCJS	C652139	53,932	53,932
Total CFDA Number 16.588				53,932	115,646

SUFFOLK COUNTY, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2017

FEDERAL GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/ PASS-THROUGH GRANTOR - Note 15	FEDERAL/ PASS-THROUGH GRANTOR'S NUMBER	2017 AMOUNT PROVIDED TO SUB-RECIPIENTS Note 9	2017 EXPENDITURES
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program - Project DOVE 15	16.590	Federal Direct	2015-WE-AX-0045	294,283	353,229
Edward Byrne Memorial Justice Assistance Grant Program - Edward Byrne JAG 13	16.738	Federal Direct	2013-DJ-BX-0783	-	19,700
Edward Byrne Memorial Justice Assistance Grant Program - Edward Byrne JAG 14	16.738	Federal Direct	2014-DJ-BX-0483	3,376	21,500
Edward Byrne Memorial Justice Assistance Grant Program - Edward Byrne JAG 15	16.738	Federal Direct	2015-DJ-BX-0196	4,211	19,800
Edward Byrne Memorial Justice Assistance Grant Program - Edward Byrne JAG 16	16.738	Federal Direct	2016-DJ-BX-0682	18,697	92,509
Edward Byrne Memorial Justice Assistance Grant Program - Sex Offender Grant 15-16	16.738	NYS DCJS	T637302	44,508	44,508
Edward Byrne Memorial Justice Assistance Grant Program - Sex Offender Grant 16-17	16.738	NYS DCJS	T637336	46,828	46,828
Edward Byrne Memorial Justice Assistance Grant Program - President -Elect Security Assistance 2017	16.738	NYS DCJS	TP17637449	-	4,390
Total CFDA Number 16.738				117,620	249,235
DNA Backlog Reduction Program - DNA Forensic Backlog Reduction 15	16.741	Federal Direct	T662042	-	152,845
DNA Backlog Reduction Program - DNA Forensic Backlog Reduction 16	16.741	Federal Direct	2016-DN-BX-0067	-	1,047
Total CFDA Number 16.741				-	153,892
Paul Coverdell Forensic Sciences Improvement Grant Program - Crime Lab Improvement 16	16.742	NYS DCJS	T-662076	-	24,112
Paul Coverdell Forensic Sciences Improvement Grant Program - Tox Lab Improvement 16	16.742	NYS DCJS	T662075	-	19,696
Total CFDA Number 16.742				-	43,808
Equitable Sharing Program - Federal Forfeiture Funds (Police)	16.922	Federal Direct	N/A	-	2,580,008
Equitable Sharing Program - Federal Forfeiture Funds (Probation)	16.922	Federal Direct	N/A	-	15,613
Equitable Sharing Program - Federal Forfeiture Funds (District Attorney)	16.922	Federal Direct	N/A	-	1,196,641
Equitable Sharing Program - Federal Forfeiture Funds (Sheriff)	16.922	Federal Direct	N/A	-	229,427
Total CFDA Number 16.922				-	4,021,689
Total - U.S. Department of Justice				465,835	5,329,019
<u>U.S. Department of Labor</u>					
Employment Service/Wagner-Peyser Funded Activities - Disability Employment Initiative (DEI)	17.207	NYS DOL	N/A	-	273,471
Trade Adjustment Assistance	17.245	NYS DOL	N/A	-	16,697
Reintegration of Ex-Offenders	17.270	Federal Direct	N/A	-	180,425
WIOA Cluster:					
WIOA - Adult Program	17.258	NYS DOL	N/A	-	1,906,751
WIOA - Adult Program - Admin	17.258	NYS DOL	N/A	-	227,231
Total CFDA Number 17.258 - Cluster				-	2,133,982
WIOA - Youth Activities	17.259	NYS DOL	N/A	-	1,625,163
WIOA - Youth Activities- Admin	17.259	NYS DOL	N/A	-	228,701
Total CFDA Number 17.259 - Cluster				-	1,853,864
WIOA - Dislocated Worker Formula Grants	17.278	NYS DOL	N/A	-	2,547,356
WIOA - Dislocated Worker Formula Grants - Unemployed Worker Training	17.278	NYS DOL	C015362-1	-	20,909
WIOA - Dislocated Worker Formula Grants - Special Populations Training	17.278	NYS DOL	C015513	-	18,212
WIOA - Dislocated Worker Formula Grants -Admin	17.278	NYS DOL	N/A	-	304,722
Total CFDA Number 17.278 - Cluster				-	2,891,199
Total WIOA Cluster				-	6,879,045
Total - U.S. Department of Labor				-	7,349,638

SUFFOLK COUNTY, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2017

FEDERAL GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/ PASS-THROUGH GRANTOR - Note 15	FEDERAL/ PASS-THROUGH GRANTOR'S NUMBER	2017 AMOUNT PROVIDED TO SUB-RECIPIENTS Note 9	2017 EXPENDITURES
U.S. Department of Transportation					
Airport Improvement Program - Reconstruct R/W 15/33 from R/W 15 End to R/W 6-24 (2,550 LF X 150 LF) Including One Blast Pad (200 LF X 200 LF), Markings and Drainage - Construction - Phase II	20.106	Federal Direct	3-36-0122-019-2016	-	4,717,267
Highway Planning and Construction	20.205	NYS DOT	Various	-	19,341,850
Highway Planning and Construction - LIE HOV 16	20.205	NYS DOT	C032055 Supp 6	-	88,266
Highway Planning and Construction - LIE HOV 17	20.205	NYS DOT	C032055 Supp 7	-	400,640
Highway Planning and Construction - LIE/HOV Express Bus	20.205	NYS DOT	C005011	-	251,966
Highway Planning and Construction - Unified Planning Work Program (UPWP) Total CFDA Number 20.205	20.205	NYMTC	C033471	-	328,843
				-	20,411,565
National Motor Carrier Safety - MCSAP High Priority 16	20.218	Federal Direct	FM-MHP-0272-16-01-00	-	337,033
Commercial Vehicle Information Systems and Networks	20.237	Federal Direct	FM-MHP-0333-17	-	69,878
Commercial Vehicle Information Systems and Networks Total CFDA Number 20.237	20.237	Federal Direct	FM-MHP-0317-17	-	3,845
				-	73,723
Federal Transit Cluster:					
Federal Transit Formula Grants	20.507	Federal Direct	Various	-	20,315,056
Federal Transit Formula Grants - Program Income (Note 10) Total CFDA Number 20.507	20.507	Federal Direct	Various	-	118,358
				-	20,433,414
State of Good Repair Grants Program	20.525	Federal Direct	NY-2016-019	-	4,470,482
Bus and Bus Facilities Formula Program (Bus Program) Total Federal Transit Cluster	20.526	Federal Direct	NY-2016-019	-	271,538
				-	25,175,434
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	Federal Direct	NY-16-X012	-	1,280,200
Highway Safety Cluster:					
State & Community Highway Safety - Motorcycle Safety Enforcement & Education 2017	20.600	NYS GTSC	HS1-2017-Suffolk Co PD-00152-(052)	-	20,308
State & Community Highway Safety - Police Traffic Services 2017	20.600	NYS GTSC	SO-000108-(052)	-	17,735
State & Community Highway Safety - Safe Driving Enforcement 2017 Total CFDA Number 20.600	20.600	NYS GTSC	HS1-2017-Suffolk Co PD-002046-(052)	-	136,265
				-	174,308
National Priority Safety Programs - Ignition Interlock Device Monitoring Program 17	20.616	NYS DCJS	N/A	-	33,057
National Priority Safety Programs - Ignition Interlock Device Monitoring Program 18	20.616	NYS DCJS	N/A	-	99,172
National Priority Safety Programs - Medical Examiner Toxicology DWI/DUID 17	20.616	NYS GTSC	C-002261	-	45,805
National Priority Safety Programs - Medical Examiner Toxicology DWI/DUID 18	20.616	NYS GTSC	C-002369	-	6,932
National Priority Safety Programs - Child Passenger Safety 2017	20.616	NYS GTSC	SO-00013-(052)	-	2,949
National Priority Safety Programs - Suffolk County Pedestrian Safety Education Plan	20.616	NYS GTSC	C-002368	-	9,212
National Priority Safety Programs - STOP DWI Crackdown 2017	20.616	NYS STOP DWI Foundation	N/A	-	36,158
National Priority Safety Programs - STOP DWI Crackdown 2018 Total CFDA Number 20.616	20.616	NYS STOP DWI Foundation	N/A	-	8,029
				-	241,314
				-	415,622
Total - U.S. Department of Transportation					
				-	52,410,844
U.S. Department of Treasury					
Equitable Sharing Program - Federal Forfeiture Funds (Police)	21.016	Federal Direct	N/A	-	488,156
Equitable Sharing Program - Federal Forfeiture Funds (District Attorney)	21.016	Federal Direct	N/A	-	132,249
Equitable Sharing Program - Federal Forfeiture Funds (Sheriff)	21.016	Federal Direct	N/A	-	740,501

SUFFOLK COUNTY, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2017

FEDERAL GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/ PASS-THROUGH GRANTOR - Note 15	FEDERAL/ PASS-THROUGH GRANTOR'S NUMBER	2017 AMOUNT PROVIDED TO SUB-RECIPIENTS Note 9	2017 EXPENDITURES
Equitable Sharing Program - Cigarette Strike Force 2015	21.016	NYS DTF	C400703 Amendment 2	-	241,936
Equitable Sharing Program - Cigarette Strike Force 2016	21.016	NYS DTF	C400703 Amendment 3	-	259,469
Total CFDA Number 21.016				-	1,862,311
Total - U.S. Department of Treasury				-	1,862,311
<u>U.S. Environmental Protection Agency</u>					
National Estuary Program FY 09	66.456	Federal Direct	CE-992002-17-0	-	2,875
National Estuary Program FY 10	66.456	Federal Direct	CE-99200217-1	-	7,868
National Estuary Program FY 11	66.456	Federal Direct	CE-99200217-2	-	61,300
National Estuary Program FY 12	66.456	Federal Direct	CE-99200217-3	-	7,594
National Estuary Program FY 13	66.456	Federal Direct	CE-99200218	-	3,398
National Estuary Program FY 14	66.456	Federal Direct	CE-99200218-1	-	4,865
National Estuary Program FY 15	66.456	Federal Direct	CE-99200218-2	15,000	108,485
National Estuary Program FY 16	66.456	Federal Direct	CE-99200219-0	-	141,976
Total CFDA Number 66.456				15,000	338,361
Beach Monitoring & Notification Program Implementation Grants - Bath Beach Water Quality Monitoring & Notification 2016/2017	66.472	NYS DOH	C-029644	-	94,508
Beach Monitoring & Notification Program Implementation Grants - Bath Beach Water Quality Monitoring & Notification 2017/2018	66.472	NYS DOH	C-029644	-	12,615
Total CFDA Number 66.472				-	107,123
Performance Partnership Grants - Water Quality Management Planning (SPDES) 2016	66.605	NYS DEC	C-009765	-	46,821
Performance Partnership Grants - Water Quality Management Planning (SPDES) 2017	66.605	NYS DEC	C-009765	-	127,686
Total CFDA Number 66.605				-	174,507
Total - U.S. Environmental Protection Agency				15,000	619,991
<u>U.S. Department of Education</u>					
Special Education Grants for Infants & Families - Early Intervention Administration 16	84.181	NYS DOH	C-31664GG	-	700,481
Special Education Grants for Infants & Families - Early Intervention Administration 17	84.181	NYS DOH	C-31664GG	-	186,365
Total CFDA Number 84.181				-	886,846
Total - U.S. Department of Education				-	886,846
<u>U.S. Election Assistance Commission</u>					
Help America Vote Act Requirement Payments - Shoe Box Grant	90.401	NYS BOE	C-003246	-	19,190
Total - U.S. Election Assistance Commission				-	19,190
<u>U.S. Department of Health and Human Services</u>					
Mammography Inspection 2017	93.DOH01-0000012573	NYS DOH	DOH01-0000012573	-	34,306
Mammography Inspection 2018	93.C-033038	NYS DOH	C-033038	-	23,441
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	NYS OFA	N/A	27,988	27,988

SUFFOLK COUNTY, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2017

FEDERAL GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/ PASS-THROUGH GRANTOR - Note 15	FEDERAL/ PASS-THROUGH GRANTOR'S NUMBER	2017 AMOUNT PROVIDED TO SUB-RECIPIENTS Note 9	2017 EXPENDITURES
Aging Cluster:					
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers - Cluster	93.044	NYS OFA	N/A	416,253	1,085,363
Special Programs for the Aging - Title III, Part C, Nutritional Services (Part C-1)	93.045	NYS OFA	N/A	1,358,941	1,605,539
Special Programs for the Aging - Title III, Part C, Nutritional Services (Part C-2)	93.045	NYS OFA	N/A	665,717	861,232
Total CFDA Number 93.045 - Cluster				2,024,658	2,466,771
Nutrition Services Incentive Program (NSIP) - Cluster	93.053	NYS OFA	N/A	321,348	321,348
Total Aging Cluster				2,762,259	3,873,482
National Family Caregiver Support, Title III, Part E	93.052	NYS OFA	N/A	65,236	547,186
Public Health Emergency Preparedness - HRI-CRI Bioterrorism 16/17	93.069	HRI	1618-11	-	295,423
Public Health Emergency Preparedness - HRI-CRI Bioterrorism 17/18	93.069	HRI	1618-12	-	372,833
Total CFDA Number 93.069				-	668,256
Medicare Enrollment Assistance Program - MIPPA	93.071	NYS OFA	N/A	26,114	26,114
Guardianship Assistance- Title IV-E	93.090	NYS OTDA	18000	-	69,740
Food & Drug Administrative Research-Food Program Standards 16/17	93.103	Federal Direct	5U18FD004660-05	-	65,237
Food & Drug Administrative Research-Food Program Standards 16/17	93.103	Federal Direct	5U18FD005632-02	-	23,383
Food & Drug Administrative Research-Food Program Standards 17/18	93.103	Federal Direct	5U18FD005632-03	-	29,458
Food & Drug Administrative Research-Food Program Standards 17/18	93.103	Federal Direct	GT-1611-04063	-	1,760
Total CFDA Number 93.103				-	119,838
Projects for Assistance in Transition from Homelessness (PATH)	93.150	NYS DOH - OMH	N/A	253,089	253,089
Substance Abuse and Mental Health Services Projects of Regional and National Significance - SC Drug Court Expansion Project 16	93.243	Federal Direct	5H79TI025027-03	212,484	221,352
Substance Abuse and Mental Health Services Projects of Regional and National Significance - SC Drug Court Expansion Project 17	93.243	Federal Direct	1H79TI080176-01	52,868	58,168
Total CFDA Number 93.243				265,352	279,520
Immunization Cooperative Agreements - Immunization Action Plan 2016-2017	93.268	NYS DOH	C-028322	-	3,524
Immunization Cooperative Agreements - Immunization Action Plan 2017-2018	93.268	NYS DOH	C-028322	-	53,910
Total CFDA Number 93.268				-	57,434
Temporary Assistance for Needy Families - TANF	93.558	NYS OTDA	18000	224,587	94,296,941
Child Support Enforcement - Title IV D	93.563	NYS OTDA	18000	80,746	7,928,977
Low Income Home Energy Assistance	93.568	NYS OTDA	18000	-	626,035
Low Income Home Energy Assistance (Note 8)	93.568	NYS OTDA	18000	-	12,982,931
Total CFDA Number 93.568				-	13,608,966
Child Care and Development Block Grant	93.575	NYS OTDA	18000	949,948	32,907,238
Affordable Care Act State Health Insurance Assist Program (SHIP) and Aging and Disability Resource Center (ADRC)	93.626	NYS OFA	N/A	31,500	44,680
Options Counseling for Medicare-Medicaid Individuals in States with Approved Financial Alignment Models - FIDA					
Foster Care Title IV E	93.658	NYS OTDA	18000	-	12,055,629
Adoption Assistance Title IV E	93.659	NYS OTDA	18000	-	5,070,400
Social Services Block Grant Title XX	93.667	NYS OTDA	18000	1,801,784	9,641,440
Chafee Foster Care Independence Program	93.674	NYS OTDA	18000	225,271	336,966

SUFFOLK COUNTY, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2017

FEDERAL GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/ PASS-THROUGH GRANTOR - Note 15	FEDERAL/ PASS-THROUGH GRANTOR'S NUMBER	2017 AMOUNT PROVIDED TO SUB-RECIPIENTS Note 9	2017 EXPENDITURES
Medical Assistance Program - Maternal & Infant Community Health Collaborative 16	93.778	NYS DOH	C-028973	-	348,162
Medical Assistance Program - Maternal & Infant Community Health Collaborative 17	93.778	NYS DOH	C-028973	-	96,268
Medical Assistance Program - Medicaid Administrative Claiming	93.778	NYS DOH - OASAS	N/A	-	544,843
Medical Assistance Program - Medicaid Administrative Claiming	93.778	NYS DOH - OMH	N/A	-	959,843
Medical Assistance Program - NY CONNECTS - BIP	93.778	NYS OFA	N/A	-	431,837
Medical Assistance Program - NY CONNECTS - BIP CS	93.778	NYS OFA	N/A	40,443	40,443
Medical Assistance Program- Title XIX	93.778	NYS OTDA	18000	-	25,964,687
Total CFDA Number 93.778				40,443	28,386,083
Centers for Medicare & Medicaid Services (CMS) Research, Demonstrations & Evaluations - Health Insurance Information & Counseling Assistance (HIICAP)	93.779	NYS OFA	N/A	17,197	17,197
HIV Emergency Relief Project Grants - Ryan White HIV Medical Case Management Prerelease Services to Inmates 16	93.914	UWLI	16726	-	9,346
HIV Emergency Relief Project Grants - Ryan White HIV Medical Case Management Prerelease Services to Inmates 17	93.914	UWLI	17726	-	81,001
Total CFDA Number 93.914				-	90,347
Block Grants for Community Mental Health Services - Adult	93.958	NYS DOH - OMH	N/A	412,416	888,016
Block Grants for Community Mental Health Services - Children & Family	93.958	NYS DOH - OMH	N/A	1,118,838	1,118,838
Block Grants for Community Mental Health Services - First Episode Psychosis	93.958	RFMHI	C-007873	-	203,779
Total CFDA Number 93.958				1,531,254	2,210,633
Block Grants for Prevention and Treatment of Substance Abuse - Medically Supervised Outpatient	93.959	NYS DOH - OASAS	N/A	1,984,027	1,984,027
Block Grants for Prevention and Treatment of Substance Abuse - Methadone Maintenance Outpatient	93.959	NYS DOH - OASAS	N/A	-	2,461
Block Grants for Prevention and Treatment of Substance Abuse - Community Residential	93.959	NYS DOH - OASAS	N/A	458,849	458,849
Block Grants for Prevention and Treatment of Substance Abuse - Medically Monitored Withdrawal	93.959	NYS DOH - OASAS	N/A	1,590,691	1,590,691
Block Grants for Prevention and Treatment of Substance Abuse - Primary Prevention Services	93.959	NYS DOH - OASAS	N/A	1,630,180	1,630,180
Block Grants for Prevention and Treatment of Substance Abuse - Vocational Rehabilitation	93.959	NYS DOH - OASAS	N/A	2,306	2,306
Total CFDA Number 93.959				5,666,053	5,668,514
Maternal and Child Health Services Block Grant to the States - Childhood Lead Poisoning Prevention 16-17	93.994	NYS DOH	C-30922GG	-	78,501
Maternal and Child Health Services Block Grant to the States - Childhood Lead Poisoning Prevention 17-18	93.994	NYS DOH	C-030250	-	31,837
Maternal and Child Health Services Block Grant to the States - Children with Special Health Care Needs 2016-2017	93.994	NYS DOH	C-029743	-	63,058
Maternal and Child Health Services Block Grant to the States - Children with Special Health Care Needs 2017-2018	93.994	NYS DOH	C-32686GG	-	22,843
Total CFDA Number 93.994				-	196,239
Total - U.S. Department of Health and Human Services				13,968,821	218,440,644
<u>U.S. Department of Social Security Administration</u>					
Supplemental Security Income - Social Security Administration Incentive Program	96.006	Federal Direct	N/A	-	62,400
Total - U.S. Department of Social Security Administration				-	62,400
<u>U.S. Department of Homeland Security</u>					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	NYS DHSES	DR-NY-1899 PW1253	-	845,889
Disaster Grants - Public Assistance (Presidentially Declared Disasters) (Note 12)	97.036	NYS DHSES	DR-NY-4020 PW 8371	-	481,762
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	NYS DHSES	DR-NY-4322 PW 00227	-	3,204
Total CFDA Number 97.036				-	1,330,855
Hazard Mitigation Grant (HMGP)	97.039	NYS DHSES	C000718	-	53,128
Emergency Management Performance Grants - Local Emergency Management Planning Grant (LEMPG) 2016	97.042	NYS DHSES	WM16193065	-	420,955
Emergency Management Performance Grants - Local Emergency Management Planning Grant (LEMPG) 2017	97.042	NYS DHSES	WM17973775	-	114,564
Total CFDA Number 97.042				-	535,519

SUFFOLK COUNTY, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2017

FEDERAL GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/ PASS-THROUGH GRANTOR - Note 15	FEDERAL/ PASS-THROUGH GRANTOR'S NUMBER	2017 AMOUNT PROVIDED TO SUB-RECIPIENTS Note 9	2017 EXPENDITURES
Port Security Grant Program - Port Security 2015	97.056	Federal Direct	EMW-2015-PU-00377-S01	-	7,365
Port Security Grant Program - Port Security 2015	97.056	Federal Direct	EMW-2015-PU-00237-S01	-	9,429
Port Security Grant Program - Port Security 2016	97.056	Federal Direct	EMW-2016-PU-00328	-	42,615
Total CFDA Number 97.056				-	59,409
Homeland Security Grant Program - Critical Infrastructure Grant 2015	97.067	NYS DHSES	WM15152859	-	48,248
Homeland Security Grant Program - Explosive Detection Canine Team 15	97.067	NYS DHSES	WM15884259	-	1,712
Homeland Security Grant Program - HazMat 2015	97.067	NYS DHSES	WM15193059	-	4,195
Homeland Security Grant Program - HazMat 2016	97.067	NYS DHSES	WM16193069	-	246
Homeland Security Grant Program - Operation Shield 16	97.067	NYS DHSES	WM15193060	-	809
Homeland Security Grant Program - Operation Shield 17	97.067	NYS DHSES	WM15180008	-	46,387
Homeland Security Grant Program - State Homeland Security Program 2015 (SHSP)	97.067	NYS DHSES	WM15973750	-	583,659
Homeland Security Grant Program - State Homeland Security Program 2015 (SHSP) - Bomb Squad Initiative	97.067	NYS DHSES	WM15152851	-	90,424
Homeland Security Grant Program - State Homeland Security Program 2016 (SHSP)	97.067	NYS DHSES	WM16973760	-	195,746
Homeland Security Grant Program - State Homeland Security Program 2017 (SHSP)	97.067	NYS DHSES	WM17973770	-	3,171
Homeland Security Grant Program - State Law Enforcement Terrorism Prevention Program 2015 (SLETPP)	97.067	NYS DHSES	WM15973752	-	171,015
Homeland Security Grant Program - State Law Enforcement Terrorism Prevention Program 2016 (SLETPP)	97.067	NYS DHSES	WM16973762	-	86,708
Homeland Security Grant Program - State Law Enforcement Terrorism Prevention Program 2017 (SLETPP)	97.067	NYS DHSES	WM17973772	-	10,630
Homeland Security Grant Program - Tactical Team Targeted Grant 15	97.067	NYS DHSES	WM15973759	-	2,695
Homeland Security Grant Program - Technical Rescue (USAR) 2016	97.067	NYS DHSES	WM16884269	-	9,814
Homeland Security Grant Program - Urban Area Security Initiative 2015 (UASI)	97.067	NYS DHSES	WM15973753	2,426	1,133,518
Homeland Security Grant Program - Urban Area Security Initiative 2016 (UASI)	97.067	NYS DHSES	WM16973763	-	1,008,456
Total CFDA Number 97.067				2,426	3,397,433
Staffing for Adequate Fire & Emergency Response (SAFER) 2014	97.083	Federal Direct	EMW-2014-FF-00451	-	245,054
Securing the Cities Program	97.106	NYC Police	DHS-11-DNDO-106-001	-	137,532
Total - U.S. Department of Homeland Security				2,426	5,758,930
Total - Expenditures of Federal Awards				17,751,997	328,215,257

See Notes to Schedule of Expenditures of Federal Awards

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SUFFOLK COUNTY NEW YORK

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2017

(1) 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.

(2) Basis of Accounting of Basic Financial Statements

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.

(3) 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 financial assistance passed through other government agencies is included in the Schedule of Expenditures of Federal Awards, except those federal expenditures of Suffolk County Community College (the "College"), a component unit, as the College engaged other auditors to perform an audit in accordance with 2 CFR Part 200.

**SUFFOLK COUNTY
NEW YORK**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2017**

(4) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards of the County are presented on the accrual basis of accounting except for Disaster Grants - Public Assistance (Presidentially Declared Disasters CFDA # 97.036) which are reported when (1) FEMA has approved the non-Federal entity's Project Worksheet (PW) and (2) the non-Federal entity has incurred the eligible expenditures, as explained in Note 12 below.

(5) Indirect Rate

The County has not elected to use the 10% de minimis indirect cost rate.

(6) Relationship to Federal and State Financial Reports

The regulations and guidelines governing the preparation of federal and state financial reports vary by state and federal agency and among programs administered by the same agency. Accordingly, the amounts reported in the federal and state financial reports do not necessarily agree with the amounts reported in the accompanying Schedule of Expenditures of Federal Awards, which is prepared as explained in Note 4 above.

(7) Federal Non-Monetary and Loan Programs

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

During the year ended December 31, 2017, the County distributed \$11,581,231 worth of WIC Food Checks and WIC Special Formula Food Instruments to eligible participants in the Special Supplemental Food Program for Women, Infants and Children, WIC (CFDA # 10.557).

Additionally, the HOME Investment Partnership Grant (CFDA # 14.239) contains the outstanding balance of the \$660,000 loan made to Artspace in 2011. This interest free loan, which has a 30 year life, has continuing compliance requirements.

CFDA Number	Program Name	Beginning Balance at January 1, 2017	Interest	Outstanding Balance at December 31, 2017
14.239	HOME Investment Partnership	\$660,000	-	\$660,000

(8) Low-Income Home Energy Assistance Program

The Low-Income Home Energy Assistance Program (HEAP) total includes \$12,982,931 in payments made by the NY Office of the State Comptroller on behalf of Suffolk DSS through the NYS Office of Temporary and Disability Assistance (CFDA # 93.568).

**SUFFOLK COUNTY
NEW YORK**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2017**

(9) Sub-recipients

For the year ended December 31, 2017, amounts provided to subrecipients totaled \$17,751,997 and are listed by program on the Schedule of Expenditures of Federal Awards.

(10) Program Income

During the year ended December 31, 2017, the County generated program income in the Federal Transit Formula Grant (CFDA # 20.507) totaling \$118,358. In accordance with the FTA Circular 5010.1E, the County used the program income towards the cost of operating the bus system.

(11) Prior Year Expenditures

The following expenditures were incurred in 2016, but were not reported on last year's Schedule of Expenditures of Federal Awards (SEFA). Since the expenditures were not incurred in 2017, they were not reported on this year's SEFA.

CFDA Number	Program Name	Expenditure Amount
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities	\$1,239,376
93.243	Substance Abuse & Mental Health Services Projects of Regional & National Significance	61,564

(12) Disaster Grants - Public Assistance (Presidentially Declared Disaster) - CFDA # 97.036

Expenditures related to DR-NY-4020 PW 8371 in the amount of \$481,762 were incurred in a prior year; however, the County's Project Worksheet (PW) was not approved by FEMA until 2017. In accordance with 2 CFR Part 200 Appendix XI, expenditures of federal Disaster Grants (CFDA # 97.036) are reported on the SEFA when (1) FEMA has approved the non-Federal entity's PW and (2) the non-Federal entity has incurred the eligible expenditures. As such, the County is reporting the prior year expenditures on the 2017 SEFA.

(13) Medicaid enhanced Federal Medical Assistance Percentage (eFMAP) Revenue

Medicaid Assistance Program (CFDA # 93.778) expenditures are paid by New York State Department of Health (NYSDOH); however, each county pays a weekly share not to exceed it's cap as determined by NYSDOH's statewide formula. Once actual expenditures are determined, NYSDOH will allocate the actual amount due by each county through their enhanced Federal Medical Assistance Percentage (eFMAP) reconciliation. The eFMAP allocation determined Suffolk County overpaid \$4,426,836 in a prior year; therefore, the County was refunded \$4,426,836 in 2017. The refund represents a reduction of the County's Medicaid cap.

**SUFFOLK COUNTY
NEW YORK**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2017**

(14) Home Investment Partnerships Program - Recaptured and Repayment of Funds

During the year ended December 31, 2017 the County received \$69,310 of recaptured funds (funds which were repaid by a prior HOME grant recipient because he/she did not fulfill the residency requirement as stipulated in his/her deed) and expended a total of \$47,400 of recaptured funds (\$23,400 pertaining to 2017 recaptured funds and \$24,000 pertaining to 2016 recaptured funds). Therefore, the County is reporting the difference between the recaptured funds received which were originally reported as expenditures on prior years SEFAs and the expenditures paid with recaptured funds for a total of (\$21,910). Additionally, the County received \$6,175 of repayment of funds (due to the associated project not moving forward); however, no repayment funds were expended in 2017; therefore, the County is reporting (\$6,175).

(15) Glossary of Pass-Through Grantors

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

Acronym	Agency
HRI	Health Research,
NYC Police	New York City Police Department
NYMTC	New York State Department of Transportation / New York Metropolitan Transit Council
NYS BOE	New York State Board of Elections
NYS DCJS	New York State Division of Criminal Justice Services
NYS DEC	New York State Department of Environmental
NYS DHSES	New York State Division of Homeland Security & Emergency Services
NYS DOH	New York State Department of Health
NYS DOH - OASAS	New York State Department of Health - Office of Alcohol & Substance Abuse Services
NYS DOH - OMH	New York State Department of Health - Office of Mental
NYS DOL	New York State Department of Labor
NYS DOT	New York State Department of Transportation
NYS DTF	New York State Department of Taxation and Finance
NYS EFC	New York State Environmental Facilities Corporation
NYS GTSC	New York State Governor's Traffic Safety Committee
NYS HTFC	New York State Housing Trust Fund Corporation (GOSR)
NYS OFA	New York State Office for the Aging
NYS OTDA	New York State Office of Temporary and Disability
NYS OVS	New York State Office of Victim Services
NYS STOP DWI Foundation	New York State STOP DWI Foundation
RFMHI	Research Foundation for Mental Hygiene, Inc.
UWLI	United Way of Long Island

SUFFOLK COUNTY
New York

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2017

1. SUMMARY OF AUDITORS' RESULTS		
<i>Financial Statements</i>		
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: UNMODIFIED		
Internal control over financial reporting:		
• Material weakness (es) identified?	_____yes	___X___no
• Significant deficiency (ies) identified?	___X___yes	_____none reported
Noncompliance material to financial statements noted?	_____yes	___X___no
<i>Federal Awards</i>		
Internal control over major federal programs:		
• Material weakness (es) identified?	___X___yes	_____no
• Significant deficiency (ies) identified?	___X___yes	_____none reported
Type of auditor's report issued on compliance for major federal programs: Qualification for: Eligibility for Individuals for Adoption Assistance Title IV-E; and Allowable Costs for Equitable Sharing Program – Cigarette Strike Force. The Opinions for all other major programs are Unmodified.		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___X___yes	_____no
Identification of major federal programs: Equitable Sharing Program - Federal Forfeiture Funds (CFDA 16.922) Workforce Innovation and Opportunity Act Cluster (CFDA 17.258/17.259 and 17.278) Highway Planning and Construction (CFDA 20.205) Federal Transit Cluster (CFDA 20.507/20.525/20.526) Equitable Sharing Program - Cigarette Strike Force (CFDA 21.016) Public Health Emergency Preparedness - HRI-CRI Bioterrorism (CFDA 93.069) Substance Abuse and Mental Health Services Projects of Regional and National Significance (CFDA 93.243) Temporary Assistance for Needy Families – TANF (CFDA 93.558) Adoption Assistance Title IV E (CFDA 93.659) Block Grants for Community Mental Health Services - Adult Clinical Infrastructure – CMHS (CFDA 93.958) Emergency Management Performance Grants - Local Emergency Management Planning Grant (CFDA 97.042)		
Dollar threshold used to distinguish between type A and type B programs:	\$ 3,000,000	
Auditee qualified as low-risk auditee?	_____yes	___X___no

II FINDINGS RELATING TO THE FINANCIAL STATEMENTS REPORTED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

See accompanying pages 123 through 125.

III FINDINGS AND QUESTIONED COSTS RELATING TO FEDERAL AWARDS

See accompanying pages 126 through 135.

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FINDING # - 2017-01

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REPORTING (“SEFA”) –
NONCOMPLIANCE, SIGNIFICANT DEFICIENCY**

1. CRITERIA

Schedule of Expenditures of Federal Awards - The Federal Office of Management and Budget (OMB) issued PART 200—Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (“Uniform Guidance”) pursuant to the Single Audit Act of 1984 and the Single Audit Act Amendments of 1996. Uniform Guidance requires non-Federal entities that expend \$750,000 or more in a year in Federal awards to have a single audit conducted on its financial statements and Schedule of Expenditures of Federal Awards (“SEFA”). Uniform Guidance established the following responsibilities for the County’s management:

- Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity.
- Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.
- Prepare appropriate financial statements, including the SEFA.
- Ensure that the audits required by this circular are properly performed and submitted within nine months after the end of the audit period.

2. CONDITION/PERSPECTIVE

The County’s current accounting process tracks federal funds individually within the general ledger system. A department that receives and expends multiple federal funds must prepare and maintain separate accounting records outside of the Integrated Financial Management System (IFMS), the County’s general ledger system, to be able to segregate the receipts, and expenditures by each grant that it receives. These separate accounting records are maintained by multiple accountants in the larger departments and are not combined and reconciled to IFMS periodically.

3. CAUSE

A thorough review of each Department’s reconciliation of its separate accounting records that track federal fund expenditures to the general ledger was not performed by someone knowledgeable to ensure that the expenditure amounts and CFDA information were accurate.

FINDING # - 2017-01 (CONTINUED)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REPORTING (“SEFA”) – NONCOMPLIANCE, SIGNIFICANT DEFICIENCY

4. EFFECT

Due to the deficiencies in internal control over the SEFA preparation noted above, misstatements occurred in the SEFA that were detected by management’s internal controls and were subsequently corrected through audit adjustments. Accordingly, we believe the above collectively represents a significant weakness in internal control over financial reporting. Federal expenditure amounts for the following programs were inaccurate:

- CFDA # 20.513; Enhanced Mobility of Seniors and Individuals with Disabilities was understated by \$1,239,376 on the 2016 SEFA.
- CFDA # 93.243; Substance Abuse & Mental Health Services Projects of Regional & National Significance was understated by \$ 61,564 on the 2016 SEFA.
- CFDA # 20.205; Highway Planning and Construction was overstated by \$ 34,529 on the 2017 SEFA.

5. RECOMMENDATION

The Departments should develop a well-defined process for federal financial reporting that includes a comprehensive set of policies and procedures necessary to establish internal control over preparing the SEFA.

6. VIEWS OF RESPONSIBLE OFFICIAL

DPW Transportation (CFDA # 20.513):

The finding for CFDA #20.513 came about due to unique circumstances concerning the program, and will not re-occur. The grant under this CFDA, NY-16-X012, provided for a 50% reimbursement of operating expenses for paratransit service provided beyond the ADA required 3/4 mile fixed route corridor for calendar years 2016 and 2017. The County began providing the additional paratransit service on 1/1/16. However, the County was not at the time able to identify the specific paratransit trips provided beyond the ¾ mile corridor to provide proper backup documentation for a drawdown or inclusion on the SEFA. The County has since been able to identify the specific paratransit trips eligible for reimbursement under this program (and their associated costs) and will be able to use this information to produce the correct information for future SEFAs.

FINDING # - 2017-01 (CONTINUED)

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REPORTING (“SEFA”) –
NONCOMPLIANCE, SIGNIFICANT DEFICIENCY**

Probation Department (CFDA # 93.243):

The Department of Probation has reviewed this finding and agrees to follow the above stated recommendation.

DPW Transportation (CFDA # 20.205):

The finding for CFDA #20.205 concerned a grant which was jointly administered by DPW/Transportation and Economic Development and Planning (EDP). The overstatement on the SEFA was due to an error in the interpretation of a spreadsheet sent by EDP to DPW/Transportation. In the case of grants which are administered by multiple departments, the County will ensure proper communication between those departments in the future to ensure that the correct expenses are reported on the SEFA.

Also See “Corrective Action Plan”.

FINDING # - 2017-001

PROCUREMENT – NONCOMPLIANCE, SIGNIFICANT DEFICIENCY

EQUITABLE SHARING PROGRAM (CFDA # 21.016)

FEDERAL AGENCY: U.S. DEPARTMENT OF TREASURY

COUNTY AGENCY: SHERIFF'S OFFICE

1. CRITERIA

Procurement - As per the *Uniform Grant Guidance* - Non-Federal entities other than States, including those operating Federal programs as subrecipients of States, must follow the procurement standards set out at 2 CFR sections 200.318 through 200.326. They must use their own documented procurement procedures, which reflect applicable State and local laws and regulations, provided that the procurement conforms to applicable Federal statutes and the procurement requirements identified in 2 CFR Part 200.

Compliance Requirements — Suspension and Debarment

Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. “Covered transactions” include contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in 2 CFR section 180.220.

When a non-Federal entity enters into a covered transaction with an entity at a lower tier, the non-Federal entity must verify that the entity, as defined in 2 CFR section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by (1) checking the *Excluded Parties List System (EPLS)* maintained by the General Services Administration (GSA), (2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with that entity (2 CFR section 180.300).

Source of Governing Requirements — Suspension and Debarment

The requirements for non-procurement suspension and debarment are contained in OMB guidance in 2 CFR part 180, which implements Executive Orders 12549 and 12689, “Debarment and Suspension;” Federal awarding agency regulations in Title 2 of the CFR adopting/implementing the OMB guidance in 2 CFR part 180; program legislation; and the terms and conditions of the award.

Verify that procurements provided full and open competition (2 CFR section 200.319 and 48 CFR section 52.244-5).

2. CONDITION/PERSPECTIVE

Suffolk County Sheriff’s Office (the “Office”) has internal controls over its procurement. During our testing for Procurement compliance, we selected four (4) procurement contracts and noted that one (1) did not maintain screenshots of the U.S. Government for Awards Management (“SAM”) in the procurement file. Therefore, we were unable to determine if the Office reviews SAM before entering into a contract.

FINDING # - 2017-001 (CONTINUED)

PROCUREMENT – NONCOMPLIANCE, SIGNIFICANT DEFICIENCY

EQUITABLE SHARING PROGRAM (CFDA # 21.016)

**FEDERAL AGENCY: U.S. DEPARTMENT OF TREASURY
COUNTY AGENCY: SHERIFF'S OFFICE**

3. CAUSE

The Office did not follow policies and procedures as stated in the Uniform Grant Guidance Compliance Supplement regarding Suspension and Debarment.

4. EFFECT

Without proper checks for suspension and disbarment, it is possible that a debarred, suspended, or otherwise excluded vendor may be selected for procurement and awarded a contract. The Federal agency may disallow Procurement policies and/or contracts of the Office.

5. REPEAT FINDING

No

6. RECOMMENDATION

We recommend the Office should review and verify that an entity with which it plans to enter into a covered transaction is not debarred, suspended, or otherwise excluded by reviewing the federal system and ensuring the Office is in compliance with Uniform Guidance's Suspension and Debarment policies.

7. QUESTIONED COSTS

None.

8. VIEWS OF RESPONSIBLE OFFICIAL

It had been the belief of the Sheriff's Office that when our purchases are submitted to and processed by Suffolk County Central Purchasing that all vetting of prospective vendors was completed by Purchasing. In making follow up inquiries following this finding it is apparent that this is not the case specifically in regard to suspension and debarment.

Also See "Corrective Action Plan".

FINDING # - 2017-002

ALLOWABLE COSTS – QUALIFIED, MATERIAL WEAKNESS

EQUITABLE SHARING PROGRAM – CIGARETTE STRIKE FORCE (CFDA # 21.016)

STATE AGENCY: NEW YORK STATE DEPARTMENT OF TAXATION AND FINANCE

FEDERAL AGENCY: U.S. DEPARTMENT OF TREASURY

COUNTY AGENCY: POLICE DEPARTMENT

1. CRITERIA

Allowable Costs - As per the *Uniform Grant Guidance §200.403- Factors affecting allowability of costs and direct costs*, except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

- Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- Costs represent charges for actual costs, not budgeted or projected amounts.
- Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
- Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.
- Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- Be determined in accordance with Generally Accepted Accounting Principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.

2. CONDITION/PERSPECTIVE

Suffolk County Police Department (the “Department”) has a reimbursable contract for the Cigarette Strike Force (Equitable Sharing Program) with the New York State Department of Taxation and Finance for personnel, fringe benefits and vehicle lease expenditures. During our testing for allowable costs, we noted that the Department did not maintain time records for its personnel services and fringe benefit costs. Therefore, we were unable to review the time/effort by the personnel costs charged to the Cigarette Strike Force (Equitable Sharing Program).

3. CAUSE

The County did not identify and ensure that the appropriate personnel were assigned to this program as per the Budget approved by the New York State Department of Taxation and Finance.

4. EFFECT

The New York State Department of Taxation and Finance may disallow all personnel and fringe benefit costs charged as indicated in the program budget of the Cigarette Strike Force (Equitable Sharing Program).

FINDING # - 2017-002 (CONTINUED)

ALLOWABLE COSTS – QUALIFIED, MATERIAL WEAKNESS

EQUITABLE SHARING PROGRAM – CIGARETTE STRIKE FORCE (CFDA # 21.016)

STATE AGENCY: NEW YORK STATE DEPARTMENT OF TAXATION AND FINANCE

FEDERAL AGENCY: U.S. DEPARTMENT OF TREASURY

COUNTY AGENCY: POLICE DEPARTMENT

5. REPEAT FINDING

No

6. RECOMMENDATION

We recommend the Department ensure the personnel and fringe benefit costs as indicated in the program budget of the Cigarette Strike Force (Equitable Sharing Program) are followed and based on actual costs.

7. QUESTIONED COSTS

\$494,547, the questioned costs are the personnel and fringe benefit costs charged to the program.

8. VIEWS OF RESPONSIBLE OFFICIAL

We acknowledge the finding. With regard to this particular finding, the New York State Department of Taxation and Finance did not object to our methodology of using the salary and benefits of the Officer assigned to the task force to determine reimbursement rates. We are on record notifying the NYS Department of Taxation and Finance of the methodology used to comply with program parameters. We never received an objection to our notification and all claims for reimbursement were subsequently paid in full by the state.

Also See “Corrective Action Plan”.

FINDING # - 2017-003

REPORTING – NONCOMPLIANCE, SIGNIFICANT DEFICIENCY

EMERGENCY MANAGEMENT PERFORMANCE GRANTS (CFDA # 97.042)

STATE AGENCY: NEW YORK STATE DIVISION OF HOMELAND SECURITY AND EMERGENCY SERVICES

FEDERAL AGENCY: U.S. DEPARTMENT OF HOMELAND SECURITY

COUNTY AGENCY: DEPARTMENT OF FIRE, RESCUE & EMERGENCY SERVICES

1. CRITERIA

Reporting— As per New York State – Division of Homeland Security and Emergency Services Grant Agreement, Appendix -A; Subpart 6 and 7:

- (6) All vouchers submitted by the Contractor pursuant to the Contract shall be submitted to DHSES no later than thirty (30) calendar days after the end date of the period for which reimbursement is claimed. In no event shall the amount received by the Contractor exceed the budget amount approved by DHSES, and, if actual expenditures by the Contractor are less than such sum, the amount payable by DHSES to the Contractor shall not exceed the amount of actual expenditures.
- (7) All obligations must be incurred prior to the end date of the contract. Notwithstanding the provisions of Section III(C)(6) above, with respect to the final period for which reimbursement is claimed, so long as the obligations were incurred prior to the end date of the contract, the Contractor shall have up to ninety (90) calendar days after the contract end date to make expenditures; provided, however, that if the Contract is funded in whole or in part with federal funds, the Contractor shall have up to sixty (60) calendar days after the contract end date to make expenditures.

2. CONDITION/PERSPECTIVE

The Department of Fire, Rescue & Emergency Services (the “Department”) has a grant contract with New York State Division of Homeland Security and Emergency Services for the Emergency Management Performance Grants. The Department does have internal controls over its reimbursement claim reporting; however, we noted two quarterly claim reports selected for testing (June 2017 and September 2017) were submitted after the due date.

3. CAUSE

The Department did not ensure that all required quarterly claim reports were completed and submitted to New York State by the required due date.

FINDING # - 2017-003 (CONTINUED)

REPORTING – NONCOMPLIANCE, SIGNIFICANT DEFICIENCY

EMERGENCY MANAGEMENT PERFORMANCE GRANTS (CFDA # 97.042)

STATE AGENCY: NEW YORK STATE DIVISION OF HOMELAND SECURITY AND EMERGENCY SERVICES

FEDERAL AGENCY: U.S. DEPARTMENT OF HOMELAND SECURITY

COUNTY AGENCY: DEPARTMENT OF FIRE, RESCUE & EMERGENCY SERVICES

4. EFFECT

The County, on behalf of the Department, submitted the quarterly reports to New York State Division of Homeland Security and Emergency Services late and therefore New York State Division of Homeland Security and Emergency Services may withhold the reimbursement on a going forward basis.

5. REPEAT FINDING

No.

6. RECOMMENDATION

We recommend the Department strengthen its reporting controls over its quarterly claim reports and ensure that all quarterly claim reports are submitted within required due dates.

7. QUESTIONED COST

None.

8. VIEWS OF RESPONSIBLE OFFICIAL

The Federal & State Aid Claims Unit (FSAC) has been working closely with the Department of Fire, Rescue & Emergency Services to ensure that claims are submitted in a timely manner. The claims for the LEMPG are based on reports from the Time & Activity System which FRES implemented in 2016. The department is making great strides towards full compliance. We are working to ensure 100% compliance with the time & activity reports within a week of the claim due dates so that LEMPG claims can be submitted timely.

Also See “Corrective Action Plan”.

FINDING # - 2017-004

ELIGIBILITY FOR INDIVIDUALS – NONCOMPLIANCE, SIGNIFICANT DEFICIENCY

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (CFDA # 93.558)

STATE AGENCY: NEW YORK STATE OFFICE OF TEMPORARY AND DISABILITY ASSISTANCE

FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

COUNTY AGENCY: DEPARTMENT OF SOCIAL SERVICES

1. CRITERIA

Eligibility for Individuals— definition of financially needy which the State or tribal area uses in determining eligibility. Whenever used in this section, “assistance,” has the meaning in 45 CFR section 260.31(a) of the TANF regulations for States and 45 CFR section 286.10 of the Tribal TANF regulations for federally recognized tribes operating an approved Tribal TANF program. Plan and eligibility requirements must comply with the following Federal requirements:

Federal Only, Commingled Federal/State, Segregated State, and Separate State Program

- Only a financially needy family that consists of, at a minimum, a minor child living with a parent or other caretaker relative, or a pregnant woman may receive TANF “assistance” or most maintenance-of-effort (MOE)-funded benefits, services, or “assistance” regardless of the TANF purpose that the expenditure is reasonably calculated to accomplish (see III.A.3.a, “Activities Allowed or Unallowed – *Federal Only, Commingled Federal/State, Segregated State, Separate State Program*”). The child must be less than 18 years old, or, if a full-time student in a secondary school (or the equivalent level of vocational or technical training), less than 19 years old. (With respect to segregated or separate State MOE funds, the State could use the definition for minor child given in section 419(2) of the Act or some other definition applicable in State law provided the State can articulate a rational basis for the age it chooses.) Financially “needy” means financially eligible according to the State’s quantified income and resource (if applicable) criteria to receive the benefit (42 USC 602 and 602(a)(1)(B)(iii), 42 USC 609(a)(7)(B)(IV), and 42 USC 608(a)(1), 619(2); 45 CFR section 263.2(b)(2)).

2. CONDITION/PERSPECTIVE

The Department of Social Services has internal controls over Temporary Assistance for Needy Families eligibility determination. However, we noted of the sixty (60) case files selected for testing:

- Five cases were found to be lacking Household Composition support from a third party.
- One case was found to be lacking a birth certificate for a minor son.

FINDING # - 2017-004 (CONTINUED)

ELIGIBILITY FOR INDIVIDUALS – NONCOMPLIANCE, SIGNIFICANT DEFICIENCY

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (CFDA # 93.558)

STATE AGENCY: NEW YORK STATE OFFICE OF TEMPORARY AND DISABILITY ASSISTANCE

FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

COUNTY AGENCY: DEPARTMENT OF SOCIAL SERVICES

3. CAUSE

The Department did not ensure that all required forms as required by New York State Office of Temporary and Disability Assistance were prepared and completed before determination of eligibility.

4. EFFECT

The grantor agency may disallow the claims and reimbursement for the recipients. County claims could be made on behalf of ineligible recipients.

5. REPEAT FINDING

No.

6. RECOMMENDATION

We recommend the Department strengthen its eligibility monitoring controls over the TANF case files to ensure the accurate determination of eligibility.

7. QUESTIONED COST

Cannot be determined.

8. VIEWS OF RESPONSIBLE OFFICIAL

The Suffolk County Department of Social Services agrees with this finding. The Department will provide a reminder to all TANF eligibility staff and refresher training if needed to ensure that all eligibility rules and regulations are followed and case records are complete in making eligibility determinations.

Also See “Corrective Action Plan”.

FINDING # - 2017-005

ELIGIBILITY FOR INDIVIDUALS – QUALIFIED, MATERIAL WEAKNESS

ADOPTION ASSISTANCE (CFDA # 93.659)

STATE AGENCY: NEW YORK STATE OFFICE OF TEMPORARY AND DISABILITY ASSISTANCE

FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

COUNTY AGENCY: DEPARTMENT OF SOCIAL SERVICES

1. CRITERIA

Eligibility for Individuals—Adoption assistance subsidy payments may be paid on behalf of a child only if all of the following requirements are met:

- The child is eligible, or would have been eligible, for the former Aid to Families with Dependent Children (“AFDC”) program (i.e., met the State-established standard of need as of July 16, 1996, prior to enactment of the Personal Responsibility and Work Opportunity Reconciliation Act) except for his/her removal from the home of a relative pursuant to either a voluntary placement agreement or as a result of a judicial determination to the effect that continuation in the home of removal would have been contrary to the welfare of the child; the child is eligible for Supplemental Security Income; or is a child whose costs in a foster family home or child care institution are covered by the foster care maintenance payments being made with respect to his/her minor parent (42 United States Code (“USC”) 673(a)(2)(A)(i)(I)).
- Nonrecurring expenses of adoption may be paid on behalf of a child only if all of the following requirements are met:
 - The agreement, as a separate document or part of an agreement for State/Tribe or Federal Adoption assistance payment or services, was signed prior to the final decree of adoption (45 Code of Federal Regulations (“CFR”) sections 1356.41(b)).
 - The agreement indicates the nature and amount of the nonrecurring expenses to be paid (45 CFR sections 1356.41(a)).
 - The State or Tribe has determined that the child is a child with special needs (45 CFR sections 1356.41(d)).
 - The child has been placed for adoption in accordance with applicable State and local laws (45 CFR sections 1356.41(d)).
 - The costs incurred by or on behalf of adoptive parents are not otherwise reimbursed from other sources (45 CFR sections 1356.41(g)).

2. CONDITION/PERSPECTIVE

New York State has enacted legislation which allows payments to be made for the care and maintenance of children when they are adopted. Suffolk County Department of Social Services (the “Department”) provides a monthly adoption subsidy payment mandated by law for the care, maintenance, and/or medical needs of a child who fits the definition of handicapped or hard-to-place

FINDING # - 2017-005 (CONTINUED)

ELIGIBILITY FOR INDIVIDUALS – QUALIFIED, MATERIAL WEAKNESS

ADOPTION ASSISTANCE (CFDA # 93.659)

STATE AGENCY: NEW YORK STATE OFFICE OF TEMPORARY AND DISABILITY ASSISTANCE FEDERAL

AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

COUNTY AGENCY: DEPARTMENT OF SOCIAL SERVICES

as defined by New York State law and Regulations. Subsidy payments are available to all eligible children until the age of 21 regardless of the adoptive parent’s income. These payments are discontinued only when it is determined by a social service official that the adoptive parent(s) is no longer legally responsible for the support of the child or that the child is no longer receiving any support from the parent(s).

Of the sixty files (60) selected for testing:

- Thirty-four (34) files did not include one or more federally required documents. The missing documents were the Eligibility for Title 1V-E Adoption Assistance Form (DSS-3912).

3. CAUSE

The Department did not ensure that all required forms were filed and signed timely.

4. EFFECT

The grantor agency may disallow the claims and reimbursement for the reimbursement for the recipients. County claims could be made on behalf of ineligible recipients.

5. REPEAT FINDING

A similar finding was included in the prior year single audit report as item 2016-004.

6. RECOMMENDATION

We recommend the Department strengthen its monitoring controls over the adoption assistance case files, to ensure the timely and accurate determination of eligibility.

7. QUESTIONED COST

Cannot be determined.

8. VIEWS OF RESPONSIBLE OFFICIAL

The Department of Social Services acknowledges that case records for cases established prior to 2002 do not contain the DSS-3912 form. The Department of Social Services made a procedural change in 2002 that resulted in the DSS-3912 form becoming part of the case record for any case established in the year 2002 and in subsequent years.

Also See “Corrective Action Plan”.

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**SUFFOLK COUNTY
NEW YORK**

**SUMMARY SCHEDULE OF PRIOR YEARS' AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2017**

Reference Number	Program CFDA Number	Program Name	Summary of Finding	Status
2015-006	93.044 93.045 93.053 93.563 93.778 93.959	Aging Cluster Child Support Enforcement Medical Assistance Program Block Grants for Prevention and Treatment of Substance Abuse	Subrecipient Monitoring - The Departments of Social Services, Health Services and Office for the Aging did not include all required information in its subrecipient contracts and did not evaluate the subrecipient's risk of noncompliance.	Partially Corrected - The finding has been corrected by the Department of Health Services. The Department of Social Services and the Office for the Aging have included all required information in its subrecipients' contracts; however, they are in the process of evaluating the subrecipients' risk of noncompliance to meet all requirements in <i>Uniform Grant Guidance</i> § 200.331.
2015-008	97.067	Homeland Security Grant Program	Reporting - Quarterly expenditure reports were not filed on a timely basis.	Corrected
2015-009	93.659	Adoption Assistance Title IV-E	Eligibility for Individuals - Files did not include the Eligibility for Title IV-E Adoption Assistance Form (DSS-3912).	Repeat Finding - The Department of Social Services acknowledges that case records for cases established prior to 2002 do not contain the DSS-3912 form. The Department of Social Services made a procedural change in 2002 that resulted the DSS-3912 form becoming part of the case record for any case established in the year 2002 and in subsequent years. See Findings No. 2016-004 & 2017-005
2016-001	20.507	Federal Transit - Formula Grants (Urbanized Area Formula Program)	Equipment Management - Equipment inventory records was not properly maintained. Physical inventory and documentation on equipment was inadequate.	Corrected
2016-002	93.958	Block Grants for Community Mental Health Services	Subrecipient Monitoring - The Department of Health Services did not evaluate subrecipients' risk of noncompliance.	Corrected
2016-003	93.958	Block Grants for Community Mental Health Services	Allowable Costs - Advances of federal funds are provided to subrecipients based on estimates which are provided by the subrecipients. At year end, the County reconciles budgeted costs with actual costs and the adjustment is made on the following year's Schedule of Expenditures of Federal Awards.	Corrected* Although the Department of Health Services did satisfy the corrective actions that were proposed to identify actual amounts more timely, the department maintains that CFDA # 93.958 is specifically exempt from the requirements of <i>Uniform Grant Guidance</i> § 200.403; therefore the department believes they were erroneously cited and not required to take any corrective action.
2016-004	93.659	Adoption Assistance	Eligibility for Individuals - Files did not include the Eligibility for Title IV-E Adoption Assistance Form (DSS-3912).	Repeat Finding - The Department of Social Services acknowledges that case records for cases established prior to 2002 do not contain the DSS-3912 form. The Department of Social Services made a procedural change in 2002 that resulted the DSS-3912 form becoming part of the case record for any case established in the year 2002 and in subsequent years. See Findings No. 2015-009 & 2017-005

**SUFFOLK COUNTY
NEW YORK**

**SUMMARY SCHEDULE OF PRIOR YEARS' AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2017**

Reference Number	Program CFDA Number	Program Name	Summary of Finding	Status
2016-005	93.667	Social Services Block Grant	Subrecipient Monitoring - The Department of Social Services' subrecipient contracts did not include all required information. Additionally, the County did not evaluate subrecipient's risk of noncompliance.	Partially Corrected - The Department of Social Services has included all required information in its subrecipients' contracts; however, they are in the process of evaluating the subrecipients' risk of noncompliance to meet all requirements in <i>Uniform Grant Guidance</i> § 200.331.
2016-006	93.575	Child Care and Development Block Grant	Subrecipient Monitoring - The Department of Social Services' subrecipient contracts did not include all required information. Additionally, the County did not evaluate subrecipient's risk of noncompliance.	Partially Corrected - The Department of Social Services has included all required information in its subrecipients' contracts; however, they are in the process of evaluating the subrecipients' risk of noncompliance to meet all requirements in <i>Uniform Grant Guidance</i> § 200.331.
2016-007	93.958	Block Grant for Community Mental Health Services	Reporting - Federal funds are advanced to subrecipients based on estimates and at year-end, the Department of Health Services reconciles the actual costs with the estimated costs. Reconciliations for calendar year ended 2016 were not completed and the auditors were unable to obtain the final Consolidated Claiming Reports to perform analytical procedures.	Corrected
2016-008	20.507	Federal Transit Formula Grants	Schedule of Expenditures of Federal Awards Reporting - The Department of Public Works failed to report the proper amount of grant expenditures on the Schedule of Expenditures of Federal Awards for the year ended December 31, 2016.	Corrected
2016-009	93.575	Child Care and Development Block Grant	Eligibility - 1 out of 60 case files tested did not include a federally required document (child birth certificate).	Corrected
2016-010	93.778	Medical Assistance Program	Eligibility - Case files selected for testing did not include all federally required documents (Budget document and Form 3209)	Corrected
2016-011	14.218	Community Development Block Grants/Entitlement Grants	Subrecipient Monitoring - The Department of Economic Development and Planning subrecipient contracts did not include all required information. Additionally for three subrecipient selections, there was no written documentation of risk analysis or CDBG Pre-Funding checklist.	Partially Corrected - The Department of Economic Planning and Development has included all required information in its subrecipients' contracts; however, they are in the process of evaluating the subrecipients' risk of noncompliance to meet all requirements in <i>Uniform Grant Guidance</i> § 200.331.
2016-012	20.205	Highway Planning and Construction (Federal-Aid Highway Program)	Cash Management - The Department of Public Works did not provide total reimbursement requested from NYS. Therefore, the auditors were unable to select sample to ensure that program costs were paid by the Department before submitting a payment request.	Corrected

**SUFFOLK COUNTY
NEW YORK**

**SUMMARY SCHEDULE OF PRIOR YEARS' AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2017**

Reference Number	Program CFDA Number	Program Name	Summary of Finding	Status
2016-013	20.205	Highway Planning and Construction (Federal-Aid Highway Program)	Reporting - The Department of Public Works did not provide a population for Vouchers for Worked Performed and whether they were submitted to the state. Therefore, the auditors were unable to determine if the Form P-20 was complete and submitted to the State in a timely manner.	Corrected
2016-014	20.205	Highway Planning and Construction (Federal-Aid Highway Program)	Matching - Claim vouchers were not provided to determine whether the Department of Public Works complied with the matching requirements.	Corrected
2016-015	20.205	Highway Planning and Construction (Federal-Aid Highway Program)	Special Tests and Provisions - Documentation was not provided to determine whether the Department of Public Works complied with the Special Tests and Provisions Requirements.	Corrected

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE OF NEW YORK DEPARTMENT OF TRANSPORTATION ASSISTANCE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND SCHEDULE OF STATE OF NEW YORK DEPARTMENT OF TRANSPORTATION ASSISTANCE EXPENDED REQUIRED BY PART 43 OF THE NEW YORK STATE CODIFICATION OF RULES AND REGULATIONS

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

Report on Compliance for Each Major State of New York Department of Transportation Assistance Program

We have audited the Suffolk County (the "County"), compliance with the types of compliance requirements described in the *Part 43 of the New York State Codification of Rules and Regulations* ("NYSCRR") that could have a direct and material effect on each of the County's major State of New York Department of Transportation assistance programs for the year ended December 31, 2017. The County's major State of New York Department of Transportation assistance program is identified in the summary of auditor's results section of the accompanying State of New York Department of Transportation assistance expended schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of regulations, and the terms and conditions applicable to its State of New York Department of Transportation assistance program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the County's major State of New York Department of Transportation assistance program based on our audit of the types of compliance requirements referred to above. 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 (the "Standards"); and NYSCRR. Those standards and NYSCRR 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 State of New York Department of 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 on compliance for each major State of New York Department of Transportation assistance program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major State of New York Department of Transportation Assistance Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major State of New York Department of Transportation assistance programs for the year ended December 31, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with NYSCRR and which are described in the accompanying schedule of findings and questioned costs as item 2017-01S. Our opinion on each major State of New York Department of Transportation assistance program is not modified with respect to these matters.

The County's response to the noncompliance finding identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major State of New York Department of Transportation assistance program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major State of New York Department of Transportation assistance program and to test and report on internal control over compliance in accordance with NYSCRR, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State of New York Department of Transportation assistance program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a State of New York Department of Transportation assistance program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State of New York Department of Transportation assistance program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of NYSCRR. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of State of New York Department of Transportation Assistance Expended
as Required by the NYSCRR**

We have audited the financial statements of the County as of and for the year ended December 31, 2017, and have issued our report thereon dated June 29, 2018, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of State of New York Department of Transportation Assistance Expended is presented for purposes of additional analysis as required by the NYSCRR and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of State of New York Department of Transportation Assistance Expended is fairly stated in all material respects in relation to the financial statements as a whole.

Deloitte & Touche LLP

September 21, 2018

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**SUFFOLK COUNTY
NEW YORK**

**SCHEDULE OF STATE OF NEW YORK DEPARTMENT OF TRANSPORTATION ASSISTANCE EXPENDED
YEAR ENDED DECEMBER 31, 2017**

State Grantor Program Title	State Contract #	2017 Expenditures
Suffolk County Department of Public Works		
Mass Transportation Capital Project Agreement (2nd Master Grant Agreement)	K006799	1,835,749
Mass Transportation Capital Project Agreement (3rd Master Grant Agreement)	K007280	1,463,365
Total Mass Transportation Capital Project Agreements		3,299,114
STOA - Statewide Mass Transportation Operating Assistance	-	26,443,700
LIE/HOV Express Bus	C005011	62,992
CHIPS - Consolidated Street & Highway Improvement Program	-	6,080,065
NYS Department of Transportation: Highway Planning & Construction		
Closed Loop Traffic Signal System - Phase 8	D033897	3,325
Closed Loop Traffic Signal System - Phase 9	D034155	24
CR3, Pinelawn Rd Between Ruland Rd & LIE S. Service Road	D011640	451,335
CR3, Pinelawn Rd/Ruland Rd/Colonial Springs Rd Intersection Reconstruction	D033686	5,226
CR16, Portion Rd. Ph I Between Ronkonkoma Ave and CR 97	D010688	384
CR57, Bay Shore Road Between NY 231 and NYS Route 27	D010856	5,555
CR97 BRT (Bus Rapid Transit)	D034746	132,305
CR111 @ LIE Interchange Improvements	D034781	291,486
		889,640
Total Suffolk County Department of Public Works		36,775,511
Suffolk County Police Department		
LIE/HOV 2016	C032055 Supp 6	22,067
LIE/HOV 2017	C032055 Supp 7	100,160
Dedicated Traffic Enforcement 2016-2018	D033338 Supp 3	588,839
Total Suffolk County Police Department		711,066
Suffolk County Department of Economic Development - Airport		
NYS Aviation Division: Airport Improvement Project		
Reconstruct R/W 15/33 from R/W 15 End to R/W 6-24 (2,550 LF X 150 LF) Including One Blast Pad (200 LF X 200 LF), Markings and Drainage - Construction - Phase II	DOT01-K07239GG-3900283	262,070
Total Suffolk County Department of Economic Development - Airport		262,070
Total - Expenditures of State DOT Awards		\$ 37,748,647

See Notes to Schedule of State of New York Department of Transportation Assistance Expended

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**SUFFOLK COUNTY
NEW YORK**

**NOTES TO SCHEDULE OF STATE OF NEW YORK DEPARTMENT OF TRANSPORTATION
ASSISTANCE EXPENDED
YEAR ENDED DECEMBER 31, 2017**

(1) BASIS OF PRESENTATION

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.

b. Basis of Accounting of Basic Financial Statements

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.

**SUFFOLK COUNTY
NEW YORK**

**NOTES TO SCHEDULE OF STATE OF NEW YORK DEPARTMENT OF TRANSPORTATION
ASSISTANCE EXPENDED
YEAR ENDED DECEMBER 31, 2017**

The accompanying Schedule of State of New York Department of Transportation Assistance Expended of the County presents the activity of all financial assistance programs provided by the New York State Department of Transportation to the County.

c. Program Tested

For the County's purpose, a State Transportation Assistance Program, as defined by Part 43 of the NYCRR, is any program that exceeds \$1,132,459 when the total State Transportation Assistance Expended of the reporting entity exceeds \$25 million. Total expenditures incurred by the County for the State Transportation Assistance Programs were approximately \$38 million.

**SUFFOLK COUNTY
NEW YORK**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS — STATE OF NEW YORK
DEPARTMENT OF TRANSPORTATION ASSISTANCE EXPENDED
YEAR ENDED DECEMBER 31, 2017**

1. SUMMARY OF AUDITORS' RESULTS: STATE OF NEW YORK DEPARTMENT OF TRANSPORTATION ASSISTANCE EXPENDED

Internal control over State of New York Department of Transportation Assistance Expended:

Material weakness(es) identified Yes No

Significant deficiency(ies) identified? Yes None Reported

Type of auditor's report issued on compliance for State Transportation Assistance Programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the *Part 43 of the New York State Codification of Rules and Regulations*? Yes No

Identification of State of New York Department of Transportation Assistance Programs Tested:

<u>State Grantor Program Title</u>	<u>State Contract Number</u>	<u>Expenditures</u>
Statewide Mass Transportation Operating Assistance Program	STOA	\$26,443,700
Mass Transportation Capital Projects Agreements	Various	\$3,299,114

Dollar threshold used to determine program to be tested: \$1,132,459

Auditee qualified as low-risk auditee? Yes No

2. FINDINGS AND QUESTIONED COSTS RELATING TO STATE OF NEW YORK DEPARTMENT OF TRANSPORTATION ASSISTANCE EXPENDED

See accompanying pages 150 through 151.

FINDING # - 2017-001S

REPORTING – DEFICIENCY AND NONCOMPLIANCE

STATEWIDE MASS TRANSPORTATION OPERATING ASSISTANCE
STATE AGENCY: NEW YORK STATE DEPARTMENT OF TRANSPORTATION
COUNTY AGENCY: DEPARTMENT OF PUBLIC WORKS

- 1. TOPIC SENTENCE**—Service Payment Application reports were not submitted to New York State Department of Transportation on a timely basis.

CRITERIA—Reporting—New York State Department of Transportation (“NYSDOT”) has published the Rules and Regulations for the Statewide Mass Transportation Operating Assistance Program (17 NYCRR Part 975) (“Blue Book”).

Per Statewide Mass Transportation Operating Assistance Program Rules and Regulations 975.6 (a), “Applications must be submitted each quarter using forms to be supplied by the Department.” Such applications shall be filed between the second and seventeenth day of the first day of each quarter, with the quarters tracking the State’s fiscal year.

- 2. CONDITION**

Suffolk County (the “County”) has internal control procedures in place to maintain effective internal control over State awards that provides reasonable assurance that the County is managing State awards in compliance with State statutes, regulations, and the terms and conditions of the State award. Per STOA Rules and Regulations 975.6 (a), applications must be submitted within the time prescribed. The application needs to be filed between the second and the seventeenth day of the first month of each quarter with the quarters tracking the State’s Fiscal Year. D&T noted the second quarterly claim for the year ended December 31, 2017 was submitted on 9/15/17, and as such, it was not submitted timely.

A similar finding was included in the prior year single audit report as item 2016-01S.

- 3. CAUSE**

The County’s key personnel did not ensure the required reports were submitted timely as required by the NYSDOT.

- 4. EFFECT**

Late quarterly reporting may prevent timely monitoring of this program by the New York State Department of Transportation.

FINDING # - 2017-001S (CONTINUED)

REPORTING – DEFICIENCY AND NONCOMPLIANCE

STATEWIDE MASS TRANSPORTATION OPERATING ASSISTANCE

STATE AGENCY: NEW YORK STATE DEPARTMENT OF TRANSPORTATION

COUNTY AGENCY: DEPARTMENT OF PUBLIC WORKS

5. RECOMMENDATION

We recommend the County establish an effective process to ensure quarterly reporting to the State of New York Department of Transportation is timely and within the due date.

6. QUESTIONED COSTS

None

7. VIEWS OF RESPONSIBLE OFFICIAL

The County has begun ensuring the timely submittal of quarterly STOA service payment applications. This finding (2017-001S) was due to the switchover of our fare collection system in March 2017. The fare collection system is the County's source of ridership information, and configuration of database and reports had to be completed before accurate statistics could be provided. The original April through June 2017 service payment application was submitted on 9/15/17. This did not affect the payment of STOA to the County, as the County is reimbursed on a fixed quarterly schedule by NYSDOT. Reimbursement is not made pursuant to the payment application, nor is it based on the statistics provided therein. STOA is apportioned to the County as line items in the annual NYS budget, not as a formula based on the amount of revenue miles and passengers as with certain other statewide systems.

The subsequent 2017 STOA payment applications were submitted to NYSDOT by the requested date. The original July through September 2017 service payment application was submitted on 10/17/17 and the original October through December 2017 service payment application was submitted on 1/17/18.

The County will continue to ensure that the reports are submitted by the requested filing date.

Also, see "Corrective Action Plan".

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**SUFFOLK COUNTY
NEW YORK**

**SUMMARY SCHEDULE OF PRIOR YEARS' AUDIT FINDINGS - STATE OF NEW YORK
DEPARTMENT OF TRANSPORTATION ASSISTANCE EXPENDED
YEAR ENDED DECEMBER 31, 2017**

Reference Number	Program Name	Summary of Finding	Status
2015-01S	State Transportation Operating Assistance (STOA)	Reporting - Quarterly reports submitted to NYSDOT were not reconciled with the supporting reports and/or schedules on a yearly basis. Third and fourth quarter reports were not filed on a timely basis.	Partially Corrected - The STOA mileage reconciliation was submitted to NYSDOT. The County has begun ensuring the timely submittal of quarterly STOA service payment applications. The 2017 third and fourth quarter STOA payment applications were submitted to NYSDOT by the requested dated. See Finding No. 2016-001S & 2017-001S
2016-001S	Statewide Mass Transportation Operating Assistance (STOA)	Reporting - Second and fourth quarterly claims were not submitted timely.	Repeat Finding - Partially Corrected - The County has begun ensuring the timely submittal of quarterly STOA service payment applications. The 2017 third and fourth quarter STOA payment applications were submitted to NYSDOT by the requested date. See Finding No. 2015-01S & 2017-001S
2016-002S	Dedicated Traffic Program	Allowable Costs - Vehicle usage expenses were erroneously miscalculated resulting in under-reimbursement.	Corrected

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COUNTY OF SUFFOLK



OFFICE OF THE COUNTY EXECUTIVE

Steven Bellone
SUFFOLK COUNTY EXECUTIVE

September 21, 2018

To Whom It May Concern:

In accordance with the Uniform Grant Guidance, attached are Suffolk County's Corrective Action Plans addressing the deficiencies identified in the County's Single Audit for the years ending 2015, 2016 and 2017.

If you have any questions, please contact me at 631 852-2812.

Very truly yours,

A handwritten signature in black ink that reads "Angela Kohl". The signature is written in a cursive, flowing style.

Angela Kohl
Principal Accountant

REFERENCE # 2015-006	SUBRECIPEINT MONITORING – SIGNIFICANT DEFICIENCY AND NONCOMPLIANCE
Programs	<p>AGING CLUSTER (CFDA 93.044; 93.045; 93.053) CHILD SUPPORT ENFORCEMENT (CFDA 93.563) BLOCK GRANTS FOR PREVENTION AND TREATMENT OF SUBSTANCE ABUSE (CFDA 93.959) MEDICAL ASSISTANCE PROGRAM (CFDA 93.778) STATE AGENCY: NEW YORK STATE OFFICE FOR THE AGING (CFDA 93.044; 93.045; 93.053) NEW YORK STATE OFFICE OF TEMPORARY DISABILITIES ASSISTANCE (CFDA 93.563; 93.778) STATE AGENCY: NEW YORK STATE DEPARTMENT OF HEALTH - OASAS (CFDA 93.959; 93.778) STATE AGENCY: NEW YORK STATE DEPARTMENT OF HEALTH (CFDA 93.778) FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</p>
Finding	<p>The Suffolk County Office For The Aging, Department of Social Services and the Department of Health Services (the “Departments”) have subrecipient monitoring procedures in place. We noted the Departments’ subrecipient contracts did not include all the required information for its subrecipient contract. We also noted the County did not evaluate subrecipient’s risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring.</p>
Questioned Costs	None
Recommendation	<p>We recommend the Department ensure its subrecipient contracts are in compliance with <i>Uniform Grant Guidance CFR 200.331</i> subrecipient requirements.</p>
<u>Corrective Action Plan</u>	<p><u>The Department of Social Services’ and the Office For the Aging’s response:</u> The Department of Social Services and the Office For The Aging, in its review of the new <i>Uniform Grant Guidance CFR 200.331</i>, understands that a more formal documented policy is most likely needed and we will work with the County Law Department and any other departments in a county wide fashion to create one. If there is no countywide policy, the Department of Social Services and the Office For The Aging will formally document all the necessary language required for subrecipient compliance and create an internal policy going forward.</p> <p>The Department of Social Services and the Office For The Aging still believe, based on current internal controls and contract monitoring practices that the contract in question would be deemed as a low risk when assessed against the criteria according to the <i>Uniform Grant Guidance 200.221 (b)</i>.</p> <p>Based on the criteria within 200.221(b), the subrecipients prior experience with the Department has been a long positive history going back over 20 years, the management team within the contract agency remained consistent and the program division (CSEB) that is responsible for the compliance of the contract had quarterly meetings with the agency’s administration to go over any issues.</p>

REFERENCE # 2015-009	ELIGIBILITY FOR INDIVIDUALS – MATERIAL DEFICIENCY AND MATERIAL NONCOMPLIANCE
Programs	ADOPTION ASSISTANCE (CFDA 93.659) STATE AGENCY: NEW YORK STATE OFFICE OF TEMPORARY AND DISABILITY ASSISTANCE (CFDA 93.659) FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
Finding	New York State has enacted legislation which allows payments to be made for the care and maintenance of children when they are adopted. Suffolk County Department of Social Services (the “Department”) provides a monthly adoption subsidy payment mandated by law for the care, maintenance, and/or medical needs of a child who fits the definition of handicapped or hard-to-place as defined by New York State law and regulations. Subsidy payments are available to all eligible children until the age of 21 regardless of the adoptive parent’s income. These payments are discontinued only when it is determined by a social services official that the adoptive parent(s) is no longer legally responsible for the support of the child or that the child is no longer receiving any support from the parent(s). Of the sixty files selected for testing: Twenty-one (21) files did not include one or more federally-required documents. The missing documents were the Eligibility for Title 1V-E Adoption Assistance Form (DSS-3912).
Questioned Costs	Cannot be determined
Recommendation	We recommend the Department strengthen its monitoring controls over the adoption assistance case files, to ensure the timely and accurate determination of eligibility.
<u>Corrective Action Plan</u>	The Department of Social Services acknowledges that case records for cases established prior to 2002 do not contain the DSS-3912 form. The Department of Social Services made a procedural change in 2002 that resulted in the DSS-3912 form becoming part of the case record for any case established in the year 2002 and in subsequent years.
Step 1	Cases established in 2002 and subsequent years contain this form.
Action Date	2002.
<u>Final Implementation Date</u>	2002.
<u>Name And Phone # Of Person Responsible For Implementation</u>	Dennis Nowak, Chief Division Administrator 631 854-3295

REFERENCE # 2016-004	ELIGIBILITY FOR INDIVIDUALS – QUALIFIED, MATERIAL WEAKNESS
Programs	ADOPTION ASSISTANCE (CFDA 93.659)
Finding	<p>New York State has enacted legislation which allows payments to be made for the care and maintenance of children when they are adopted. Suffolk County Department of Social Services (the “Department”) provides a monthly adoption subsidy payment mandated by law for the care, maintenance, and/or medical needs of a child who fits the definition of handicapped or hard-to-place as defined by New York State law and regulations. Subsidy payments are available to all eligible children until the age of 21 regardless of the adoptive parent’s income. These payments are discontinued only when it is determined by a social services official that the adoptive parent(s) is no longer legally responsible for the support of the child or that the child is no longer receiving any support from the parent(s).</p> <p>Of the sixty files (60) selected for testing:</p> <ul style="list-style-type: none"> • Fifty-two (52) files did not include one or more federally required documents. The missing documents were the Eligibility for Title 1V-E Adoption Assistance Form (DSS-3912).
Questioned Costs	Cannot be determined
Recommendation	We recommend the Department strengthen its monitoring controls over the adoption assistance case files, to ensure the timely and accurate determination of eligibility.
<u>Corrective Action Plan</u>	The Department of Social Services acknowledges that case records for cases established prior to 2002 do not contain the DSS-3912 form. The Department of Social Services made a procedural change in 2002 that resulted in the DSS-3912 form becoming part of the case record for any case established in the year 2002 and in subsequent years.
Step 1	Cases established in 2002 and subsequent years contain this form.
Action Date	2002
<u>Final Implementation Date</u>	2002
<u>Name And Phone # Of Person Responsible For Implementation</u>	Dennis Nowak, Chief Division Administrator 631-854-3295

REFERENCE # 2016-005	SUBRECIPIENT MONITORING – NONCOMPLIANCE, SIGNIFICANT DEFICIENCY
Program	SOCIAL SERVICES BLOCK GRANT (CFDA # 93.667)
Finding	The Suffolk County Department of Social Services, (the “Departments”) have subrecipient monitoring procedures in place. We noted the Department’s subrecipient contracts did not include all the required information for its subrecipient contract. We also noted the County did not evaluate subrecipient’s risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring.
Questioned Costs	None
Recommendation	We recommend that the Department implement policies and procedures to communicate the federal grant information to all subrecipients in accordance with <i>Uniform Grant Guidance CFR 200.331</i> subrecipient requirements.
<u>Corrective Action Plan</u>	The Department of Social Services in its review of the new <i>Uniform Grant Guidance CFR 200.331</i> , understands that a more formal documented policy is most likely needed and we will work with the County Law Department and any other departments in a county wide fashion to create one. If there is no countywide policy, the Department of Social Services will formally document all the necessary language required for subrecipient compliance and create an internal policy going forward.
Step 1	The Department of Social Services will ensure that all applicable requirements of the Uniform Grant Guidance CFR will be incorporated into future contracts with the subrecipient. The Department of Social Services will work internally to develop a process to evaluate each subrecipient and document the evaluation and applicable subrecipient monitoring upon subaward as required by the Uniform Grant Guidance CFR.
Action Date	10/2/17-10/31/17
Step 2	The Department of Social Services will complete the entire evaluation form even for low risk cases, answering all questions, and the person responsible will sign and date each form (as shown in sample). Additionally, all involved parties have a copy of the “Certification Form regarding Debarment & Suspension” which will be filled out as needed.
Action Date	8/31/18
<u>Final Implementation Date</u>	10/31/2018
<u>Name And Phone # Of Person Responsible For Implementation</u>	Barry Simon, Management Analyst (631) 854-9860

REFERENCE # 2016-006	SUBRECIPIENT MONITORING – NONCOMPLIANCE, SIGNIFICANT DEFICIENCY
Program	Child Care and Development Block Grant (CFDA # 93.575)
Finding	The Suffolk County Department of Social Services, (the “Departments”) have subrecipient monitoring procedures in place. We noted the Department’s subrecipient contracts did not include all the required information for its subrecipient contract. We also noted the County did not evaluate subrecipient’s risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring.
Questioned Costs	None
Recommendation	We recommend that the Department implement policies and procedures to communicate the federal grant information to all subrecipients in accordance with <i>Uniform Grant Guidance CFR 200.331</i> subrecipient requirements.
Corrective Action Plan	The Department of Social Services in its review of the new <i>Uniform Grant Guidance CFR 200.331</i> , understands that a more formal documented policy is most likely needed and we will work with the County Law Department and any other departments in a county wide fashion to create one. If there is no countywide policy, the Department of Social Services will formally document all the necessary language required for subrecipient compliance and create an internal policy going forward.
Step 1	The Department of Social Services will ensure that all applicable requirements of the Uniform Grant Guidance CFR will be incorporated into future contracts with the subrecipient. The Department of Social Services will work internally to develop a process to evaluate each subrecipient and document the evaluation and applicable subrecipient monitoring upon subaward as required by the Uniform Grant Guidance CFR.
Action Date	10/2/17-10/31/17
Step 2	The Department of Social Services will complete the entire evaluation form even for low risk cases, answering all questions, and the person responsible will sign and date each form (as shown in sample). Additionally, all involved parties have a copy of the “Certification Form regarding Debarment & Suspension” which will be filled out as needed.
Action Date	10/31/18
<u>Final Implementation Date</u>	10/31/2018
<u>Name And Phone # Of Person Responsible For Implementation</u>	Barry Simon, Management Analyst (631) 854-9860

REFERENCE # 2016-011	SUBRECIPIENT MONITORING – NONCOMPLIANCE, SIGNIFICANT DEFICIENCY
Program	COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS (CFDA # 14.218)
Finding	<p>The Suffolk County Department of Economic Development and Planning, (the “Department”) has subrecipient monitoring procedures in place. The Department performs a CDBG Pre-Funding checklist as well as the Subrecipient risk analysis and appropriate procedures are in place regarding the risk assessment. However, although the assessment was performed, there was no written documentation of the analysis and checklist for our 3 subrecipient selections. As such, we determined subrecipient monitoring risk assessment process is not in compliance and report a finding.</p> <p>The Suffolk County subrecipient contracts did not include all the required information for its subrecipient contract. The contract did not include Federal Award Identification Number (FAIN), Federal Award Date, Amount of Federal Funds obligated by this action, and identification whether the award is R&D. As such, we determined subrecipient monitoring risk assessment process is not in compliance and report a finding.</p>
Questioned Costs:	None
Recommendation	We recommend that the Department implement policies and procedures to communicate the federal grant information to all subrecipients in accordance with <i>Uniform Grant Guidance CFR 200.331</i> subrecipient requirements.
<u>Corrective Action Plan</u>	We will ensure that the risk assessment documentation is performed with the 2017 award funding and future years.
Step 1	Informing all municipalities who are requesting 2017 grant funds to submit appropriate documentation and to complete the prefunding checklist. The department has already implemented subrecipient contracts to include all required information. Although we assess risk and monitoring activities of our subrecipients, we are updating the required documentation for our Consortium Members to ensure compliance with 2 CFR Part 200.331.
Action Date	October 31, 2018
Step 2	Review all submitted documentation & complete Risk Assessment Analysis Form.
Action Date	December 31, 2018
Step 3	Approve or deny based on assessment.
Action Date	December 31, 2018
<u>Final Implementation Date</u>	December 31, 2018
<u>Name And Phone # Of Person Responsible For Implementation</u>	Rosemarie Pforr (631-853-5711), Justin Hornung (631-853-5710), Laurie Schwinge (631-853-5124)

REFERENCE # 2017-01	SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REPORTING (“SEFA”) – NONCOMPLIANCE, SIGNIFICANT DEFICIENCY
Program	ENHANCED MOBILITY OF SENIORS AND INDIVIDUALS WITH DISABILITIES (CFDA # 20.513), SUBSTANCE ABUSE & MENTAL HEALTH SERVICES PROJECTS OF REGIONAL & NATIONAL SIGNIFICANCE (CFDA # 93.243), HIGHWAY PLANNING AND CONSTRUCTION (CFDA # 20.205)
Finding	<p>Due to the deficiencies in internal control over the SEFA preparation, misstatements occurred in the SEFA that were detected by management’s internal controls and were subsequently corrected through audit adjustments. Accordingly, we believe the above collectively represents a significant weakness in internal control over financial reporting. Federal expenditure amounts for the following programs were inaccurate:</p> <ul style="list-style-type: none"> - CFDA # 20.513; Enhanced Mobility of Seniors and Individuals with Disabilities was understated by \$1,239,376 on the 2016 SEFA. - CFDA # 93.243; Substance Abuse & Mental Health Services Projects of Regional & National Significance was understated by \$ 61,564 on the 2016 SEFA. - CFDA # 20.205; Highway Planning and Construction was overstated by \$ 34,529 on the 2017 SEFA.
Recommendation	The Departments should develop a well-defined process for federal financial reporting that includes a comprehensive set of policies and procedures necessary to establish internal control over preparing the SEFA.
<u>Corrective Action Plan</u>	<p><u>DPW Transportation (CFDA # 20.513):</u></p> <p>The finding for CFDA #20.513 came about due to unique circumstances concerning the program, and will not re-occur. The grant under this CFDA, NY-16-X012, provided for a 50% reimbursement of operating expenses for paratransit service provided beyond the ADA required 3/4 mile fixed route corridor for calendar years 2016 and 2017. The County began providing the additional paratransit service on 1/1/16. However, the County was not at the time able to identify the specific paratransit trips provided beyond the ¾ mile corridor to provide proper backup documentation for a drawdown or inclusion on the SEFA. The County has since been able to identify the specific paratransit trips eligible for reimbursement under this program (and their associated costs) and will be able to use this information to produce the correct information for future SEFAs.</p>

	<p><u>Probation Department (CFDA # 93.243)</u>: The Department of Probation has reviewed this finding and agrees to follow the above stated recommendation. The Probation Department began developing a Financial Policy and Practices Manual in 2017 for all internal controls regarding Department Financial Practices. Part of this manual includes the management of grants and all grant related financial practices. The Department is revising the grants management section which will include SEFA reporting.</p> <p><u>DPW Transportation (CFDA # 20.205)</u>: The finding for CFDA #20.205 concerned a grant which was jointly administered by DPW/Transportation and Economic Development and Planning (EDP). The overstatement on the SEFA was due to an error in the interpretation of a spreadsheet sent by EDP to DPW/Transportation. In the case of grants which are administered by multiple departments, the County will ensure proper communication between those departments in the future to ensure that the correct expenses are reported on the SEFA.</p>
<p>Step 1</p> <p>Action Date</p> <p>Step 2</p> <p>Action Date</p>	<p><u>DPW Transportation (CFDA # 20.513)</u>: DPW/Transportation to identify and document grant reimbursable expenses under 20.513 for FY 2018.</p> <p><u>Probation Department (CFDA # 93.243)</u>: The Department of Probation will complete the revision of the grants management section of the Financial Policy and Practices Manual.</p> <p><u>DPW Transportation (CFDA # 20.205)</u>: DPW/Transportation to confirm 2018 jointly administered expenditures with EDP under 20.205 via email prior to submission of SEFA.</p> <p>DPW Transportation (CFDA # 20.513): 12/31/18</p> <p>Probation Department (CFDA # 93.243): 9/11/18</p> <p>DPW Transportation (CFDA # 20.205): 3/1/19</p> <p><u>DPW Transportation (CFDA # 20.513)</u>: DPW/Transportation to submit SEFA containing expenses under 20.513 to Audit and Control for review.</p> <p><u>DPW Transportation (CFDA # 20.205)</u>: DPW/Transportation to submit SEFA containing joint expenses under 20.205 to Audit and Control for review.</p> <p>DPW Transportation (CFDA # 20.513 & 20.205): 3/31/19</p>
<p><u>Final Implementation Date</u></p>	<p>DPW Transportation (CFDA # 20.513 & 20.205): 3/31/19</p> <p>Probation Department (CFDA # 93.243): 12/14/18</p>

<u>Name And Phone # Of Person Responsible For Implementation</u>	<u>DPW Transportation (CFDA # 20.513 & 20.205):</u> Chris Chatterton 631-852-4880 <u>Probation Department (CFDA # 93.243):</u> Robert C. Marmo, Ph.D. 631-852-5105
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REFERENCE # 2017-001	PROCUREMENT – NONCOMPLIANCE, SIGNIFICANT DEFICIENCY
Program	EQUITABLE SHARING PROGRAM (CFDA # 21.016)
Finding	Suffolk County Sheriff’s Office (the “Office”) has internal controls over its procurement. During our testing for Procurement compliance, we selected four (4) procurement contracts and noted that one (1) did not maintain screenshots of the U.S. Government for Awards Management (“SAM”) in the procurement file. Therefore, we were unable to determine if the Office reviews SAM before entering into a contract.
Questioned Costs	None
Recommendation	We recommend the Office should review and verify that an entity with which it plans to enter into a covered transaction is not debarred, suspended, or otherwise excluded by reviewing the federal system and ensuring the Office is in compliance with Uniform Guidance’s Suspension and Debarment policies.
<u>Corrective Action Plan</u>	It had been the belief of the Sheriff’s Office that when our purchases are submitted to and processed by Suffolk County Central Purchasing that all vetting of prospective vendors was completed by Purchasing. In making follow up inquiries following this finding it is apparent that this is not the case specifically in regard to suspension and debarment.
Step 1	The Sheriff’s Office will ensure that, independent of any review performed by Suffolk County central Purchasing, each vendor will be checked on the SAM website prior to entering into any contract equal to or greater than \$25,000.
Action Date	09/10/2018
<u>Final Implementation Date</u>	09/10/2018
<u>Name And Phone # Of Person Responsible For Implementation</u>	Chief Michael P. Sharkey 631-852-2220

REFERENCE # 2017-002	ALLOWABLE COSTS – QUALIFIED, MATERIAL WEAKNESS
Program	EQUITABLE SHARING PROGRAM – CIGARETTE STRIKE FORCE (CFDA # 21.016)
Finding	Suffolk County Police Department (the “Department”) has a reimbursable contract for the Cigarette Strike Force (Equitable Sharing Program) with the New York State Department of Taxation and Finance for personnel, fringe benefits and vehicle lease expenditures. During our testing for allowable costs, we noted that the Department did not maintain time records for its personnel services and fringe benefit costs. Therefore, we were unable to review the time/effort by the personnel costs charged to the Cigarette Strike Force (Equitable Sharing Program).
Questioned Costs	\$494,547, the questioned costs are the personnel and fringe benefit costs charged to the program.
Recommendation	We recommend the Department ensure the personnel and fringe benefit costs as indicated in the program budget of the Cigarette Strike Force (Equitable Sharing Program) are followed and based on actual costs.
<u>Corrective Action Plan</u>	We currently administer many grant and reimbursement programs for which we keep appropriate back-up that is satisfactory support for the expenses we claim. Additionally, for these programs, we ensure that all requested reimbursement amounts are based on actual costs. With regard to this particular finding, the New York State Department of Taxation and Finance did not object to our methodology of using the salary and benefits of the Officer assigned to the task force to determine reimbursement rates.
Step 1	N/A
Action Date	Upon receipt of notification of an award.
<u>Final Implementation Date</u>	Upon receipt of notification of an award.
<u>Name And Phone # Of Person Responsible For Implementation</u>	Susan C. Krause, Senior Grants Analyst 631-852-6601

REFERENCE # 2017-003	REPORTING – NONCOMPLIANCE, SIGNIFICANT DEFICIENCY
Program	EMERGENCY MANAGEMENT PERFORMANCE GRANTS (CFDA # 97.042)
Finding	The Department of Fire, Rescue & Emergency Services (the “Department”) has a grant contract with New York State Division of Homeland Security and Emergency Services for the Emergency Management Performance Grants. The Department does have internal controls over its reimbursement claim reporting; however, we noted two quarterly claim reports selected for testing (June 2017 and September 2017) were submitted after the due date.
Questioned Costs	None
Recommendation	We recommend the Department strengthen its reporting controls over its quarterly claim reports and ensure that all quarterly claim reports are submitted within required due dates.
<u>Corrective Action Plan</u>	The Federal & State Aid Claims Unit (FSAC) has been working closely with the Department of Fire, Rescue & Emergency Services to ensure that claims are submitted in a timely manner. The claims for the LEMPG are based on reports from the Time & Activity System which FRES implemented in 2016. The department is making great strides towards full compliance. We are working to ensure 100% compliance with the time & activity reports within a week of the claim due dates so that LEMPG claims can be submitted timely.
Step 1	Fire, Rescue and Emergency Services
Action Date	9/6/2018
<u>Final Implementation Date</u>	9/30/2019
<u>Name And Phone # Of Person Responsible For Implementation</u>	Fire Rescue and Emergency Services Jared Cirillo 631-852-5058 <u>Federal & State Aid Claims</u> Angela Kohl 631-852-2812

REFERENCE # 2017-004	ELIGIBILITY FOR INDIVIDUALS – NONCOMPLIANCE, SIGNIFICANT DEFICIENCY
Program	TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (CFDA # 93.558)
Finding	<p>The Department of Social Services has internal controls over Temporary Assistance for Needy Families eligibility determination. However, we noted of the sixty (60) case files selected for testing:</p> <ul style="list-style-type: none"> • Five cases were found to be lacking Household Composition support from a third party. • One case was found to be lacking a birth certificate for a minor son.
Questioned Costs	Cannot be determined
Recommendation	We recommend the Department strengthen its eligibility monitoring controls over the TANF case files to ensure the accurate determination of eligibility.
<u>Corrective Action Plan</u>	The Suffolk County Department of Social Services agrees with this finding. The Department will provide a reminder to all TANF eligibility staff and refresher training if needed to ensure that all eligibility rules and regulations are followed and case records are complete in making eligibility determinations.
Step 1	The Client Benefits Division Policy & Procedures staff will send written communication to all TANF eligibility staff specifically addressing this finding and reminding the TANF eligibility staff that all eligibility rules and regulations must be followed and that case records must be complete when making eligibility determinations. The need for refresher training will be assessed based on feedback received from the TANF eligibility staff after they receive the written communication.
Action Date	10/1/18-10/31/18
<u>Final Implementation Date</u>	10/31/18
<u>Name And Phone # Of Person Responsible For Implementation</u>	Debbie Filipowski, SSE IV 631-854-9912

REFERENCE # 2017-005	ELIGIBILITY FOR INDIVIDUALS – QUALIFIED, MATERIAL WEAKNESS
Programs	ADOPTION ASSISTANCE (CFDA 93.659)
Finding	<p>New York State has enacted legislation which allows payments to be made for the care and maintenance of children when they are adopted. Suffolk County Department of Social Services (the “Department”) provides a monthly adoption subsidy payment mandated by law for the care, maintenance, and/or medical needs of a child who fits the definition of handicapped or hard-to-place as defined by New York State law and regulations. Subsidy payments are available to all eligible children until the age of 21 regardless of the adoptive parent’s income. These payments are discontinued only when it is determined by a social services official that the adoptive parent(s) is no longer legally responsible for the support of the child or that the child is no longer receiving any support from the parent(s).</p> <p>Of the sixty files (60) selected for testing:</p> <ul style="list-style-type: none"> • Thirty-four (34) files did not include one or more federally required documents. The missing documents were the Eligibility for Title 1V-E Adoption Assistance Form (DSS-3912).
Questioned Costs	Cannot be determined
Recommendation	We recommend the Department strengthen its monitoring controls over the adoption assistance case files, to ensure the timely and accurate determination of eligibility.
<u>Corrective Action Plan</u>	The Department of Social Services acknowledges that case records for cases established prior to 2002 do not contain the DSS-3912 form. The Department of Social Services made a procedural change in 2002 that resulted in the DSS-3912 form becoming part of the case record for any case established in the year 2002 and in subsequent years.
Step 1	Cases established in 2002 and subsequent years contain this form.
Action Date	2002
<u>Final Implementation Date</u>	2002
<u>Name And Phone # Of Person Responsible For Implementation</u>	Dennis Nowak, Chief Division Administrator 631-854-3295

REFERENCE # 2015-01S	SUPPORTING SCHEDULE NOT RECONCILED WITH QUARTERLY REPORTS SUBMITTED TO NEW YORK STATE DEPARTMENT OF TRANSPORTATION.
Programs	STATEWIDE MASS TRANSPORTATION OPERATING ASSISTANCE STATE AGENCY: NEW YORK STATE DEPARTMENT OF TRANSPORTATION
Finding	Suffolk County (the "County") is responsible for monitoring compliance with State Transportation Assistance laws and regulation. The County has policies and procedures in place to monitor such laws and provision. During our testing, we reviewed all quarterly reports submitted to the State of New York Department of Transportation during calendar year 2015 by the County. We noted that there were differences between Revenue Passenger Ridership reported on the quarterly reports submitted to the NYSDOT and the supporting schedules prepared to support Revenue Passenger Ridership. For the Revenue Passenger Ridership, we noted there was a variance of 30,048 miles. We also noted that third and fourth quarter reports were not filed with the State of New York on a timely basis.
Questioned Mileage:	The difference between quarterly Revenue Passenger Ridership reports the County sends to NYSDOT and the supporting schedule provided to support Ridership was 30,048 miles.
Recommendation	We recommend the County establish an effective process to ensure compliance with this requirement.
<u>Corrective Action Plan</u>	<p>The County has begun ensuring the timely submittal of quarterly STOA service payment applications. However, due to the switchover of our fare collection system in March 2017, payment service applications for April through June 2017 were submitted after the requested filing date of the 17th of the first day of each new quarter. The fare collection system is the County's source of ridership information, and configuration of database and reports had to be completed before accurate statistics could be provided. The original April through June 2017 service payment application was submitted on 9/15/17. This did not affect the payment of STOA to the County, as the County is reimbursed on a fixed quarterly schedule by NYSDOT. Reimbursement is not made pursuant to the payment application, nor is it based on the statistics provided therein. STOA is apportioned to the County as line items in the annual NYS budget, not as a formula based on the amount of revenue miles and passengers as with certain other statewide systems.</p> <p>The subsequent 2017 STOA payment applications were submitted to NYSDOT by the requested date. The original July through September 2017 service payment application was submitted on 10/17/17 and the original October through December 2017 service payment application was submitted on 1/17/18. The County will continue to ensure that the reports are submitted by the requested filing date.</p>

	The steps listed below are a continuation of the processes already in place to ensure the timely filing of STOA reports.
Step 1	The STOA mileage reconciliation was prepared on August 24, 2016. The reconciliation rectified the 30,048 mileage difference. This reconciliation was send to New York State so that they could revise previous STOA mileage that was submitted during 2015. STOA mileage is not reconciled until the 17-A report to NYS is prepared. This report is not started until NYS submits request for submittal, in 2016 the request for 2015 was received on August 8, 2016.
Action Date	8/24/16
Step 2	If not received by the tenth day following the end of the quarter, Senior Accountant to send reminder emails to bus operators and Town of Huntington to provide ridership information for previous quarter.
Action Date	10/10/18
Step 3	Senior Accountant to compile STOA report and send to NYSDOT
Action Date	10/17/18
<u>Final Implementation Date</u>	10/17/18
<u>Name And Phone # Of Person Responsible For Implementation</u>	Melissa Jorgensen 631-852-4876

REFERENCE # 2016-001S	REPORTING – DEFICIENCY AND NONCOMPLIANCE
Program	STATEWIDE MASS TRANSPORTATION OPERATING ASSISTANCE
Finding	<p>Suffolk County (the “County”) has internal control procedures in place to maintain effective internal control over State awards that provides reasonable assurance that the County is managing State awards in compliance with State statutes, regulations, and the terms and conditions of the State award. Per STOA Rules and Regulations 975.6 (a), applications must be submitted within the time prescribed. The application needs to be filed between the second and the seventeenth day of the first month of each quarter with the quarters tracking the State's Fiscal Year. D&T noted the second and fourth quarterly claims for FY16 were submitted on 7/22/16 and 1/18/17, respectively, and as such, they were not submitted timely.</p> <p>A similar finding was included in prior year single audit report as item 2015-01S.</p>
Questioned Mileage:	None
Recommendation	We recommend the County establish an effective process to ensure compliance with this requirement.
<u>Corrective Action Plan</u>	<p>The County has begun ensuring the timely submittal of quarterly STOA service payment applications. However, due to the switchover of our fare collection system in March 2017, payment service applications for April through June 2017 were submitted after the requested filing date of the 17th of the first day of each new quarter. The fare collection system is the County's source of ridership information, and configuration of database and reports had to be completed before accurate statistics could be provided. The original April through June 2017 service payment application was submitted on 9/15/17. This did not affect the payment of STOA to the County, as the County is reimbursed on a fixed quarterly schedule by NYSDOT. Reimbursement is not made pursuant to the payment application, nor is it based on the statistics provided therein. STOA is apportioned to the County as line items in the annual NYS budget, not as a formula based on the amount of revenue miles and passengers as with certain other statewide systems.</p> <p>The subsequent 2017 STOA payment applications were submitted to NYSDOT by the requested date. The original July through September 2017 service payment application was submitted on 10/17/17 and the original October through December 2017 service payment application was submitted on 1/17/18. The County will continue to ensure that the reports are submitted by the requested filing date.</p> <p>The steps listed below are a continuation of the processes already in place to ensure the timely filing of STOA reports.</p>

Step 1	If reports are not received by the tenth day following the end of the quarter, Senior Accountant to send reminder emails to bus operators and Town of Huntington to provide ridership information for previous quarter.
Action Date	10/10/18
Step 2	Senior Accountant to compile STOA report and send to NYSDOT
Action Date	10/17/18
<u>Final Implementation Date</u>	10/17/18
<u>Name And Phone # Of Person Responsible For Implementation</u>	Melissa Jorgensen, Senior Accountant 631-852-4876

REFERENCE # 2017-001S	REPORTING – DEFICIENCY AND NONCOMPLIANCE
Program	STATEWIDE MASS TRANSPORTATION OPERATING ASSISTANCE
Finding	Suffolk County (the “County”) has internal control procedures in place to maintain effective internal control over State awards that provides reasonable assurance that the County is managing State awards in compliance with State statutes, regulations, and the terms and conditions of the State award. Per STOA Rules and Regulations 975.6 (a), applications must be submitted within the time prescribed. The application needs to be filed between the second and the seventeenth day of the first month of each quarter with the quarters tracking the State's Fiscal Year. D&T noted the second quarterly claim for the year ended December 31, 2017 was submitted on 9/15/17, and as such, it was not submitted timely.
Questioned Costs	None
Recommendation	We recommend the County establish an effective process to ensure quarterly reporting to the State of New York Department of Transportation is timely and within the due date.
<u>Corrective Action Plan</u>	<p>The County has begun ensuring the timely submittal of quarterly STOA service payment applications. This finding (2017-001S) was due to the switchover of our fare collection system in March 2017. The fare collection system is the County's source of ridership information, and configuration of database and reports had to be completed before accurate statistics could be provided. The original April through June 2017 service payment application was submitted on 9/15/17. This did not affect the payment of STOA to the County, as the County is reimbursed on a fixed quarterly schedule by NYSDOT. Reimbursement is not made pursuant to the payment application, nor is it based on the statistics provided therein. STOA is apportioned to the County as line items in the annual NYS budget, not as a formula based on the amount of revenue miles and passengers as with certain other statewide systems.</p> <p>The subsequent 2017 STOA payment applications were submitted to NYSDOT by the requested date. The original July through September 2017 service payment application was submitted on 10/17/17 and the original October through December 2017 service payment application was submitted on 1/17/18.</p> <p>The County will continue to ensure that the reports are submitted by the requested filing date.</p> <p>The steps listed below are a continuation of the processes already in place to ensure the timely filing of STOA reports.</p> <p>Step 1</p> <p>If reports are not received by the tenth day following the end of the quarter, Senior Accountant to send reminder emails to bus operators and Town of Huntington to provide ridership information for previous quarter.</p> <p>Action Date</p> <p>10/10/18</p>

Step 2	Senior Accountant to compile STOA report and send to NYSDOT.
Action Date	10/17/18
<u>Final Implementation Date</u>	10/17/18
<u>Name And Phone # Of Person Responsible For Implementation</u>	Melissa Jorgensen 631-852-4876