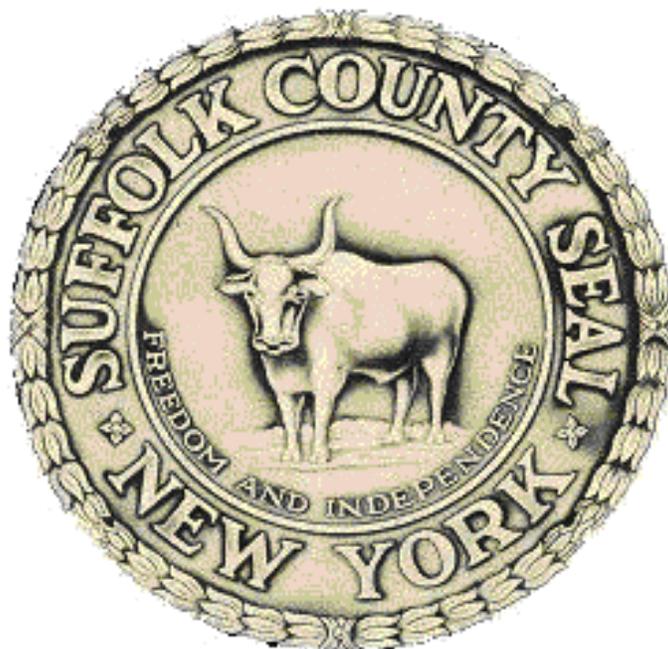


# SUFFOLK COUNTY

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, 2018

JOHN M. KENNEDY, JR.  
*COMPTROLLER*

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**SUFFOLK COUNTY  
NEW YORK**

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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, 2018 (with the Suffolk County Community College for the year ended August 31, 2018), 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 Community College, the Suffolk Regional Off-Track Betting Corporation, the Suffolk County Industrial Development Agency and the Recreation and Economic Development Corporation of Suffolk County, which represents 100% of the County's discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for such component units, is based solely on the reports of the other auditors, for which the Suffolk Regional Off-Track Betting Corporation opinion includes an emphasis of matter paragraph related to the possibility of overcharging of construction costs and the adoption of Governmental Accounting Standards Board Statement ("GASB") Statement No.75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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, 2018, 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 2018, the County's component units adopted 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 28, 2019 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Suffolk County's 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 28, 2019

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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, 2018.

### 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 \$5,222,876,392 (deficit). This net position includes \$571,303,699 in restricted net position and is net of a deficit of \$7,757,109,671 in unrestricted net position. Also included as an offset is \$1,962,929,580 reported in net investment in capital assets.
- Suffolk County's total net position increased by \$45,603,846.
- As of the close of the current fiscal year, Suffolk County's governmental funds reported combined fund balances of \$160,042,366, a decrease of \$69,571,767 in comparison with the prior year. The fund balance is classified within the spendable fund balance categories: restricted of \$571,303,699 and an unassigned deficit of \$411,261,333.
- At the end of the current fiscal year, the unassigned fund deficit for the general fund was \$285,653,839.
- Suffolk County's total bonded debt decreased by \$31,729,836 (1.81 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), a legally separate industrial development public benefit corporation (Suffolk County Industrial Development Agency) and a legally separate economic development corporation (Recreation and Economic Development Corporation). 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., 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 56 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 52 non-major governmental funds are combined into a single aggregated presentation. Individual fund data for each of these 52 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 38 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 37 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 \$5,222,876,392 at the close of the most recent fiscal year.

A summary of the County's net position for 2018 is presented below, together with comparative 2017 information.

|   | Suffolk County's Net Position |                    |                          |               |                    |                    |
|---|-------------------------------|--------------------|--------------------------|---------------|--------------------|--------------------|
|   | Governmental Activities       |                    | Business-type Activities |               | Totals             |                    |
|   | 2018                          | 2017               | 2018                     | 2017          | 2018               | 2017               |
| Current and other assets                            | \$ 1,602,636,709              | \$ 1,558,973,402   | \$ 1,425,613             | \$ 1,650,412  | \$ 1,604,062,322   | \$ 1,560,623,814   |
| Cash with fiscal agents                             | 9,770,535                     | 19,525,330         | -                        | -             | 9,770,535          | 19,525,330         |
| Capital assets                                      | 3,234,754,125                 | 3,146,676,737      | 59,877,546               | 60,824,717    | 3,294,631,671      | 3,207,501,454      |
| Total assets  | 4,847,161,369                 | 4,725,175,469      | 61,303,159               | 62,475,129    | 4,908,464,528      | 4,787,650,598      |
| Total deferred outflows of resources                | 777,403,734                   | 715,653,182        | 615,330                  | 637,696       | 778,019,064        | 716,290,878        |
| Total assets and deferred outflows of resources     | 5,624,565,103                 | 5,440,828,651      | 61,918,489               | 63,112,825    | 5,686,483,592      | 5,503,941,476      |
| Long term liabilities outstanding                   | 8,147,494,212                 | 8,857,831,466      | 9,293,530                | 10,414,208    | 8,156,787,742      | 8,868,245,674      |
| Other liabilities                                   | 1,438,176,514                 | 1,333,777,100      | 1,064,153                | 1,323,871     | 1,439,240,667      | 1,335,100,971      |
| Total liabilities                                   | 9,585,670,726                 | 10,191,608,566     | 10,357,683               | 11,738,079    | 9,596,028,409      | 10,203,346,645     |
| Total deferred inflows of resources                 | 1,312,328,658                 | 568,381,962        | 1,002,917                | 693,107       | 1,313,331,575      | 569,075,069        |
| Total liabilities and deferred inflows of resources | 10,897,999,384                | 10,759,990,528     | 11,360,600               | 12,431,186    | 10,909,359,984     | 10,772,421,714     |
| Net position:                                       |                               |                    |                          |               |                    |                    |
| Net investment in capital assets                    | 1,909,486,454                 | 1,815,836,084      | 53,443,126               | 53,719,789    | 1,962,929,580      | 1,869,555,873      |
| Restricted  | 571,303,699                   | 597,738,269        | -                        | -             | 571,303,699        | 597,738,269        |
| Unrestricted  | (7,754,224,434)               | (7,732,736,230)    | (2,885,237)              | (3,038,150)   | (7,757,109,671)    | (7,735,774,380)    |
| Total net position                                  | \$ (5,273,434,281)            | \$ (5,319,161,877) | \$ 50,557,889            | \$ 50,681,639 | \$ (5,222,876,392) | \$ (5,268,480,238) |

Net position includes \$1,962,929,580 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, \$571,303,699, 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 \$7,757,109,671 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**

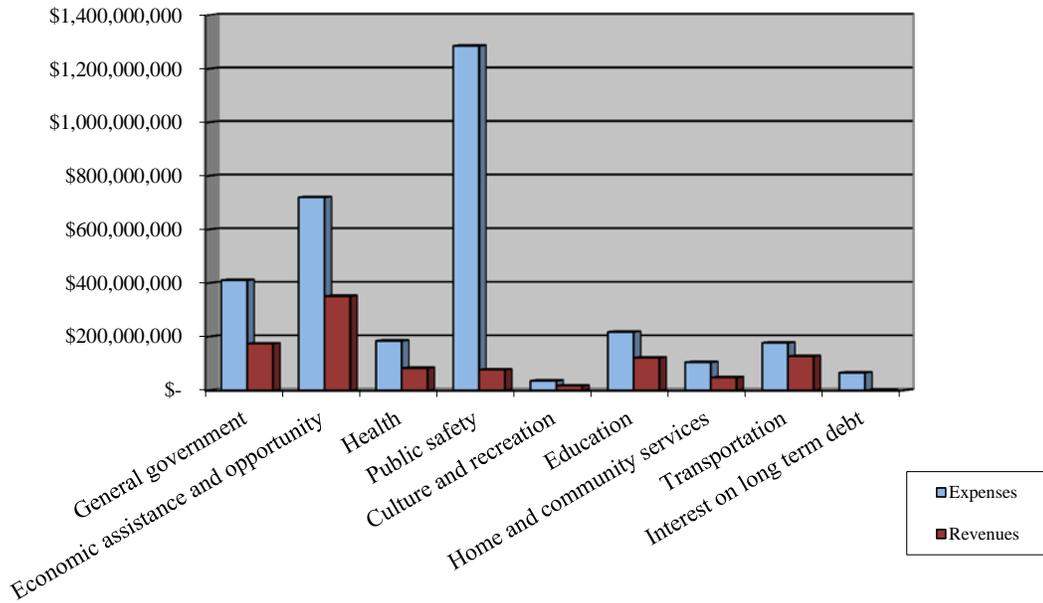
|   | Governmental Activities   |                           | Business-type Activities |                      | Totals                    |                           |
|---|---------------------------|---------------------------|--------------------------|----------------------|---------------------------|---------------------------|
|   | 2018                      | 2017                      | 2018                     | 2017                 | 2018                      | 2017                      |
| Revenues:                               |                           |                           |                          |                      |                           |                           |
| Program revenues:                       |                           |                           |                          |                      |                           |                           |
| Charges for services                    | \$ 382,154,841            | \$ 375,081,897            | \$ 3,881,843             | \$ 3,434,453         | \$ 386,036,684            | \$ 378,516,350            |
| Operating grants and contributions      | 549,008,826               | 536,201,384               | -                        | -                    | 549,008,826               | 536,201,384               |
| Capital grants and contributions        | 66,754,383                | 76,542,920                | 48,634                   | 5,010,341            | 66,803,017                | 81,553,261                |
| General revenues:                       |                           |                           |                          |                      |                           |                           |
| Property taxes                          | 727,799,908               | 702,462,132               | -                        | -                    | 727,799,908               | 702,462,132               |
| Sales and use tax                       | 1,473,533,128             | 1,409,558,615             | -                        | -                    | 1,473,533,128             | 1,409,558,615             |
| Other, net                              | 43,923,268                | 51,674,376                | 134,831                  | 96,019               | 44,058,099                | 51,770,395                |
| Total revenues                          | <u>3,243,174,354</u>      | <u>3,151,521,324</u>      | <u>4,065,308</u>         | <u>8,540,813</u>     | <u>3,247,239,662</u>      | <u>3,160,062,137</u>      |
| Expenses:                               |                           |                           |                          |                      |                           |                           |
| General government                      | 410,550,581               | 407,164,778               | -                        | -                    | 410,550,581               | 407,164,778               |
| Economic assistance and opportunity     | 719,749,767               | 757,996,674               | -                        | -                    | 719,749,767               | 757,996,674               |
| Health                                  | 184,461,550               | 201,334,405               | -                        | -                    | 184,461,550               | 201,334,405               |
| Public safety                           | 1,285,329,490             | 1,403,820,811             | -                        | -                    | 1,285,329,490             | 1,403,820,811             |
| Culture and recreation                  | 35,427,324                | 37,423,247                | -                        | -                    | 35,427,324                | 37,423,247                |
| Education                               | 217,377,566               | 187,321,905               | -                        | -                    | 217,377,566               | 187,321,905               |
| Home and community services             | 104,174,884               | 105,339,774               | -                        | -                    | 104,174,884               | 105,339,774               |
| Transportation                          | 176,954,287               | 158,702,610               | -                        | -                    | 176,954,287               | 158,702,610               |
| Ball park                               | -                         | -                         | 472,439                  | 592,463              | 472,439                   | 592,463                   |
| Gabreski airport                        | -                         | -                         | 1,623,786                | 2,240,686            | 1,623,786                 | 2,240,686                 |
| Interest on long term debt              | 65,514,142                | 63,705,016                | -                        | -                    | 65,514,142                | 63,705,016                |
| Total expenses                          | <u>3,199,539,591</u>      | <u>3,322,809,220</u>      | <u>2,096,225</u>         | <u>2,833,149</u>     | <u>3,201,635,816</u>      | <u>3,325,642,369</u>      |
| Change in net position before transfers | 43,634,763                | (171,287,896)             | 1,969,083                | 5,707,664            | 45,603,846                | (165,580,232)             |
| Transfers                               | 2,092,833                 | 1,048,777                 | (2,092,833)              | (1,048,777)          | -                         | -                         |
| Change in net position                  | 45,727,596                | (170,239,119)             | (123,750)                | 4,658,887            | 45,603,846                | (165,580,232)             |
| Net position - beginning                | (5,319,161,877)           | (5,148,922,758)           | 50,681,639               | 46,022,752           | (5,268,480,238)           | (5,102,900,006)           |
| Net position - ending                   | <u>\$ (5,273,434,281)</u> | <u>\$ (5,319,161,877)</u> | <u>\$ 50,557,889</u>     | <u>\$ 50,681,639</u> | <u>\$ (5,222,876,392)</u> | <u>\$ (5,268,480,238)</u> |

The County's net position increased by \$45,603,846 during the current fiscal year. Key elements of the increase are as follows:

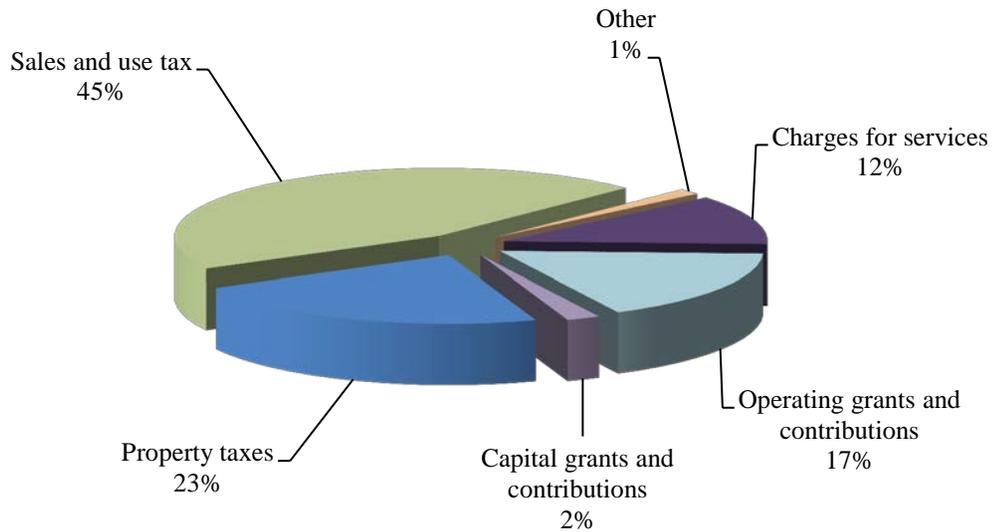
- The current year net effect of the County's OPEB liability and related deferred outflows of resources and deferred inflows of resources, decreased in the amount of \$12.2 million.
- A net decrease in the County's bonds payable and related deferred outflows of resources from refundings in the amount of \$28.7 million, resulted from the payoff of a five year note issued to fund a public safety contract settlement.
- A decrease in the liability for accumulated vacation and sick leave due to retirements in the amount of \$7.5 million.

**Governmental activities.** Governmental activities increased the County's net position by \$45,727,596.

**Expenses and Program Revenues - Governmental Activities**



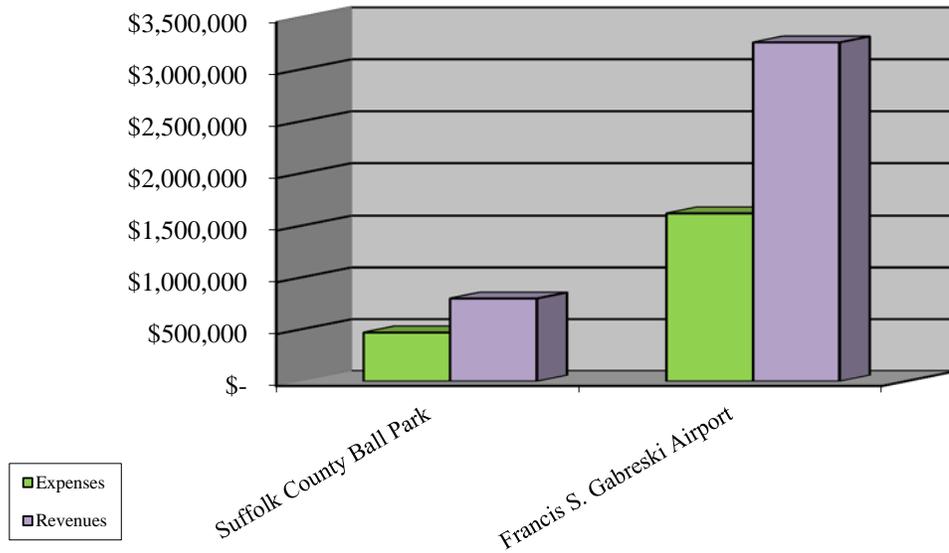
**Revenues by Source - Governmental Activities**



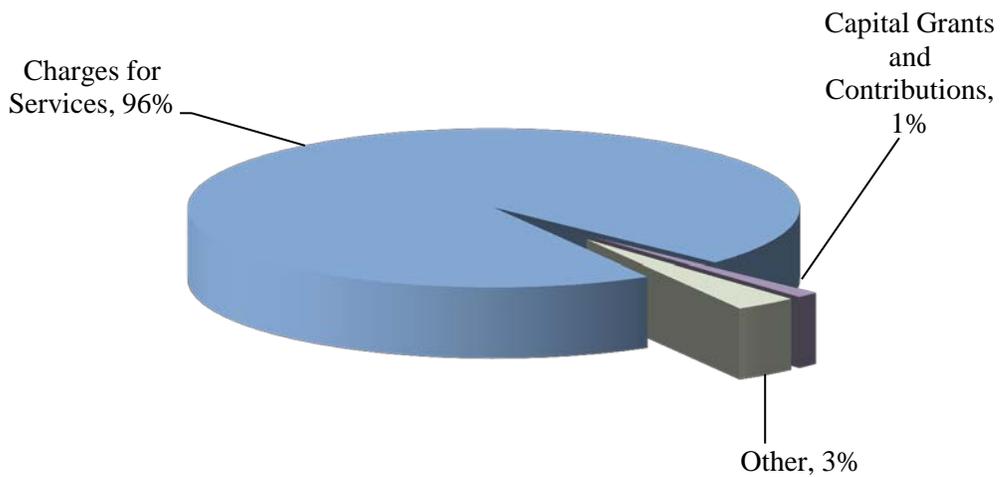
**Business-type activities.** Business-type activities decreased the County's net position by \$123,750.

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**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 \$160,042,366, a decrease of \$69,571,767 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, \$571,303,699 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 (\$254,316,521), (2) Debt service (\$199,791,147), (3) Transportation (\$33,532,744), (4) Public safety (\$28,714,810), and (5) Environmental protection (\$18,287,664).

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 \$285,653,839. A portion of the general fund balance was restricted for home and community services in the amount of \$121,907.

The fund balance of Suffolk County's general fund decreased by \$41,302,028. This decrease was largely due to an increase in pension costs, resulting from the County not electing to amortize any of the NYS retirement bill.

The police district fund has a total fund deficit of \$99,426,830. The police district total fund balance decreased during the current year by \$3,425,020. The decline in fund balance was mainly the result of separation pay for retirees and new recruits hired in 2018.

The capital fund has a total fund balance of \$99,807,435. The capital fund total fund balance decreased during the current year by \$20,402,167. The decrease in fund balance resulted from increased activity on several large transportation projects that were bonded in the prior year.

The Suffolk Tobacco Asset Securitization Corporation (STASC) is a blended component unit of the County and had a fund balance of \$199,791,147. The fund balance of STASC decreased by \$9,264,863. 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 Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues."

**Proprietary funds.** The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net deficits of the Suffolk County Ball Park and Francis S. Gabreski Airport at the end of the year amounted to \$647,520 and \$2,237,717, respectively. The Suffolk County

Ball Park had a decrease of \$910,527 and Francis S. Gabreski Airport had an increase of \$1,063,440.

### **General Fund Budgetary Basis Highlights**

Differences between the original and final amended budget for expenditures resulted in a minor decrease of 0.057 percent, (\$1.1 million decrease in appropriations).

During the year, revenues did not meet budgetary estimates, resulting in an actual decrease in fund balance. The variance between budgeted and actual fund balance was (\$18,000,079). The major variances were attributable to the following:

- A shortfall in Federal Aid in the amount of \$15.6 million due to a rate adjustment resulting from a review performed by New York State Office of Temporary & Disability Assistance.
- Revenues from real estate transactions were below budget in the amount of \$3 million, as a result of a decrease in home sale and mortgages in 2018.

### **Economic Factors and Next Year's Budgets and Rates**

- The unemployment rate for Suffolk County is currently 3.9 percent, which is a decrease from a rate of 4.5 percent a year ago. The County's rate is below the state's average unemployment rate of 4.1 percent and is equal to the national average rate of 3.9 percent.
- The vacancy rate of office properties located in the County over the past three years is 14.6, 13.3 and 13.5 percent for years 2016, 2017, and 2018 respectively.
- During 2018, inflationary trends in the region were equal to the national indices. Both the annual 2018 NY metro area regional Consumer Price Index (CPI) and the U.S. city annual CPI were 1.9 percent.

All of these factors were considered in preparing the County's budget for the 2019 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, 2018, amounts to \$3,294,631,671 (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 2.72 percent (a 2.80 percent increase for governmental activities and a 1.56 percent decrease for business-type activities).

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

- Land was acquired during 2018 pursuant to various land preservation and protection programs at a cost of \$18.7 million. In addition, \$14.3 million in land purchases, condemnations, and easements were acquired during 2018 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. At 2018 year-end, costs have reached close to \$65 million. 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, continued, and/or completed in 2018. Construction in progress as of the close of the fiscal year reached \$86.3 million. A total of \$47.5 million was spent in 2018. In addition, \$42.8 million was transferred to road infrastructure upon completion of the construction projects during 2018.
- Various sewer system construction projects began or continued in 2018. Construction in progress as of the close of the fiscal year reached \$254.7 million and a total of \$44.2 million was spent in 2018.

| <b>Suffolk County's Capital Assets</b><br>(net of depreciation) |                         |                         |                          |                      |                         |                         |  |
|---|-------------------------|-------------------------|--------------------------|----------------------|-------------------------|-------------------------|--|
|   | Governmental activities |                         | Business-type activities |                      | Totals                  |                         |  |
|   | 2018                    | 2017                    | 2018                     | 2017                 | 2018                    | 2017                    |  |
| Land  | \$ 940,048,112          | \$ 919,389,277          | \$ 22,092,831            | \$ 22,092,831        | \$ 962,140,943          | \$ 941,482,108          |  |
| Development rights and easements                                | 274,337,523             | 261,929,794             | -                        | -                    | 274,337,523             | 261,929,794             |  |
| Historic buildings  | 4,607,607               | 4,607,607               | -                        | -                    | 4,607,607               | 4,607,607               |  |
| Buildings   | 618,256,998             | 632,877,142             | 10,836,430               | 10,960,586           | 629,093,428             | 643,837,728             |  |
| Improvements other than buildings                               | 38,510,767              | 40,347,441              | 15,848,866               | 16,520,994           | 54,359,633              | 56,868,435              |  |
| Vehicles and equipment  | 130,462,581             | 138,724,527             | 706,255                  | 764,922              | 131,168,836             | 139,489,449             |  |
| Infrastructure  | 789,826,687             | 769,319,668             | -                        | -                    | 789,826,687             | 769,319,668             |  |
| Construction in progress  | 438,703,850             | 379,481,281             | 10,393,164               | 10,485,384           | 449,097,014             | 389,966,665             |  |
| <b>Total</b>  | <b>\$ 3,234,754,125</b> | <b>\$ 3,146,676,737</b> | <b>\$ 59,877,546</b>     | <b>\$ 60,824,717</b> | <b>\$ 3,294,631,671</b> | <b>\$ 3,207,501,454</b> |  |

Additional information on Suffolk County’s capital assets can be found in note III.C. on pages 60-63 of this report.

**Long-term debt.** At the end of the current year, Suffolk County had total bonded debt outstanding of \$1,720,172,505. 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<br>activities |                         | Business-type<br>activities |                     | Totals                  |                         |
|-------------------------|----------------------------|-------------------------|-----------------------------|---------------------|-------------------------|-------------------------|
|                         | <u>2018</u>                | <u>2017</u>             | <u>2018</u>                 | <u>2017</u>         | <u>2018</u>             | <u>2017</u>             |
| General obligation debt | \$ 665,455,467             | \$ 647,734,869          | \$ 2,094,150                | \$ 2,518,215        | \$ 667,549,617          | \$ 650,253,084          |
| Advance refunding debt  | 691,368,384                | 735,487,626             | 4,990,790                   | 5,373,820           | 696,359,174             | 740,861,446             |
| STASC                   | 298,457,516                | 300,295,807             | -                           | -                   | 298,457,516             | 300,295,807             |
| Lease revenue bonds     | 57,806,198                 | 60,492,004              | -                           | -                   | 57,806,198              | 60,492,004              |
| Total bonds payable     | <u>\$ 1,713,087,565</u>    | <u>\$ 1,744,010,306</u> | <u>\$ 7,084,940</u>         | <u>\$ 7,892,035</u> | <u>\$ 1,720,172,505</u> | <u>\$ 1,751,902,341</u> |

Suffolk County's total bonded debt decreased during the current fiscal year by \$31,729,836 (1.81 percent).

Suffolk County maintains an "A-" with a stable outlook rating from Standard & Poor's, an "A-" with a negative outlook rating from Fitch and an "Baa1" with a "stable 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 \$19,332,610,076 which is significantly in excess of Suffolk County's outstanding general obligation debt. The County has \$617,415,000 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, 2018**

|   | Primary Government      |                            |                      | Component Units    |
|---|-------------------------|----------------------------|----------------------|--------------------|
|   | Governmental Activities | Business - Type Activities | Totals               |                    |
| <b>Assets</b>   |                         |                            |                      |                    |
| Current assets:   |                         |                            |                      |                    |
| Cash and cash equivalents   | \$ 739,288,462          | \$ 5,210,175               | \$ 744,498,637       | \$ 96,032,952      |
| Investments   | 11,355,542              | -                          | 11,355,542           | 19,149,860         |
| Property tax receivable, net of allowance for estimated uncollectibles of \$ 14,947,628 | 264,368,167             | -                          | 264,368,167          | -                  |
| Accounts receivable, net  | -                       | -                          | -                    | 4,786,079          |
| Due from:   |                         |                            |                      |                    |
| New York State and federal sources:   |                         |                            |                      |                    |
| Grants and aid  | 269,305,044             | 587,828                    | 269,892,872          | -                  |
| Sales tax   | 179,779,236             | -                          | 179,779,236          | -                  |
| Other governments   | -                       | -                          | -                    | 4,858,528          |
| Towns   | 66,235,522              | -                          | 66,235,522           | -                  |
| Component units   | 10,599,816              | -                          | 10,599,816           | -                  |
| Internal balances   | 4,473,788               | (4,473,788)                | -                    | -                  |
| Other receivables   | 57,215,790              | 101,398                    | 57,317,188           | 4,873,009          |
| Prepays   | 15,342                  | -                          | 15,342               | 66,607             |
| Total current assets  | <u>1,602,636,709</u>    | <u>1,425,613</u>           | <u>1,604,062,322</u> | <u>129,767,035</u> |
| Noncurrent assets:  |                         |                            |                      |                    |
| Restricted:   |                         |                            |                      |                    |
| Cash with fiscal agents   | 9,770,535               | -                          | 9,770,535            | -                  |
| Investments   | -                       | -                          | -                    | 4,541,051          |
| Net pension asset   | -                       | -                          | -                    | 3,180,073          |
| Capital assets:   |                         |                            |                      |                    |
| Nondepreciable  | 1,657,697,092           | 32,485,995                 | 1,690,183,087        | 39,226,196         |
| Depreciable, net  | 1,577,057,033           | 27,391,551                 | 1,604,448,584        | 217,300,139        |
| Other   | -                       | -                          | -                    | 873,453            |
| Total noncurrent assets   | <u>3,244,524,660</u>    | <u>59,877,546</u>          | <u>3,304,402,206</u> | <u>265,120,912</u> |
| Total assets  | <u>4,847,161,369</u>    | <u>61,303,159</u>          | <u>4,908,464,528</u> | <u>394,887,947</u> |
| <b>Deferred outflows of resources</b>   |                         |                            |                      |                    |
| Deferred charge on refundings   | 39,002,661              | 304,508                    | 39,307,169           | 397,341            |
| Deferred outflows - pension - ERS   | 262,010,706             | 200,822                    | 262,211,528          | 18,866,270         |
| Deferred outflows - pension - PFRS  | 314,450,367             | -                          | 314,450,367          | -                  |
| Deferred outflows - pension - TRS   | -                       | -                          | -                    | 14,035,241         |
| Deferred outflows - OPEB  | 161,940,000             | 110,000                    | 162,050,000          | -                  |
| Total deferred outflows of resources  | <u>777,403,734</u>      | <u>615,330</u>             | <u>778,019,064</u>   | <u>33,298,852</u>  |
| Total assets and deferred outflows of resources   | <u>5,624,565,103</u>    | <u>61,918,489</u>          | <u>5,686,483,592</u> | <u>428,186,799</u> |

(Continued)

**SUFFOLK COUNTY, NEW YORK**

**Statement of Net Position**

**December 31, 2018**

|  | Primary Government      |                            |                       | Component Units    |
|--|-------------------------|----------------------------|-----------------------|--------------------|
|  | Governmental Activities | Business - Type Activities | Totals                |                    |
| <b>Liabilities</b>   |                         |                            |                       |                    |
| Current liabilities:                                       |                         |                            |                       |                    |
| Accounts payable and accrued liabilities                   | \$ 556,307,887          | \$ 188,264                 | \$ 556,496,151        | \$ 39,837,109      |
| Contract retainage payable                                 | 11,765,797              | 986                        | 11,766,783            | -                  |
| Accrued interest payable                                   | 12,290,970              | -                          | 12,290,970            | -                  |
| Notes payable  | 579,403,433             | -                          | 579,403,433           | -                  |
| Due to:  |                         |                            |                       |                    |
| Other governments  | -                       | -                          | -                     | 3,170,896          |
| Component units  | 198,854                 | -                          | 198,854               | -                  |
| Unearned tax revenue                                       | -                       | 34,041                     | 34,041                | -                  |
| Unearned revenue, restricted                               | 37,229,369              | -                          | 37,229,369            | 23,048,444         |
| Current portion of noncurrent liabilities:                 |                         |                            |                       |                    |
| Accumulated vacation and sick leave                        | 25,609,630              | -                          | 25,609,630            | 3,194,556          |
| Estimated liability for claims                             | 49,576,248              | -                          | 49,576,248            | -                  |
| Loans  | -                       | -                          | -                     | 19,706,935         |
| Prepetition claims   | -                       | -                          | -                     | 5,019,560          |
| Obligations under capital leases                           | -                       | -                          | -                     | 23,731             |
| Long-term obligations                                      | 135,463,657             | 840,862                    | 136,304,519           | 7,375,301          |
| Due to NYS retirement system                               | 30,330,669              | -                          | 30,330,669            | -                  |
| <b>Total current liabilities</b>                           | <b>1,438,176,514</b>    | <b>1,064,153</b>           | <b>1,439,240,667</b>  | <b>101,376,532</b> |
| Noncurrent liabilities:                                    |                         |                            |                       |                    |
| Accumulated vacation and sick leave                        | 470,720,151             | -                          | 470,720,151           | 29,965,220         |
| Estimated liability for claims                             | 570,082,572             | -                          | 570,082,572           | -                  |
| Loans  | -                       | -                          | -                     | 11,382,969         |
| Prepetition claims   | -                       | -                          | -                     | 6,396,034          |
| Obligations under capital leases                           | -                       | -                          | -                     | 20,038             |
| Net pension liability                                      | 172,742,781             | 59,452                     | 172,802,233           | 5,740,942          |
| Long-term obligations                                      | 1,577,623,908           | 6,244,078                  | 1,583,867,986         | 67,433,898         |
| Due to NYS retirement system                               | 242,354,800             | -                          | 242,354,800           | -                  |
| Obligation for postemployment benefits other than pensions | 5,113,970,000           | 2,990,000                  | 5,116,960,000         | 399,087,928        |
| Other long-term debt                                       | -                       | -                          | -                     | 518,053            |
| <b>Total noncurrent liabilities</b>                        | <b>8,147,494,212</b>    | <b>9,293,530</b>           | <b>8,156,787,742</b>  | <b>520,545,082</b> |
| <b>Total liabilities</b>                                   | <b>9,585,670,726</b>    | <b>10,357,683</b>          | <b>9,596,028,409</b>  | <b>621,921,614</b> |
| <b>Deferred inflows of resources</b>                       |                         |                            |                       |                    |
| Deferred inflows - pension - ERS                           | 240,953,886             | 192,917                    | 241,146,803           | 18,804,904         |
| Deferred inflows - pension - PFRS                          | 187,164,772             | -                          | 187,164,772           | -                  |
| Deferred inflows - pension - TRS                           | -                       | -                          | -                     | 4,177,312          |
| Deferred inflows - OPEB                                    | 884,210,000             | 810,000                    | 885,020,000           | 16,639,888         |
| Deferred amounts on NYS TAP                                | -                       | -                          | -                     | 5,203,237          |
| <b>Total deferred inflows of resources</b>                 | <b>1,312,328,658</b>    | <b>1,002,917</b>           | <b>1,313,331,575</b>  | <b>44,825,341</b>  |
| <b>Total liabilities and deferred inflows of resources</b> | <b>10,897,999,384</b>   | <b>11,360,600</b>          | <b>10,909,359,984</b> | <b>666,746,955</b> |

(Continued)

**SUFFOLK COUNTY, NEW YORK**

**Statement of Net Position**

**December 31, 2018**

|                                   | Primary Government         |                               |                           | Component Units         |
|-----------------------------------|----------------------------|-------------------------------|---------------------------|-------------------------|
|                                   | Governmental<br>Activities | Business - Type<br>Activities | Totals                    |                         |
| <b>Net Position</b>               |                            |                               |                           |                         |
| Net investment in capital assets  | \$ 1,909,486,454           | \$ 53,443,126                 | \$ 1,962,929,580          | \$ 151,297,919          |
| Restricted for:                   |                            |                               |                           |                         |
| Capital projects                  | -                          | -                             | -                         | 4,541,051               |
| Grants                            | -                          | -                             | -                         | 17,985,445              |
| General government support        | 13,558,735                 | -                             | 13,558,735                | -                       |
| Economic assistance & opportunity | 3,122,073                  | -                             | 3,122,073                 | -                       |
| Public Safety                     | 28,714,810                 | -                             | 28,714,810                | -                       |
| Culture and recreation            | 8,228,404                  | -                             | 8,228,404                 | -                       |
| Education                         | 10,133,841                 | -                             | 10,133,841                | -                       |
| Home and community services       | 254,316,521                | -                             | 254,316,521               | -                       |
| Transportation                    | 33,532,744                 | -                             | 33,532,744                | -                       |
| Debt service                      | 199,791,147                | -                             | 199,791,147               | -                       |
| Environmental protection          | 18,287,664                 | -                             | 18,287,664                | -                       |
| Tourism and recreation            | 1,617,760                  | -                             | 1,617,760                 | -                       |
| Section 532.3a surcharge          | -                          | -                             | -                         | 55,907                  |
| Prepetition surcharge             | -                          | -                             | -                         | 2,224,164               |
| Unrestricted (deficit)            | (7,754,224,434)            | (2,885,237)                   | (7,757,109,671)           | (411,493,746)           |
| Total net position                | <u>\$ (5,273,434,281)</u>  | <u>\$ 50,557,889</u>          | <u>\$ (5,222,876,392)</u> | <u>\$ (235,389,260)</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, 2018**

|  | Program Revenues        |                         |  |  | Net (Expenses) Revenue and<br>Changes in Net Position |                             |                           | Component<br>Units      |
|--|-------------------------|-------------------------|--|--|---|-----------------------------|---------------------------|-------------------------|
|  | Expenses                | Charges for<br>Services | Operating Grants<br>and<br>Contributions | Capital Grants<br>and<br>Contributions | Primary Government                                    |                             |                           |                         |
|  |                         |                         |  |  | Governmental<br>Activities                            | Business-Type<br>Activities | Total                     |                         |
| <b>Functions/Programs</b>                                      |                         |                         |  |  |   |                             |                           |                         |
| <b>Primary Government:</b>                                     |                         |                         |  |  |   |                             |                           |                         |
| Governmental activities:                                       |                         |                         |  |  |   |                             |                           |                         |
| General government support                                     | \$ 410,550,581          | \$ 154,815,143          | \$ 19,251,073                            | \$ -                                   | \$ (236,484,365)                                      | \$ -                        | \$ (236,484,365)          | \$ -                    |
| Economic assistance and opportunity                            | 719,749,767             | 40,070,254              | 310,976,852                              | -                                      | (368,702,661)   | -                           | (368,702,661)             | -                       |
| Health   | 184,461,550             | 19,736,009              | 62,898,397                               | -                                      | (101,827,144)   | -                           | (101,827,144)             | -                       |
| Public safety  | 1,285,329,490           | 58,262,421              | 17,809,087                               | 979,268                                | (1,208,278,714)                                       | -                           | (1,208,278,714)           | -                       |
| Culture and recreation   | 35,427,324              | 13,209,054              | 1,748,564                                | 2,196,966                              | (18,272,740)  | -                           | (18,272,740)              | -                       |
| Education  | 217,377,566             | 15,475,271              | 95,783,817                               | 10,050,997                             | (96,067,481)  | -                           | (96,067,481)              | -                       |
| Home and community services                                    | 104,174,884             | 40,049,424              | 5,028,445                                | 2,516,441                              | (56,580,574)  | -                           | (56,580,574)              | -                       |
| Transportation   | 176,954,287             | 40,537,265              | 35,512,591                               | 51,010,711                             | (49,893,720)  | -                           | (49,893,720)              | -                       |
| Interest on long-term debt                                     | 65,514,142              | -                       | -  | -                                      | (65,514,142)  | -                           | (65,514,142)              | -                       |
| Total governmental activities                                  | <u>3,199,539,591</u>    | <u>382,154,841</u>      | <u>549,008,826</u>                       | <u>66,754,383</u>                      | <u>(2,201,621,541)</u>                                | <u>-</u>                    | <u>(2,201,621,541)</u>    | <u>-</u>                |
| Business-type activities:                                      |                         |                         |  |  |   |                             |                           |                         |
| Suffolk County Ball Park                                       | 472,439                 | 798,857                 | -  | -                                      | -   | 326,418                     | 326,418                   | -                       |
| Francis S. Gabreski Airport                                    | 1,623,786               | 3,082,986               | -  | 48,634                                 | -   | 1,507,834                   | 1,507,834                 | -                       |
| Total business-type activities                                 | <u>2,096,225</u>        | <u>3,881,843</u>        | <u>-</u>                                 | <u>48,634</u>                          | <u>-</u>  | <u>1,834,252</u>            | <u>1,834,252</u>          | <u>-</u>                |
| Total primary government                                       | <u>\$ 3,201,635,816</u> | <u>\$ 386,036,684</u>   | <u>\$ 549,008,826</u>                    | <u>\$ 66,803,017</u>                   | <u>\$ (2,201,621,541)</u>                             | <u>\$ 1,834,252</u>         | <u>\$ (2,199,787,289)</u> | <u>\$ -</u>             |
| <b>Component units:</b>  |                         |                         |  |  |   |                             |                           |                         |
| Suffolk County Community College                               | \$ 269,715,252          | \$ 91,757,429           | \$ 167,948,116                           | \$ -                                   | \$ -  | \$ -                        | \$ -                      | \$ (10,009,707)         |
| Suffolk Regional Off-Track Betting Corp                        | 148,572,735             | 175,347,253             | -  | -                                      | -   | -                           | -                         | 26,774,518              |
| Suffolk County Industrial Development                          | 819,882                 | 1,468,462               | -  | -                                      | -   | -                           | -                         | 648,580                 |
| Recreation and Economic Development                            | 126,165                 | -                       | -  | -                                      | -   | -                           | -                         | (126,165)               |
| Total Component units  | <u>\$ 419,234,034</u>   | <u>\$ 268,573,144</u>   | <u>\$ 167,948,116</u>                    | <u>\$ -</u>                            | <u>\$ -</u>   | <u>\$ -</u>                 | <u>\$ -</u>               | <u>\$ 17,287,226</u>    |
| General Revenues:  |                         |                         |  |  |   |                             |                           |                         |
| Taxes:   |                         |                         |  |  |   |                             |                           |                         |
| Real property taxes  |                         |                         |  |  | \$ 727,799,908  | \$ -                        | \$ 727,799,908            | \$ -                    |
| Sales and use tax  |                         |                         |  |  | 1,473,533,128   | -                           | 1,473,533,128             | -                       |
| Interest on investments  |                         |                         |  |  | 8,499,921   | 31,543                      | 8,531,464                 | 2,719,224               |
| Miscellaneous  |                         |                         |  |  | 35,423,347  | 103,288                     | 35,526,635                | 30,252                  |
| Transfers  |                         |                         |  |  | 2,092,833   | (2,092,833)                 | -                         | -                       |
| Total General revenues, special items, and transfers           |                         |                         |  |  | <u>2,247,349,137</u>                                  | <u>(1,958,002)</u>          | <u>2,245,391,135</u>      | <u>2,749,476</u>        |
| Change in net position   |                         |                         |  |  | <u>45,727,596</u>                                     | <u>(123,750)</u>            | <u>45,603,846</u>         | <u>20,036,702</u>       |
| Net position at beginning of year, as restated (See Note I.D.) |                         |                         |  |  | <u>(5,319,161,877)</u>                                | <u>50,681,639</u>           | <u>(5,268,480,238)</u>    | <u>(255,425,962)</u>    |
| Net position at end of year                                    |                         |                         |  |  | <u>\$ (5,273,434,281)</u>                             | <u>\$ 50,557,889</u>        | <u>\$ (5,222,876,392)</u> | <u>\$ (235,389,260)</u> |

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

**SUFFOLK COUNTY, NEW YORK**

**Balance Sheet**

**Governmental Funds**

**December 31, 2018**

|   | <b>General</b>          | <b>Police District</b> | <b>Capital</b>        | <b>Suffolk Tobacco<br/>Asset<br/>Securitization<br/>Corp.</b> | <b>Nonmajor<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---|-------------------------|------------------------|-----------------------|---|--|---|
| <b>Assets</b>   |                         |                        |                       |   |  |   |
| Cash and cash equivalents   | \$ 218,688,828          | \$ 11,792,308          | \$ 162,500,345        | \$ 3,329,852  | \$ 342,977,129                             | \$ 739,288,462                          |
| Investments   | -                       | -                      | -                     | 11,355,542  | -  | 11,355,542                              |
| Property tax receivable, net of allowance for estimated uncollectibles of \$ 14,947,628 | 264,368,167             | -                      | -                     | -   | -  | 264,368,167                             |
| Due from:   |                         |                        |                       |   |  |   |
| New York State and federal sources:   |                         |                        |                       |   |  |   |
| Grants and aid  | 178,355,015             | -                      | 57,198,632            | -   | 33,751,397                                 | 269,305,044                             |
| Sales tax   | 171,063,108             | -                      | -                     | -   | 8,716,128                                  | 179,779,236                             |
| Towns   | 66,235,522              | -                      | -                     | -   | -  | 66,235,522                              |
| Other funds   | 309,498,058             | 87,988,801             | 44,213,985            | -   | 390,199,586                                | 831,900,430                             |
| Component units   | 10,599,816              | -                      | -                     | -   | -  | 10,599,816                              |
| Other receivables   | 42,872,113              | 285,657                | 35,236                | -   | 13,978,054                                 | 57,171,060                              |
| Total assets  | <u>1,261,680,627</u>    | <u>100,066,766</u>     | <u>263,948,198</u>    | <u>14,685,394</u>   | <u>789,622,294</u>                         | <u>2,430,003,279</u>                    |
| <b>Deferred outflows of resources</b>   |                         |                        |                       |   |  |   |
| Purchase of future tobacco revenues   | -                       | -                      | -                     | 185,110,218   | -  | 185,110,218                             |
| Total deferred outflows of resources  | -                       | -                      | -                     | 185,110,218   | -  | 185,110,218                             |
| Total assets and deferred outflows of resources   | <u>\$ 1,261,680,627</u> | <u>\$ 100,066,766</u>  | <u>\$ 263,948,198</u> | <u>\$ 199,795,612</u>   | <u>\$ 789,622,294</u>                      | <u>\$ 2,615,113,497</u>                 |
| <b>Liabilities</b>  |                         |                        |                       |   |  |   |
| Accounts payable and accrued liabilities  | \$ 344,976,558          | \$ 98,081,370          | \$ 52,330,596         | \$ 4,465  | \$ 60,914,898                              | \$ 556,307,887                          |
| Contract retainage payable  | 5,919                   | -                      | 3,374,406             | -   | 8,385,472                                  | 11,765,797                              |
| Notes payable   | 548,930,000             | -                      | 3,324,028             | -   | 27,149,405                                 | 579,403,433                             |
| Due to:   |                         |                        |                       |   |  |   |
| Other funds   | 184,063,009             | 95,160,217             | 101,719,590           | -   | 446,799,034                                | 827,741,850                             |
| Component units   | 198,854                 | -                      | -                     | -   | -  | 198,854                                 |
| Unearned revenue  | 33,586,676              | 11,117                 | 3,392,143             | -   | 239,433                                    | 37,229,369                              |
| Total liabilities   | <u>1,111,761,016</u>    | <u>193,252,704</u>     | <u>164,140,763</u>    | <u>4,465</u>  | <u>543,488,242</u>                         | <u>2,012,647,190</u>                    |
| <b>Deferred inflows of resources</b>  |                         |                        |                       |   |  |   |
| Unavailable revenue - property taxes  | 249,208,247             | -                      | -                     | -   | -  | 249,208,247                             |
| Unavailable revenue - government receivables  | 7,833,692               | -                      | -                     | -   | 586,993                                    | 8,420,685                               |
| Sale of future tobacco revenues   | 178,409,604             | 6,240,892              | -                     | -   | 144,513                                    | 184,795,009                             |
| Total deferred inflows of resources   | <u>435,451,543</u>      | <u>6,240,892</u>       | <u>-</u>              | <u>-</u>  | <u>731,506</u>                             | <u>442,423,941</u>                      |
| <b>Fund balances (deficits)</b>   |                         |                        |                       |   |  |   |
| Restricted for:   |                         |                        |                       |   |  |   |
| General government support  | -                       | -                      | 8,648,429             | -   | 4,910,306                                  | 13,558,735                              |
| Economic assistance and opportunity   | -                       | -                      | 2,095,348             | -   | 1,026,725                                  | 3,122,073                               |
| Public safety   | -                       | -                      | 15,807,359            | -   | 12,907,451                                 | 28,714,810                              |
| Culture and recreation  | -                       | -                      | 8,228,404             | -   | -  | 8,228,404                               |
| Education   | -                       | -                      | 10,133,841            | -   | -  | 10,133,841                              |
| Home and community services   | 121,907                 | -                      | 22,045,562            | -   | 232,149,052                                | 254,316,521                             |
| Transportation  | -                       | -                      | 33,532,744            | -   | -  | 33,532,744                              |
| Debt service  | -                       | -                      | -                     | 199,791,147   | -  | 199,791,147                             |
| Environmental protection  | -                       | -                      | -                     | -   | 18,287,664                                 | 18,287,664                              |
| Tourism and recreation  | -                       | -                      | -                     | -   | 1,617,760                                  | 1,617,760                               |
| Unassigned  | (285,653,839)           | (99,426,830)           | (684,252)             | -   | (25,496,412)                               | (411,261,333)                           |
| Total fund balances (deficits)  | <u>(285,531,932)</u>    | <u>(99,426,830)</u>    | <u>99,807,435</u>     | <u>199,791,147</u>  | <u>245,402,546</u>                         | <u>160,042,366</u>                      |
| Total liabilities, deferred inflows of resources, and fund balances                     | <u>\$ 1,261,680,627</u> | <u>\$ 100,066,766</u>  | <u>\$ 263,948,198</u> | <u>\$ 199,795,612</u>   | <u>\$ 789,622,294</u>                      | <u>\$ 2,615,113,497</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, 2018**

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   |                        | \$ 160,042,366                   |
| Noncurrent assets reported in governmental activities are not financial resources and therefore, are not reported in the governmental funds.   |                        | 9,770,535                        |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.   |                        | 3,234,754,125                    |
| 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.                |                        | 777,403,734                      |
| 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  | \$ (496,329,781)       |                                  |
| Estimated liability for claims   | (619,658,820)          |                                  |
| Net pension liability  | (172,742,781)          |                                  |
| Interest payables  | (12,290,970)           |                                  |
| Long-term obligations  | (1,713,087,565)        |                                  |
| Due to NYS retirement system   | (272,685,469)          |                                  |
| Obligation for postemployment benefits other than pensions   | <u>(5,113,970,001)</u> |                                  |
| Total long-term liabilities  |                        | (8,400,765,387)                  |
| 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. |                        | (1,312,328,657)                  |
| 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.  |                        | 257,628,932                      |
| Certain expenditures are considered prepaid to match expenses with the period to which it relates.   |                        | 15,342                           |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.   |                        | 44,729                           |
| Net position of governmental activities  |                        | <u><u>\$ (5,273,434,281)</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, 2018**

|  | <b>General</b>          | <b>Police District</b> | <b>Capital</b>       | <b>Suffolk Tobacco<br/>Asset<br/>Securitization<br/>Corp.</b> | <b>Nonmajor<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|--|-------------------------|------------------------|----------------------|---|--|---|
| <b>Revenues</b>  |                         |                        |                      |   |  |   |
| Real property taxes  | \$ 88,404,877           | \$ 580,175,514         | \$ -                 | \$ -  | \$ 46,088,563                              | \$ 714,668,954                          |
| Sales and use tax  | 1,319,034,293           | 52,673,170             | -                    | -   | 101,825,665                                | 1,473,533,128                           |
| New York State aid   | 250,369,886             | 400,099                | 28,665,129           | -   | 53,010,227                                 | 332,445,341                             |
| Federal aid  | 195,226,836             | 29,583                 | 34,671,013           | -   | 42,976,434                                 | 272,903,866                             |
| Licenses, permits, fines, fees, etc.                         | 191,183,912             | 5,881,977              | -                    | -   | 129,717,732                                | 326,783,621                             |
| Interest on investments                                      | 5,065,334               | 32,701                 | -                    | 813,682   | 2,588,204                                  | 8,499,921                               |
| Miscellaneous  | 88,329,418              | 565,386                | 9,666,713            | 17,382,719  | 13,149,437                                 | 129,093,673                             |
| Total revenues   | <u>2,137,614,556</u>    | <u>639,758,430</u>     | <u>73,002,855</u>    | <u>18,196,401</u>   | <u>389,356,262</u>                         | <u>3,257,928,504</u>                    |
| <b>Expenditures</b>  |                         |                        |                      |   |  |   |
| Current:   |                         |                        |                      |   |  |   |
| General government support                                   | 247,081,194             | 1,287,267              | -                    | 82,137  | 27,188,716                                 | 275,639,314                             |
| Economic assistance and opportunity                          | 598,536,500             | -                      | -                    | -   | 31,170,202                                 | 629,706,702                             |
| Health   | 124,290,879             | -                      | -                    | -   | 10,556,698                                 | 134,847,577                             |
| Public safety  | 341,124,126             | 400,538,274            | -                    | -   | 26,021,056                                 | 767,683,456                             |
| Culture and recreation                                       | 15,243,346              | -                      | -                    | -   | 6,731,122                                  | 21,974,468                              |
| Education  | 217,377,566             | -                      | -                    | -   | -  | 217,377,566                             |
| Home and community services                                  | 7,734,532               | -                      | -                    | -   | 49,932,423                                 | 57,666,955                              |
| Transportation   | 116,659,541             | -                      | -                    | -   | 11,670,343                                 | 128,329,884                             |
| Employee benefits  | 627,193,972             | 123,183,396            | -                    | -   | 18,792,749                                 | 769,170,117                             |
| Debt service:  |                         |                        |                      |   |  |   |
| Principal  | 106,956,949             | 4,109,193              | -                    | 4,235,000   | 23,845,552                                 | 139,146,694                             |
| Interest and other charges                                   | 32,857,795              | 885,066                | -                    | 16,672,638  | 12,691,630                                 | 63,107,129                              |
| Capital outlay   | -                       | -                      | 173,216,531          | -   | 62,280,461                                 | 235,496,992                             |
| Total expenditures   | <u>2,435,056,400</u>    | <u>530,003,196</u>     | <u>173,216,531</u>   | <u>20,989,775</u>   | <u>280,880,952</u>                         | <u>3,440,146,854</u>                    |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(297,441,844)</u>    | <u>109,755,234</u>     | <u>(100,213,676)</u> | <u>(2,793,374)</u>  | <u>108,475,310</u>                         | <u>(182,218,350)</u>                    |
| <b>Other financing sources (uses)</b>                        |                         |                        |                      |   |  |   |
| General obligation bonds issued                              | 18,819,136              | -                      | 64,314,352           | -   | 19,451,124                                 | 102,584,612                             |
| Premium on serial bonds issued                               | 1,461,937               | -                      | 4,996,169            | -   | 1,511,032                                  | 7,969,138                               |
| Transfers in   | 255,521,469             | 39,277,029             | 13,059,378           | -   | 111,199,542                                | 419,057,418                             |
| Transfers out  | (19,662,726)            | (152,457,283)          | (2,558,390)          | (6,471,489)   | (235,814,697)                              | (416,964,585)                           |
| Total other financing sources (uses)                         | <u>256,139,816</u>      | <u>(113,180,254)</u>   | <u>79,811,509</u>    | <u>(6,471,489)</u>  | <u>(103,652,999)</u>                       | <u>112,646,583</u>                      |
| Net change in fund balances                                  | (41,302,028)            | (3,425,020)            | (20,402,167)         | (9,264,863)   | 4,822,311                                  | (69,571,767)                            |
| Fund balances (deficits) at beginning of year                | <u>(244,229,904)</u>    | <u>(96,001,810)</u>    | <u>120,209,602</u>   | <u>209,056,010</u>  | <u>240,580,235</u>                         | <u>229,614,133</u>                      |
| Fund balances (deficits) at end of year                      | <u>\$ (285,531,932)</u> | <u>\$ (99,426,830)</u> | <u>\$ 99,807,435</u> | <u>\$ 199,791,147</u>   | <u>\$ 245,402,546</u>                      | <u>\$ 160,042,366</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, 2018**

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   | \$ (69,571,767) |
| 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 (\$191,039,824) exceeded depreciation (\$74,626,927) in the current period.   | 116,412,897     |
| 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.  | (28,335,509)    |
| 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. | 16,431,136      |
| Revenues reported in the governmental funds statements and not reported in the statement of activities.  | 14,295,180      |
| 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.  | (3,504,341)     |
| Change in net position of governmental activities  | \$ 45,727,596   |

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, 2018**

|  | <u>Suffolk County Ball<br/>Park</u> | <u>Francis S. Gabreski<br/>Airport</u> | <u>Total</u>         |
|--|-------------------------------------|--|----------------------|
| <b>Assets</b>  |                                     |  |                      |
| Current assets:  |                                     |  |                      |
| Cash and cash equivalents                                  | \$ 410,368                          | \$ 4,799,807                           | \$ 5,210,175         |
| Due from New York State and federal sources                | 461,004                             | 126,824                                | 587,828              |
| Due from other funds                                       | -                                   | 3,117,371                              | 3,117,371            |
| Other receivables  | 45,000                              | 56,398                                 | 101,398              |
| Total current assets                                       | <u>916,372</u>                      | <u>8,100,400</u>                       | <u>9,016,772</u>     |
| Noncurrent assets:   |                                     |  |                      |
| Capital assets:  |                                     |  |                      |
| Nondepreciable   | 2,092,831                           | 30,393,164                             | 32,485,995           |
| Depreciable, net   | 9,598,166                           | 17,793,385                             | 27,391,551           |
| Total noncurrent assets                                    | <u>11,690,997</u>                   | <u>48,186,549</u>                      | <u>59,877,546</u>    |
| Total assets   | <u>12,607,369</u>                   | <u>56,286,949</u>                      | <u>68,894,318</u>    |
| <b>Deferred outflows of resources</b>                      |                                     |  |                      |
| Deferred charges on refundings                             | 15,704                              | 288,804                                | 304,508              |
| Deferred outflows - pension - ERS                          | -                                   | 200,822                                | 200,822              |
| Deferred outflows - OPEB                                   | -                                   | 110,000                                | 110,000              |
| Total deferred outflows of resources                       | <u>15,704</u>                       | <u>599,626</u>                         | <u>615,330</u>       |
| Total assets and deferred outflows of resources            | <u>12,623,073</u>                   | <u>56,886,575</u>                      | <u>69,509,648</u>    |
| <b>Liabilities</b>   |                                     |  |                      |
| Current liabilities:                                       |                                     |  |                      |
| Accounts payable   | 633                                 | 187,631                                | 188,264              |
| Contract retainage payable                                 | -                                   | 986                                    | 986                  |
| Due to other funds   | 1,563,263                           | 5,712,689                              | 7,275,952            |
| Unearned revenue   | -                                   | 34,041                                 | 34,041               |
| Current portion of long-term obligations                   | 158,087                             | 682,775                                | 840,862              |
| Total current liabilities                                  | <u>1,721,983</u>                    | <u>6,618,122</u>                       | <u>8,340,105</u>     |
| Noncurrent liabilities:                                    |                                     |  |                      |
| Net pension liability                                      | -                                   | 59,452                                 | 59,452               |
| Long-term obligations                                      | -                                   | 6,244,078                              | 6,244,078            |
| Obligation for postemployment benefits other than pensions | -                                   | 2,990,000                              | 2,990,000            |
| Total noncurrent liabilities                               | <u>-</u>                            | <u>9,293,530</u>                       | <u>9,293,530</u>     |
| Total liabilities  | <u>1,721,983</u>                    | <u>15,911,652</u>                      | <u>17,633,635</u>    |
| <b>Deferred inflows of resources</b>                       |                                     |  |                      |
| Deferred inflows - pensions - ERS                          | -                                   | 192,917                                | 192,917              |
| Deferred inflows - OPEB                                    | -                                   | 810,000                                | 810,000              |
| Sale of future tobacco revenues                            | -                                   | 315,207                                | 315,207              |
| Total deferred inflows of resources                        | <u>-</u>                            | <u>1,318,124</u>                       | <u>1,318,124</u>     |
| Total liabilities and deferred inflows of resources        | <u>1,721,983</u>                    | <u>17,229,776</u>                      | <u>18,951,759</u>    |
| <b>Net Position</b>  |                                     |  |                      |
| Net investment in capital assets                           | 11,548,610                          | 41,894,516                             | 53,443,126           |
| Unrestricted (deficit)                                     | (647,520)                           | (2,237,717)                            | (2,885,237)          |
| Total net position   | <u>\$ 10,901,090</u>                | <u>\$ 39,656,799</u>                   | <u>\$ 50,557,889</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, 2018**

|  | <b>Suffolk County Ball<br/>Park</b> | <b>Francis S. Gabreski<br/>Airport</b> | <b>Total</b>         |
|--|-------------------------------------|--|----------------------|
| <b>Operating revenues</b>                        |                                     |  |                      |
| Licenses, permits, fines, fees, etc.             | \$ 798,857                          | \$ 3,082,986                           | \$ 3,881,843         |
| Miscellaneous                                    | -                                   | 103,288                                | 103,288              |
| Total operating revenues                         | <u>798,857</u>                      | <u>3,186,274</u>                       | <u>3,985,131</u>     |
| <b>Operating expenses</b>                        |                                     |  |                      |
| Salaries and wages                               | -                                   | 383,526                                | 383,526              |
| Administrative expenses                          | -                                   | 18,862                                 | 18,862               |
| Depreciation                                     | 457,056                             | 868,537                                | 1,325,593            |
| Miscellaneous                                    | 12,545                              | -                                      | 12,545               |
| Employee benefits                                | -                                   | 115,289                                | 115,289              |
| Total operating expenses                         | <u>469,601</u>                      | <u>1,386,214</u>                       | <u>1,855,815</u>     |
| Operating income (loss)                          | <u>329,256</u>                      | <u>1,800,060</u>                       | <u>2,129,316</u>     |
| <b>Nonoperating revenues (expenses)</b>          |                                     |  |                      |
| Interest on investments                          | 2,992                               | 28,551                                 | 31,543               |
| Debt service interest                            | (2,838)                             | (237,572)                              | (240,410)            |
| Total nonoperating revenues (expenses)           | <u>154</u>                          | <u>(209,021)</u>                       | <u>(208,867)</u>     |
| Income (loss) before contributions and transfers | 329,410                             | 1,591,039                              | 1,920,449            |
| Capital contributions - grants                   | -                                   | 48,634                                 | 48,634               |
| Transfers in                                     | -                                   | 364,397                                | 364,397              |
| Transfers out                                    | (1,559,861)                         | (897,369)                              | (2,457,230)          |
| Total other financing sources (uses)             | <u>(1,559,861)</u>                  | <u>(484,338)</u>                       | <u>(2,044,199)</u>   |
| Change in net position (deficit)                 | (1,230,451)                         | 1,106,701                              | (123,750)            |
| Total net position at beginning of year          | <u>12,131,541</u>                   | <u>38,550,098</u>                      | <u>50,681,639</u>    |
| Total net position at end of year                | <u>\$ 10,901,090</u>                | <u>\$ 39,656,799</u>                   | <u>\$ 50,557,889</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, 2018**

|   | Suffolk County<br>Ball Park | Francis S.<br>Gabreski Airport | Totals              |
|---|-----------------------------|--------------------------------|---------------------|
| <b>Cash flows from operating activities</b>   |                             |                                |                     |
| Receipts from operations  | \$ 753,857                  | \$ 3,040,543                   | \$ 3,794,400        |
| Receipts from other revenue   | -                           | 103,638                        | 103,638             |
| Payments to suppliers   | -                           | (76,706)                       | (76,706)            |
| Payments for contractual services   | -                           | (46,611)                       | (46,611)            |
| Miscellaneous expenses  | (25,440)                    | -                              | (25,440)            |
| Payments to employees   | -                           | (322,164)                      | (322,164)           |
| Payments for employee benefits  | -                           | (82,589)                       | (82,589)            |
|   | <u>728,417</u>              | <u>2,616,111</u>               | <u>3,344,528</u>    |
| Net cash provided by (used in) operating activities   |                             |                                |                     |
| <b>Cash flows from noncapital financing activities</b>  |                             |                                |                     |
| Transfer from other funds   | -                           | 930,908                        | 930,908             |
| Transfer to other funds   | (622,371)                   | (3,090,069)                    | (3,712,440)         |
|   | <u>(622,371)</u>            | <u>(2,159,161)</u>             | <u>(2,781,532)</u>  |
| Net cash provided by (used in) noncapital financing activities  |                             |                                |                     |
| <b>Cash flows from capital and related financing activities</b>   |                             |                                |                     |
| Capital grants  | -                           | 2,285,614                      | 2,285,614           |
| Purchase of capital assets  | -                           | (378,422)                      | (378,422)           |
| Principal paid on capital debt  | (129,920)                   | (603,917)                      | (733,837)           |
| Interest paid on capital debt   | (10,051)                    | (250,834)                      | (260,885)           |
|   | <u>(139,971)</u>            | <u>1,052,441</u>               | <u>912,470</u>      |
| Net cash provided by (used in) capital and related financing activities                                 |                             |                                |                     |
| <b>Cash flows from investing activities</b>   |                             |                                |                     |
| Interest on investments   | 2,991                       | 28,551                         | 31,542              |
|   | <u>2,991</u>                | <u>28,551</u>                  | <u>31,542</u>       |
| Net cash provided by (used in) investing activities   |                             |                                |                     |
| Net increase (decrease) in cash and cash equivalents  | (30,934)                    | 1,537,942                      | 1,507,008           |
| Cash and cash equivalents at beginning of year  | 441,302                     | 3,261,865                      | 3,703,167           |
| Cash and cash equivalents at end of year  | <u>\$ 410,368</u>           | <u>\$ 4,799,807</u>            | <u>\$ 5,210,175</u> |
| <b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b> |                             |                                |                     |
| Operating income (loss)   | \$ 329,256                  | \$ 1,800,060                   | \$ 2,129,316        |
| Adjustments to reconcile operating income to net cash provided by (used in) operating activities:       |                             |                                |                     |
| Depreciation  | 457,056                     | 868,537                        | 1,325,593           |
| Other increase (decrease)   | -                           | (5,538)                        | (5,538)             |
| Change in assets and liabilities:   |                             |                                |                     |
| Receivables, net  | (45,000)                    | (42,093)                       | (87,093)            |
| Accounts and other payables   | (12,895)                    | (4,855)                        | (17,750)            |
|   | <u>\$ 728,417</u>           | <u>\$ 2,616,111</u>            | <u>\$ 3,344,528</u> |
| Net cash provided by (used in) operating activities   |                             |                                |                     |
| <b>Schedule of non-cash capital and related financing activities</b>                                    |                             |                                |                     |
| Capital grants  | \$ -                        | \$ (2,236,980)                 | \$ (2,236,980)      |

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, 2018**

|  | <b>Private-Purpose Trusts</b> | <b>Agency Funds</b> |
|--|-------------------------------|---------------------|
| <b>Assets</b>                            |                               |                     |
| Cash and cash equivalents                | \$ 355,899                    | \$ 59,661,150       |
| Investments                              | 12,811,827                    | 8,780,280           |
| Other assets                             | -                             | 15,388,258          |
| Total assets                             | 13,167,726                    | 83,829,688          |
| <b>Liabilities</b>                       |                               |                     |
| Accounts payable and accrued liabilities | -                             | 11,015,761          |
| Agency fund liabilities                  | -                             | 72,813,927          |
| Trust fund liabilities                   | 13,161,826                    | -                   |
| Total liabilities                        | 13,161,826                    | 83,829,688          |
| <b>Net Position</b>                      |                               |                     |
| Held in trust                            | \$ 5,900                      |                     |

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, 2018**

|                                     | <b>Private-Purpose<br/>Trusts</b> |
|-------------------------------------|-----------------------------------|
| <b>Additions</b>                    |                                   |
| Investment income:                  |                                   |
| Interest                            | \$ 573                            |
| Transfer in                         | 1,403,960                         |
| Other revenue                       | 122,812                           |
|                                     | 1,527,345                         |
| Total additions                     | 1,527,345                         |
| <b>Deductions</b>                   |                                   |
| Administrative and general expenses | 1,526,772                         |
|                                     | 573                               |
| Change in net position              | 573                               |
| Net position at beginning of year   | 5,327                             |
|                                     | 5,900                             |
| Net position at end of year         | \$ 5,900                          |

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, 2018**

**With Suffolk County Community College as of August 31, 2018**

|   | <b>Suffolk County<br/>Community<br/>College</b> | <b>Suffolk Regional<br/>Off-Track Betting<br/>Corporation</b> | <b>Suffolk County<br/>Industrial<br/>Development<br/>Agency</b> | <b>Recreation and<br/>Economic<br/>Development<br/>Corporation of<br/>Suffolk County</b> | <b>Total</b>       |
|---|---|---|---|--|--------------------|
| <b>Assets</b>                                   |   |   |   |  |                    |
| Current assets:                                 |   |   |   |  |                    |
| Cash and cash equivalents                       | \$ 60,571,931                                   | \$ 30,526,411   | \$ 4,934,607  | \$ 3   | \$ 96,032,952      |
| Investments                                     | 19,149,860                                      | -   | -   | -  | 19,149,860         |
| Accounts receivable                             | 3,081,390                                       | 455,283   | 1,015   | -  | 3,537,688          |
| Students accounts receivable, net               | 4,786,079                                       | -   | -   | -  | 4,786,079          |
| Due from other governments                      | 4,396,158                                       | 462,370   | -   | -  | 4,858,528          |
| Prepaid expenses                                | 66,607  | -   | -   | -  | 66,607             |
| Other assets                                    | 63,359  | 1,250,646   | 21,316  | -  | 1,335,321          |
| Total current assets                            | <u>92,115,384</u>                               | <u>32,694,710</u>   | <u>4,956,938</u>  | <u>3</u>   | <u>129,767,035</u> |
| Noncurrent assets:                              |   |   |   |  |                    |
| Restricted:                                     |   |   |   |  |                    |
| Investments                                     | 4,541,051                                       | -   | -   | -  | 4,541,051          |
| Net pension asset                               | 3,180,073                                       | -   | -   | -  | 3,180,073          |
| Capital assets:                                 |   |   |   |  |                    |
| Nondepreciable                                  | 24,089,323                                      | 15,090,207  | 46,666  | -  | 39,226,196         |
| Depreciable, net                                | 186,853,607                                     | 30,445,398  | 1,134   | -  | 217,300,139        |
| Other   | -   | 873,453   | -   | -  | 873,453            |
| Total noncurrent assets                         | <u>218,664,054</u>                              | <u>46,409,058</u>   | <u>47,800</u>   | <u>-</u>   | <u>265,120,912</u> |
| Total assets                                    | <u>310,779,438</u>                              | <u>79,103,768</u>   | <u>5,004,738</u>  | <u>3</u>   | <u>394,887,947</u> |
| <b>Deferred outflows of resources</b>           |   |   |   |  |                    |
| Deferred outflows of resources - pensions - ERS | 14,690,705                                      | 3,988,038   | 187,527   | -  | 18,866,270         |
| Deferred outflows of resources - pensions - TRS | 14,035,241                                      | -   | -   | -  | 14,035,241         |
| Deferred charges on refundings                  | 397,341   | -   | -   | -  | 397,341            |
| Total deferred outflows of resources            | <u>29,123,287</u>                               | <u>3,988,038</u>  | <u>187,527</u>  | <u>-</u>   | <u>33,298,852</u>  |
| Total assets and deferred outflows of resources | <u>339,902,725</u>                              | <u>83,091,806</u>   | <u>5,192,265</u>  | <u>3</u>   | <u>428,186,799</u> |

(Continued)

**SUFFOLK COUNTY, NEW YORK**

**Statement of Net Position**

**Component Units**

**December 31, 2018**

**With Suffolk County Community College as of August 31, 2018**

|   | <b>Suffolk County<br/>Community<br/>College</b> | <b>Suffolk Regional<br/>Off-Track Betting<br/>Corporation</b> | <b>Suffolk County<br/>Industrial<br/>Development<br/>Agency</b> | <b>Recreation and<br/>Economic<br/>Development<br/>Corporation of<br/>Suffolk County</b> | <b>Total</b>            |
|---|---|---|---|--|-------------------------|
| <b>Liabilities</b>  |   |   |   |  |                         |
| Current liabilities:  |   |   |   |  |                         |
| Accounts payable and accrued liabilities                      | \$ 22,315,175                                   | \$ 13,446,957   | \$ 60,644   | \$ 3   | \$ 35,822,779           |
| Due to other governments                                      | 2,887,568                                       | -   | 283,328   | -  | 3,170,896               |
| Unearned revenue  | 22,912,704                                      | 135,740   | -   | -  | 23,048,444              |
| Accumulated vacation and sick leave                           | 3,194,556                                       | -   | -   | -  | 3,194,556               |
| Other liabilities   | 843,434   | -   | -   | -  | 843,434                 |
| Capital lease payable   | -   | 23,731  | -   | -  | 23,731                  |
| Bonds payable   | 7,375,301                                       | -   | -   | -  | 7,375,301               |
| Loans   | -   | 19,706,935  | -   | -  | 19,706,935              |
| Prepetition claims  | -   | 5,019,560   | -   | -  | 5,019,560               |
| Total current liabilities                                     | <u>59,528,738</u>                               | <u>38,332,923</u>   | <u>343,972</u>  | <u>3</u>   | <u>98,205,636</u>       |
| Noncurrent liabilities:                                       |   |   |   |  |                         |
| Accumulated vacation and sick leave                           | 28,779,184                                      | 1,023,462   | 162,574   | -  | 29,965,220              |
| Obligation for postemployment<br>benefits other than pensions | 375,996,662                                     | 21,697,800  | 1,393,466   | -  | 399,087,928             |
| Capital lease payable   | -   | 20,038  | -   | -  | 20,038                  |
| Bonds payable   | 67,433,898                                      | -   | -   | -  | 67,433,898              |
| Net pension liability   | 4,739,833                                       | 961,281   | 39,828  | -  | 5,740,942               |
| Other long-term debt  | -   | 518,053   | -   | -  | 518,053                 |
| Loans   | -   | 11,382,969  | -   | -  | 11,382,969              |
| Prepetition claims  | -   | 6,396,034   | -   | -  | 6,396,034               |
| Total noncurrent liabilities                                  | <u>476,949,577</u>                              | <u>41,999,637</u>   | <u>1,595,868</u>  | <u>-</u>   | <u>520,545,082</u>      |
| Total liabilities   | <u>536,478,315</u>                              | <u>80,332,560</u>   | <u>1,939,840</u>  | <u>3</u>   | <u>618,750,718</u>      |
| <b>Deferred inflows of resources</b>                          |   |   |   |  |                         |
| Deferred inflows of resources - pensions - ERS                | 15,381,407                                      | 3,283,964   | 139,533   | -  | 18,804,904              |
| Deferred inflows of resources - pensions - TRS                | 4,177,312                                       | -   | -   | -  | 4,177,312               |
| Deferred inflows of resources - OPEB                          | 13,903,489                                      | 2,736,399   | -   | -  | 16,639,888              |
| Deferred amounts on NYS TAP                                   | 5,203,237                                       | -   | -   | -  | 5,203,237               |
| Total deferred inflows of resources                           | <u>38,665,445</u>                               | <u>6,020,363</u>  | <u>139,533</u>  | <u>-</u>   | <u>44,825,341</u>       |
| Total liabilities and deferred inflows of resources           | <u>575,143,760</u>                              | <u>86,352,923</u>   | <u>2,079,373</u>  | <u>3</u>   | <u>663,576,059</u>      |
| <b>Net Position</b>   |   |   |   |  |                         |
| Net investment in capital assets                              | 139,135,706                                     | 12,114,413  | 47,800  | -  | 151,297,919             |
| Restricted for capital projects                               | 4,541,051                                       | -   | -   | -  | 4,541,051               |
| Restricted for grants   | 17,985,445                                      | -   | -   | -  | 17,985,445              |
| Section 532.3a surcharge                                      | -   | 55,907  | -   | -  | 55,907                  |
| Prepetition surcharge   | -   | 2,224,164   | -   | -  | 2,224,164               |
| Unrestricted (deficit)  | (396,903,237)                                   | (17,655,601)  | 3,065,092   | -  | (411,493,746)           |
| Total net position  | <u>\$ (235,241,035)</u>                         | <u>\$ (3,261,117)</u>   | <u>\$ 3,112,892</u>   | <u>\$ -</u>  | <u>\$ (235,389,260)</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, 2018**

**With Suffolk County Community College as of August 31, 2018**

|  | <b>Suffolk County<br/>Community<br/>College</b> | <b>Suffolk Regional<br/>Off-Track Betting<br/>Corporation</b> | <b>Suffolk County<br/>Industrial<br/>Development<br/>Agency</b> | <b>Recreation and<br/>Economic<br/>Development<br/>Corporation of<br/>Suffolk County</b> | <b>Total</b>            |
|--|---|---|---|--|-------------------------|
| <b>Expenses:</b>                               |   |   |   |  |                         |
| Program operations                             | \$ 253,073,234                                  | \$ 12,299,328   | \$ 817,926  | \$ 126,165   | \$ 266,316,653          |
| Depreciation and amortization                  | 8,098,259                                       | 2,097,870   | 1,956   | -  | 10,198,085              |
| Other expenses                                 | 6,786,006                                       | 133,771,651   | -   | -  | 140,557,657             |
| Total expenses                                 | <u>267,957,499</u>                              | <u>148,168,849</u>  | <u>819,882</u>  | <u>126,165</u>   | <u>417,072,395</u>      |
| <b>Program revenues:</b>                       |   |   |   |  |                         |
| Charges for services                           | 91,757,429                                      | 175,347,253   | 1,468,462   | -  | 268,573,144             |
| Operating grants and contributions             | 167,948,116                                     | -   | -   | -  | 167,948,116             |
| Total program revenues                         | <u>259,705,545</u>                              | <u>175,347,253</u>  | <u>1,468,462</u>  | <u>-</u>   | <u>436,521,260</u>      |
| Net program revenues (expenses)                | <u>(8,251,954)</u>                              | <u>27,178,404</u>   | <u>648,580</u>  | <u>(126,165)</u>   | <u>19,448,865</u>       |
| <b>General revenues (expenses):</b>            |   |   |   |  |                         |
| Interest on investments                        | 2,694,822                                       | -   | 24,393  | 9  | 2,719,224               |
| Interest on long-term debt                     | (1,757,753)                                     | -   | -   | -  | (1,757,753)             |
| Miscellaneous                                  | -   | -   | -   | 30,252   | 30,252                  |
| Settlement of prepetition claims               | -   | (403,886)   | -   | -  | (403,886)               |
| Total general revenues                         | <u>937,069</u>                                  | <u>(403,886)</u>  | <u>24,393</u>   | <u>30,261</u>  | <u>587,837</u>          |
| Change in net position                         | (7,314,885)                                     | 26,774,518  | 672,973   | (95,904)   | 20,036,702              |
| Net position at beginning of year, as restated | (227,926,150)                                   | (30,035,635)  | 2,439,919   | 95,904   | (255,425,962)           |
| Net position at end of year                    | <u>\$ (235,241,035)</u>                         | <u>\$ (3,261,117)</u>   | <u>\$ 3,112,892</u>   | <u>\$ -</u>  | <u>\$ (235,389,260)</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

**SUFFOLK COUNTY**  
Notes to the Financial Statements  
December 31, 2018

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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.

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 special revenue fund of the primary government.

**Discretely presented component units**

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

Suffolk County Community College (the College) was 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

**SUFFOLK COUNTY**  
Notes to the Financial Statements  
December 31, 2018

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College capital program purposes. A fiscal year ending August 31<sup>st</sup> 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. Management's analysis of construction costs uncovered overpayments of approximately \$5 million. OTB has submitted the analysis to Delaware North Companies and is awaiting their response.

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.

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. The Board of Directors members can be removed at will by the Suffolk County Executive, thereby providing Suffolk County with the ability to impose its will on the REDC.

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

The Recreation and Economic Development Corporation  
of Suffolk County  
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.

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*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.

*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.

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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, 2018 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 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, 2018 was \$49,551,832.

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

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

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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, 2018 was \$16,942,139.

***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 governmental fund. The balance in the southwest assessment stabilization reserve fund at December 31, 2018 was \$137,614,982.

***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, 2018 was \$20,769,550.

***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, 2018 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, 2018 was \$159, prior to the reclassification of the environmental trust fund in the amount of \$3,654,885, the assessment stabilization reserve fund in the amount of \$16,942,139, and the sewer infrastructure program fund in the amount of \$20,769,550.

***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

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program. The balance in the Suffolk County water protection fund at December 31, 2018 was \$14,632,620.

**D. Restatement of beginning balances**

**1. GASB No. 75 restatement**

The County early implemented GASB 75 in 2017, however, the County's component units implemented in 2018. Therefore, the effect of the implementation of GASB Statement No. 75 on the component units is a restatement of the 2018 beginning net position to retroactively report the beginning balances for the other than pension benefits (OPEB) liability as follows:

|   | Suffolk County<br>Community<br>College | Suffolk Regional<br>Off-Track<br>Betting<br>Corporation | Suffolk County<br>Industrial<br>Development<br>Agency |
|---|--|---|---|
| Net position as of December 31, 2017, as previously reported      | \$ (164,295,739)                       | \$ (25,092,146)   | \$ 3,288,329  |
| Composition of OPEB Restatement:                                  |  |   |   |
| Total OPEB liabilities, beginning of year, as previously reported | 314,161,000                            | 18,152,613  | 896,165   |
| Total OPEB liabilities, beginning of year, as restated            | <u>377,791,411</u>                     | <u>23,096,102</u>                                       | <u>1,744,575</u>                                      |
| Total restatement for OPEB  | <u>(63,630,411)</u>                    | <u>(4,943,489)</u>                                      | <u>(848,410)</u>                                      |
| Net position as of December 31, 2017, as restated                 | <u>\$ (227,926,150)</u>                | <u>\$ (30,035,635)</u>                                  | <u>\$ 2,439,919</u>                                   |

**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.

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.

## ***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.

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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, 2018 and 2017 were approximately 96.6 and 96.5 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 2018:

|                                |                  |
|--------------------------------|------------------|
| Levy date                      | December 1, 2017 |
| Tax bills mailed               | December 1, 2017 |
| Property taxes recorded        | January 1, 2018  |
| First installment payment due  | January 10, 2018 |
| Second installment payment due | May 31, 2018     |
| Taxes become overdue           | June 1, 2018     |
| Lien date                      | December 1, 2018 |

**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

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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, government receivables 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.

*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.

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*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. The general fund is the only fund that reports a positive unassigned fund balance. 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, 2018 are as follows:

**Major Funds**

|              |                |
|--------------|----------------|
| Capital fund | \$ 187,517,445 |
|--------------|----------------|

**Nonmajor Funds**

|                              |                |
|------------------------------|----------------|
| Capital Sewer fund           | \$ 12,603,811  |
| Capital Southwest Sewer fund | \$ 207,626,392 |

**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 the County’s year ending December 31, 2019. 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 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 a 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.

In April 2018, the GASB issued Statement No. 88, “Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.” This statement clarifies which liabilities a government must disclose related to debt and requires additional disclosure information be presented. The requirements of this Statement are effective for the County’s year ending December 31, 2019. The County has not completed the process of evaluating the impact of this Statement.

In June 2018, the GASB issued Statement No. 89, “Accounting for Interest Cost Incurred before the End of a Construction Period.” This statement simplifies the accounting for interest costs incurred before the end of a construction period, thereby improving comparability of capital assets for both governmental activities and business-type activities. The County is required to adopt Statement No. 89 for its 2020 financial statements. The County does not expect this statement to have a material impact on the County’s financial statements.

In August 2018, the GASB issued Statement No. 90, “Majority Equity Interests – an amendment of GASB Statement No. 14 and No. 61.” This statement defines a majority interest and specifies when a legally separate entity, meeting the criteria, should be reported as an investment and how that investment should be valued. The requirements for this statement are effective for the County’s year ending December 31, 2019. The County has not completed the process of evaluating the impact of this Statement.

**G. Adoption of New Accounting Standards**

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 County adopted Statement No. 85 for its 2018 financial statements. Implementation did not have a material effect on the County’s financial statements.

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 adopted Statement No. 86 in 2018 although it did not have a material impact on the financial statements.

**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.

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 #4                         | Sewer District #26              |
| 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 |
| Water Quality Protection Reserve Fund | New York State Assets Forfeiture      |
| Assets Forfeiture - Probation         | DWI Asset Seizure                     |

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The County's procedures for establishing the budgetary data reflected in the financial statements are as follows:

- (i) Prior to September 19, the County Executive submits proposed operating budgets to the County Legislature for the general and budgeted special revenue funds for the fiscal year commencing on the following January 1. The operating budgets include proposed expenditures and the means of financing them.
- (ii) Public hearings are conducted at locations throughout the County to obtain taxpayer comments on the proposed budgets.
- (iii) The budgets are legally enacted either by (a) passage of a legislative resolution prior to November 10 or (b) automatically based on provisions in the County Charter if no resolution is passed by November 10.
- (iv) Total expenditures of each department within the general and special revenue funds may not legally exceed budgeted amounts for such departments after the adoption of the budget by the County Legislature unless approved by the County Legislature. Thus, the level of budgetary control is exerted at the departmental level. However, the County Executive is authorized to transfer certain budgeted amounts: \$100,000 or ten percent of any unencumbered budgeted free balance, whichever is greater, without approval of the County Legislature. During 2018, General Fund appropriations were reduced by \$1,075,307. No supplemental appropriations were needed.

**B. Excess of expenditures over appropriations**

For the year ended December 31, 2018, expenditures exceeded appropriations for the following category of expenditures within each of the respective funds:

General Fund:

|                                      |    |             |
|--------------------------------------|----|-------------|
| · General government support:        |    |             |
| Board of elections                   | \$ | 41,289      |
| Law                                  |    | 565,206     |
| Public administrator                 |    | 12,570      |
| Miscellaneous                        |    | 48,398      |
| · Health:                            |    |             |
| Medical examiner                     | \$ | 76,131      |
| · Public safety:                     |    |             |
| Fire, rescue, and emergency services | \$ | 194,159     |
| Police                               |    | 11,357,589  |
| Sheriff                              |    | 2,340,075   |
| · Culture and recreation:            |    |             |
| Parks                                | \$ | 639,961     |
| · Education:                         |    |             |
| Health services                      | \$ | 23,771,392  |
|                                      |    | (Continued) |

**SUFFOLK COUNTY**  
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|  |    |            |
|--|----|------------|
| Police District:                           |    |            |
| · General government support:              |    |            |
| Miscellaneous                              | \$ | 25,126     |
| · Public safety:                           |    |            |
| Police                                     | \$ | 11,413,954 |
| Grants Management:                         |    |            |
| · Public safety:                           |    |            |
| Sheriff                                    | \$ | 4,149      |
| Public Safety Communications System E-911: |    |            |
| · Public safety:                           |    |            |
| Fire, rescue, and emergency services       | \$ | 9,297      |
| County Road:                               |    |            |
| · Transportation:                          |    |            |
| Public works                               | \$ | 507,827    |
| · Employee benefits                        |    | 12,992     |
| District Court                             |    |            |
| · Transfers out                            | \$ | 5,290,553  |
| Suffolk County Water Protection:           |    |            |
| · Health                                   | \$ | 191,153    |
| · Employee benefits                        |    | 8,814      |
| · Transfers out                            |    | 88,194     |

**C. Deficit fund equity**

The following funds have deficit fund equity balances at December 31, 2018:

|                                |                |
|--------------------------------|----------------|
| <b>General Fund</b>            | \$ 285,531,932 |
| <b>Special Revenue Funds:</b>  |                |
| · Police District              | \$ 99,426,830  |
| · Grants Management            | 2,535,848      |
| · Tax Certiorari               | 821,415        |
| · County Road                  | 1,388,355      |
| · MTA Payroll Tax              | 2,838,394      |
| · District Court               | 9,572,162      |
| · Traffic Violations Bureau    | 224,266        |
| · Sewer District #6            | 94,969         |
| · Sewer District #16           | 71,148         |
| · Workforce Investment Revenue | 1,029,232      |
| · Community Development        | 2,326,760      |
| · Medicaid Compliance          | 2,285,236      |

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 and the Police District 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.

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**III. Detailed notes on all funds**

**A. Deposits and investments**

At year end, Suffolk County's bank balance in all financial institutions was \$839,355,973. 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. The County's investment policy does not address investments within the Agency funds.

As of December 31, 2018, the County had the following investments:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Weighted Average<br/>Maturity (years)</u> |
|------------------------|-------------------|--|
| Bond Mutual Funds      | \$ 6,239,963      | 7.01   |

**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 it 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), a cooperative investment program, reported as an external investment pool. NYCLASS measures all investments at fair value and the fair value of the County’s position in the investment pool is equal to the value of the investment pool shares. The investment advisor for NYCLASS is Public Trust Advisors, LLC, a SEC 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 \$8,780,280 is as follows:

|                              |     |
|------------------------------|-----|
| Collateralized bank deposits | 11% |
| Repurchase agreements        | 16% |
| Treasury securities          | 73% |

#### **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

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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, 2018, STASC deposits balances with a financial institution were \$3,329,852. Of these balances, \$250,000 was insured by the Federal Deposit Insurance Corporation, \$3,072,051 consisted of an uncollateralized temporary investment in the Dreyfus Treasury & Agency Cash Management Fund, and \$7,801 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 \$11,355,542 at December 31, 2018, is due to mature on June 1, 2048, and earns interest at 4.614 percent annually. The Repurchase Agreement is fully collateralized by debt obligations having fair values that range from 100 percent to 102 percent of the deposited amount held by a custodial bank.

**Vanderbilt Private-Purpose Trust**

The 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>         |
|----------------------|---------------------|---------------------|----------------|----------------------|
| <b>Fixed income:</b> |                     |                     |                |                      |
| Corporate bonds      | \$ -                | \$ 6,038,281        | \$ -           | \$ 6,038,281         |
| Government bonds     | -                   | 201,682             | -              | 201,682              |
| <b>Equities:</b>     |                     |                     |                |                      |
| Corporate stocks     | 6,087,656           | -                   | -              | 6,087,656            |
| U.S. equities        | 484,208             | -                   | -              | 484,208              |
|                      | <u>\$ 6,571,864</u> | <u>\$ 6,239,963</u> | <u>\$ -</u>    | <u>\$ 12,811,827</u> |

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**Component Units**

At August 31, 2018, 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>         |
|----------------------------------|----------------------|---------------------|----------------|----------------------|
| <b>Fixed income:</b>             |                      |                     |                |                      |
| Corporate bonds                  | \$ -                 | \$ 4,981,385        | \$ -           | \$ 4,981,385         |
| Non-convertible preferred stocks | -                    | 814,420             | -              | 814,420              |
| <b>Equities:</b>                 |                      |                     |                |                      |
| Corporate stocks                 | 8,161,304            | -                   | -              | 8,161,304            |
| Mutual funds                     | 4,202,640            | -                   | -              | 4,202,640            |
| Exchange traded funds            | 990,111              | -                   | -              | 990,111              |
|                                  | <u>\$ 13,354,055</u> | <u>\$ 5,795,805</u> | <u>\$ -</u>    | <u>\$ 19,149,860</u> |

**B. Receivables**

Receivables at December 31, 2018 were as follows:

|                                 | Governmental Funds    |                    |                      |                       | Total<br>Governmental<br>Receivables |
|---------------------------------|-----------------------|--------------------|----------------------|-----------------------|--------------------------------------|
|                                 | General               | Police<br>District | Capital              | Other<br>Governmental |                                      |
| Receivables:                    |                       |                    |                      |                       |                                      |
| Property Tax                    | \$ 279,315,795        | \$ -               | \$ -                 | \$ -                  | \$ 279,315,795                       |
| Sales Tax                       | 171,063,108           | -                  | -                    | 8,716,128             | 179,779,236                          |
| Intergovernmental accounts      | 244,590,537           | -                  | 57,198,632           | 33,751,397            | 335,540,566                          |
| Other receivables               | 42,872,113            | 285,657            | 35,236               | 13,978,054            | 57,171,060                           |
| Total receivables               | <u>737,841,553</u>    | <u>285,657</u>     | <u>57,233,868</u>    | <u>56,445,579</u>     | <u>851,806,657</u>                   |
| Allowance for doubtful accounts | (14,947,628)          | -                  | -                    | -                     | (14,947,628)                         |
| Receivables, net                | <u>\$ 722,893,925</u> | <u>\$ 285,657</u>  | <u>\$ 57,233,868</u> | <u>\$ 56,445,579</u>  | <u>\$ 836,859,029</u>                |

|                            | Enterprise Funds               |                                   |             | Total<br>Enterprise<br>Receivables |
|----------------------------|--------------------------------|-----------------------------------|-------------|------------------------------------|
|                            | Suffolk<br>County<br>Ball Park | Francis S.<br>Gabreski<br>Airport |             |                                    |
| Receivables:               |                                |                                   |             |                                    |
| Intergovernmental accounts | \$ 461,004                     | \$ 126,824                        | \$ -        | \$ 587,828                         |
| Other receivables          | 45,000                         | 56,398                            | -           | 101,398                            |
| Receivables, net           | <u>\$ 506,004</u>              | <u>\$ 183,222</u>                 | <u>\$ -</u> | <u>\$ 689,226</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.

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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<br>of Resources | Unearned<br>Revenue |
|---|----------------------------------|---------------------|
| Delinquent property taxes receivable (general fund)                   | \$ 249,208,247                   | \$ -                |
| New York State Department of Health:                                  |                                  |                     |
| Mental health and alcohol advances for County programs (general fund) | -                                | 20,345,256          |
| Federal and State government receivables (general fund)               | 7,833,692                        | -                   |
| Federal and State government receivables (grants fund)                | 586,993                          | -                   |
| Stop DWI (general fund)   | -                                | 456                 |
| Stop DWI (police district fund)                                       | -                                | 121                 |
| Abandoned vehicle auction advances (general fund)                     | -                                | 21,806              |
| Abandoned vehicle auction advances (police district fund)             | -                                | 10,996              |
| NYS ILS Hurrell-Harring caseload relief grant advances (general fund) | -                                | 3,028,745           |
| NYS office of indigent legal services advances (general fund)         | -                                | 389,413             |
| Federal and State Aid advances (general fund)                         | -                                | 9,801,000           |
| Federal and State Aid advances (capital fund)                         | -                                | 3,392,143           |
| Federal and State Aid advances (grant fund)                           | -                                | 10,000              |
| Sale of future tobacco revenues (general fund)                        | 178,409,604                      | -                   |
| Sale of future tobacco revenues (police district fund)                | 6,240,892                        | -                   |
| Sale of future tobacco revenues (public safety fund)                  | 144,513                          | -                   |
| Suffolk County Landbank Corporation (Landbank fund)                   | -                                | 229,433             |
| Total deferred inflows/unearned revenue for governmental funds        | \$ 442,423,941                   | \$ 37,229,369       |

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**C. Capital Assets**

Capital asset activity for the year ended December 31, 2018 was as follows:

**Primary Government**

|  | Beginning<br>Balance    | Increases             | Decreases              | Ending<br>Balance       |
|--|-------------------------|-----------------------|------------------------|-------------------------|
| <b>Governmental activities:</b>              |                         |                       |                        |                         |
| Capital assets, not being depreciated:       |                         |                       |                        |                         |
| Land   | \$ 919,389,277          | \$ 20,658,835         | \$ -                   | \$ 940,048,112          |
| Development rights and easements             | 261,929,794             | 12,407,729            | -                      | 274,337,523             |
| Historic buildings                           | 4,607,607               | -                     | -                      | 4,607,607               |
| Construction in progress                     | 379,481,281             | 117,688,341           | (58,465,772)           | 438,703,850             |
| Total capital assets, not being depreciated  | 1,565,407,959           | 150,754,905           | (58,465,772)           | 1,657,697,092           |
| Capital assets, being depreciated:           |                         |                       |                        |                         |
| Buildings                                    | 1,073,568,681           | 4,202,198             | -                      | 1,077,770,879           |
| Improvements other than buildings            | 72,807,558              | 725,902               | -                      | 73,533,460              |
| Vehicles and equipment                       | 377,078,868             | 20,484,569            | (19,045,913)           | 378,517,524             |
| Infrastructure                               | 1,326,512,172           | 46,910,404            | (69,160)               | 1,373,353,416           |
| Total capital assets, being depreciated      | 2,849,967,279           | 72,323,073            | (19,115,073)           | 2,903,175,279           |
| Less accumulated depreciation for:           |                         |                       |                        |                         |
| Buildings                                    | (440,691,539)           | (18,822,342)          | -                      | (459,513,881)           |
| Improvements other than buildings            | (32,460,117)            | (2,562,576)           | -                      | (35,022,693)            |
| Vehicles and equipment                       | (238,354,341)           | (26,838,624)          | 17,138,022             | (248,054,943)           |
| Infrastructure                               | (557,192,504)           | (26,403,385)          | 69,160                 | (583,526,729)           |
| Total accumulated depreciation               | (1,268,698,501)         | (74,626,927)          | 17,207,182             | (1,326,118,246)         |
| Total capital assets, being depreciated, net | 1,581,268,778           | (2,303,854)           | (1,907,891)            | 1,577,057,033           |
| Governmental activities capital assets, net  | <u>\$ 3,146,676,737</u> | <u>\$ 148,451,051</u> | <u>\$ (60,373,663)</u> | <u>\$ 3,234,754,125</u> |

(Continued)

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|  | Beginning<br>Balance | Increases           | Decreases           | Ending<br>Balance    |
|--|----------------------|---------------------|---------------------|----------------------|
| <b>Business-type activities:</b>             |                      |                     |                     |                      |
| Capital assets, not being depreciated:       |                      |                     |                     |                      |
| Land   | \$ 22,092,831        | \$ -                | \$ -                | \$ 22,092,831        |
| Construction in progress                     | 10,485,384           | 268,726             | (360,946)           | 10,393,164           |
| Total capital assets, not being depreciated  | 32,578,215           | 268,726             | (360,946)           | 32,485,995           |
| Capital assets, being depreciated:           |                      |                     |                     |                      |
| Buildings                                    | 19,349,702           | 360,946             | -                   | 19,710,648           |
| Improvements other than buildings            | 21,392,431           | 78,308              | -                   | 21,470,739           |
| Vehicles and equipment                       | 1,280,535            | 31,388              | -                   | 1,311,923            |
| Total capital assets, being depreciated      | 42,022,668           | 470,642             | -                   | 42,493,310           |
| Less accumulated depreciation for:           |                      |                     |                     |                      |
| Buildings                                    | (8,389,116)          | (485,102)           | -                   | (8,874,218)          |
| Improvements other than buildings            | (4,871,437)          | (750,436)           | -                   | (5,621,873)          |
| Vehicles and equipment                       | (515,613)            | (90,055)            | -                   | (605,668)            |
| Total accumulated depreciation               | (13,776,166)         | (1,325,593)         | -                   | (15,101,759)         |
| Total capital assets, being depreciated, net | 28,246,502           | (854,951)           | -                   | 27,391,551           |
| Business-type activities capital assets, net | <u>\$ 60,824,717</u> | <u>\$ (586,225)</u> | <u>\$ (360,946)</u> | <u>\$ 59,877,546</u> |

Depreciation expense and amortization for the year ended December 31, 2018 was charged to functions/programs of the primary government as follows:

|   |                      |
|---|----------------------|
| Governmental activities:                            |                      |
| General government support                          | \$ 20,205,079        |
| Economic assistance and opportunity                 | 82,771               |
| Health  | 1,462,374            |
| Public safety                                       | 15,871,742           |
| Culture and recreation                              | 3,453,624            |
| Home and community services                         | 12,026,195           |
| Transportation                                      | 21,525,142           |
| Total depreciation expense-governmental activities  | <u>\$ 74,626,927</u> |
| Business-type activities:                           |                      |
| Suffolk County Ball Park                            | \$ 457,056           |
| Francis S. Gabreski Airport                         | 868,537              |
| Total depreciation expense-business-type activities | <u>\$ 1,325,593</u>  |

**Construction commitments**

The County has a number of active construction project commitments at December 31, 2018. Active projects for which amounts spent as of December 31, 2018 exceed \$10,000,000 include 34 projects. The total spent as of December 31, 2018 for these projects amounts to

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approximately \$1.7 billion. Remaining commitments for these projects amount to approximately \$281 million.

**Discretely presented component units**

Capital asset activity for Suffolk County Community College (College) for the year ended August 31, 2018 was as follows:

|  | Beginning<br>Balance        | Increases                   | Decreases                    | Ending<br>Balance           |
|--|-----------------------------|-----------------------------|------------------------------|-----------------------------|
| Capital assets, not being depreciated:       |                             |                             |                              |                             |
| Land   | \$ 4,948,118                | \$ -                        | \$ -                         | \$ 4,948,118                |
| Construction in progress                     | 4,838,049                   | 15,336,140                  | (1,032,984)                  | 19,141,205                  |
| Total capital assets, not being depreciated  | <u>9,786,167</u>            | <u>15,336,140</u>           | <u>(1,032,984)</u>           | <u>24,089,323</u>           |
| Capital assets, being depreciated:           |                             |                             |                              |                             |
| Buildings and improvements                   | 266,477,988                 | 6,547,363                   | -                            | 273,025,351                 |
| Vehicles and equipment                       | 31,771,812                  | 1,041,077                   | (559,901)                    | 32,252,988                  |
| Infrastructure                               | 19,904,601                  | 1,466,493                   | -                            | 21,371,094                  |
| Total capital assets, being depreciated      | <u>318,154,401</u>          | <u>9,054,933</u>            | <u>(559,901)</u>             | <u>326,649,433</u>          |
| Less accumulated depreciation for:           |                             |                             |                              |                             |
| Buildings and improvements                   | (103,723,848)               | (5,820,752)                 | -                            | (109,544,600)               |
| Vehicles and equipment                       | (23,867,528)                | (1,687,378)                 | 465,670                      | (25,089,236)                |
| Infrastructure                               | (4,427,888)                 | (734,102)                   | -                            | (5,161,990)                 |
| Total accumulated depreciation               | <u>(132,019,264)</u>        | <u>(8,242,232)</u>          | <u>465,670</u>               | <u>(139,795,826)</u>        |
| Total capital assets, being depreciated, net | <u>186,135,137</u>          | <u>812,701</u>              | <u>(94,231)</u>              | <u>186,853,607</u>          |
| College capital assets, net                  | <u><u>\$195,921,304</u></u> | <u><u>\$ 16,148,841</u></u> | <u><u>\$ (1,127,215)</u></u> | <u><u>\$210,942,930</u></u> |

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Capital asset activity for the Suffolk Regional Off-Track Betting Corporation (OTB) for the year ended December 31, 2018 was as follows:

|  | Beginning<br>Balance | Increases        | Decreases           | Ending<br>Balance    |
|--|----------------------|------------------|---------------------|----------------------|
| Capital assets, not being depreciated:       |                      |                  |                     |                      |
| Land   | \$ 11,243,538        | -                | \$ -                | \$ 11,243,538        |
| Construction in progress                     | 3,735,392            | 123,027          | (11,750)            | 3,846,669            |
| Total capital assets, not being depreciated  | 14,978,930           | 123,027          | (11,750)            | 15,090,207           |
| Capital assets, being depreciated:           |                      |                  |                     |                      |
| Building & leasehold improvements            | 30,414,624           | 496,915          | (346,681)           | 30,564,858           |
| Vehicles and equipment                       | 5,073,806            | 1,511,968        | (147,221)           | 6,438,553            |
| Total capital assets, being depreciated      | 35,488,430           | 2,008,883        | (493,902)           | 37,003,411           |
| Less accumulated depreciation:               | (4,572,389)          | (2,059,561)      | 73,937              | (6,558,013)          |
| Total capital assets, being depreciated, net | 30,916,041           | (50,678)         | (419,965)           | 30,445,398           |
| OTB capital assets, net                      | <u>\$ 45,894,971</u> | <u>\$ 72,349</u> | <u>\$ (431,715)</u> | <u>\$ 45,535,605</u> |

Capital asset activity for the Suffolk County Industrial Development Agency (IDA) for the year ended December 31, 2018 was as follows:

|  | Beginning<br>Balance | Increases        | Decreases   | Ending<br>Balance |
|--|----------------------|------------------|-------------|-------------------|
| Capital assets, not being depreciated:       |                      |                  |             |                   |
| Construction in progress                     | \$ -                 | \$ 46,666        | \$ -        | \$ 46,666         |
| Total capital assets, not being depreciated  | -                    | 46,666           | -           | 46,666            |
| Capital assets, being depreciated:           |                      |                  |             |                   |
| Vehicles and equipment                       | \$ 59,855            | \$ -             | \$ -        | \$ 59,855         |
| Total capital assets, being depreciated      | 59,855               | -                | -           | 59,855            |
| Less accumulated depreciation for:           |                      |                  |             |                   |
| Vehicles and equipment                       | (56,765)             | (1,956)          | -           | (58,721)          |
| Total accumulated depreciation               | (56,765)             | (1,956)          | -           | (58,721)          |
| Total capital assets, being depreciated, net | 3,090                | (1,956)          | -           | 1,134             |
| IDA capital assets, net                      | <u>\$ 3,090</u>      | <u>\$ 44,710</u> | <u>\$ -</u> | <u>\$ 47,800</u>  |

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**D. Payables and accrued liabilities**

Payables and accrued liabilities at December 31, 2018, were as follows:

|                                | Other<br>Governments | Salaries              | Vouchers              | Other                 | Total                 |
|--------------------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental activities:       |                      |                       |                       |                       |                       |
| General                        | \$ 2,056,062         | \$ 125,037,617        | \$ 84,182,538         | \$ 133,700,341        | \$ 344,976,558        |
| Police district                | -                    | 93,370,514            | 1,316,580             | 3,394,276             | 98,081,370            |
| Capital                        | -                    | -                     | 7,480,228             | 44,850,368            | 52,330,596            |
| STASC                          | 4,465                | -                     | -                     | -                     | 4,465                 |
| Other governmental             | 58,747               | 10,763,493            | 26,813,584            | 23,279,074            | 60,914,898            |
| Total governmental activities  | <u>\$ 2,119,274</u>  | <u>\$ 229,171,624</u> | <u>\$ 119,792,930</u> | <u>\$ 205,224,059</u> | <u>\$ 556,307,887</u> |
| Business-type activities:      |                      |                       |                       |                       |                       |
| Suffolk County Ball Park       | \$ -                 | \$ -                  | \$ 633                | \$ -                  | \$ 633                |
| Francis S. Gabreski Airport    | -                    | 66,569                | 100,805               | 20,257                | 187,631               |
| Total business-type activities | <u>\$ -</u>          | <u>\$ 66,569</u>      | <u>\$ 101,438</u>     | <u>\$ 20,257</u>      | <u>\$ 188,264</u>     |

**E. Interfund balances and transfers**

The composition of interfund balances as of December 31, 2018 is as follows:

|  |                       |
|--|-----------------------|
| Due to general fund from:                  |                       |
| Police                                     | \$ 68,593,682         |
| Capital                                    | 80,413,281            |
| Nonmajor government funds                  | 155,679,497           |
| Francis S. Gabreski Airport                | 3,248,335             |
| Suffolk County Ball Park                   | 1,563,263             |
| Total due to general fund from other funds | <u>\$ 309,498,058</u> |
| Due to police fund from:                   |                       |
| General fund                               | \$ 42,518,798         |
| Capital fund                               | 13,515                |
| Nonmajor government funds                  | 45,456,488            |
| Total due to police fund from other funds  | <u>\$ 87,988,801</u>  |
| Due to capital fund from:                  |                       |
| General fund                               | \$ 3,495,198          |
| Police fund                                | 13,515                |
| Nonmajor government funds                  | 40,621,563            |
| Francis S. Gabreski Airport                | 83,709                |
| Total due to capital fund from other funds | <u>\$ 44,213,985</u>  |

(Continued)

**SUFFOLK COUNTY**  
Notes to the Financial Statements  
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|   |                       |
|---|-----------------------|
| Due to nonmajor governmental funds from:                  |                       |
| General fund  | \$ 137,667,930        |
| Police fund   | 26,553,020            |
| Capital fund  | 18,557,470            |
| Nonmajor governmental funds                               | 205,040,521           |
| Francis S. Gabreski Airport                               | 2,380,645             |
| Total due to nonmajor governmental funds from other funds | <u>\$ 390,199,586</u> |
| Due to Francis S. Gabreski Airport from:                  |                       |
| General fund  | \$ 381,083            |
| Capital fund  | 2,735,324             |
| Nonmajor governmental funds                               | 964                   |
| Total due to airport from other funds                     | <u>\$ 3,117,371</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, 2018 were as follows:

|  |                       |
|--|-----------------------|
| Transfers to general fund from:                |                       |
| Police fund                                    | \$ 143,930,959        |
| Capital fund                                   | 2,388,851             |
| STASC  | 6,291,161             |
| Nonmajor governmental funds                    | 100,749,430           |
| Suffolk County Ball Park                       | 1,559,861             |
| Francis S. Gabreski Airport                    | 601,207               |
| Total transfers to general fund                | <u>\$ 255,521,469</u> |
| Transfers to police fund from:                 |                       |
| STASC  | \$ 159,330            |
| Nonmajor governmental funds                    | 39,117,699            |
| Total transfers to police fund                 | <u>\$ 39,277,029</u>  |
| Transfers to capital fund from:                |                       |
| General fund                                   | \$ 2,015,500          |
| Nonmajor governmental funds                    | 11,043,878            |
| Total transfers to capital fund                | <u>\$ 13,059,378</u>  |
| Transfers to nonmajor governmental funds from: |                       |
| General fund                                   | \$ 17,297,226         |
| Police fund                                    | 8,526,324             |
| Capital fund                                   | 169,539               |
| STASC  | 6,601                 |
| Nonmajor governmental funds                    | 84,903,690            |
| Francis S. Gabreski Airport                    | 296,162               |
| Total transfers to nonmajor governmental funds | <u>\$ 111,199,542</u> |
| Transfers to Francis S. Gabreski Airport from: |                       |
| General fund                                   | \$ 350,000            |
| STASC  | 14,397                |
| Total transfers to Francis S. Gabreski Airport | <u>\$ 364,397</u>     |

**SUFFOLK COUNTY**  
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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, 2018:

| <u>Years Ending<br/>December 31</u> | <u>Amount</u>                |
|-------------------------------------|------------------------------|
| 2019                                | \$ 19,347,181                |
| 2020                                | 18,770,489                   |
| 2021                                | 18,401,945                   |
| 2022                                | 17,654,952                   |
| 2023                                | 16,102,386                   |
| 2024-2028                           | 36,995,309                   |
| 2029-2033                           | 9,404,879                    |
| Thereafter                          | 1,582,569                    |
| Total                               | <u><u>\$ 138,259,710</u></u> |

Rent expenditures for the year ended December 31, 2018 approximated \$20,857,430.

**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 \$3,414,401,881. During the year, general obligation bonds totaling \$110,553,750 were issued.

General obligation bonds are direct obligations and pledge the full faith and credit of the County. These bonds generally are issued as 15 to 20 year serial bonds with varying

**SUFFOLK COUNTY**  
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amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

| Purpose                            | Interest Rates | Amount           |
|------------------------------------|----------------|------------------|
| Governmental activities            | 0.34 - 5.0%    | \$ 665,455,467   |
| Governmental activities-refunding  | 2.00 - 5.0%    | 691,368,384      |
| Business-type activities           | 2.00 - 5.0%    | 2,094,150        |
| Business-type activities-refunding | 2.00 - 5.0%    | 4,990,790        |
|                                    |                | \$ 1,363,908,791 |

Additionally, \$7,084,940 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<br>December 31 | Governmental Activities |                | Business-type Activities |              |
|----------------------------|-------------------------|----------------|--------------------------|--------------|
|                            | Principal               | Interest       | Principal                | Interest     |
| 2019                       | \$ 123,994,915          | \$ 47,058,936  | \$ 758,554               | \$ 250,527   |
| 2020                       | 121,905,959             | 41,482,943     | 628,223                  | 221,942      |
| 2021                       | 115,132,713             | 36,896,042     | 608,264                  | 196,992      |
| 2022                       | 116,740,025             | 32,464,815     | 632,242                  | 172,196      |
| 2023                       | 120,404,699             | 27,919,037     | 654,814                  | 146,715      |
| 2024-2028                  | 529,847,110             | 73,696,920     | 2,821,042                | 352,565      |
| 2029-2033                  | 112,258,896             | 12,072,192     | 373,319                  | 28,754       |
| 2034-2038                  | 23,209,135              | 2,761,547      | 17,455                   | 305          |
| 2039-2043                  | 14,900,000              | 856,349        | -                        | -            |
| 2044-2046                  | 1,235,000               | 26,349         | -                        | -            |
|                            | 1,279,628,452           | \$ 275,235,130 | 6,493,913                | \$ 1,369,996 |
| Plus: Unamortized premium  | 77,195,399              |                | 591,027                  |              |
|                            | \$ 1,356,823,851        |                | \$ 7,084,940             |              |

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 \$178,213,827. During the year, general obligation bonds totaling \$14,622,398 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 \$74,809,199 at August 31, 2018 and such serial bonds were issued with interest rates that ranged from 2.0 percent to 5.0 percent.

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Annual principal and interest requirements to service all College debt outstanding as of August 31, 2018 are as follows:

| Year ending August 31:    | General              |                      | Total                |
|---------------------------|----------------------|----------------------|----------------------|
|                           | Obligations          | Interest             |                      |
| 2019                      | \$ 7,375,301         | \$ 2,444,591         | \$ 9,819,892         |
| 2020                      | 7,254,909            | 2,177,314            | 9,432,223            |
| 2021                      | 6,912,505            | 1,926,724            | 8,839,229            |
| 2022                      | 6,703,875            | 1,696,418            | 8,400,293            |
| 2023                      | 6,891,294            | 1,475,783            | 8,367,077            |
| 2024-2028                 | 28,559,765           | 4,243,896            | 32,803,661           |
| 2029-2033                 | 9,362,908            | 926,116              | 10,289,024           |
| 2034-2038                 | 793,410              | 27,769               | 821,179              |
|                           | <u>73,853,967</u>    | <u>\$ 14,918,611</u> | <u>\$ 88,772,578</u> |
| Plus: Unamortized premium | 955,232              |                      |                      |
|                           | <u>\$ 74,809,199</u> |                      |                      |

Advance refundings

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, 2018, \$137,445,000 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 2018 totaled \$20,907,638. 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 2018 amounted to \$13,037,040, or 72.9 percent of total principal and interest payments made on the 2008 Series Bonds during the year. The STASC withdrew \$4,165,994 from the 2008 Liquidity Reserve Account to pay a portion of the interest payment on the Bonds due on December 1, 2018.

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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 2018 amounted to \$4,345,680. This amount, including interest earned on the account, was used to pay 2012 bond principal and interest of \$3,025,163, \$1,344,024 was transferred to the residual trust, and \$1,900 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.

Bonds outstanding at December 31, 2018, are as follows:

| Description           | Original Date Issued | Original Amount | Interest Rate  | Maturity Date | Amount Outstanding    |
|-----------------------|----------------------|-----------------|----------------|---------------|-----------------------|
| 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      | 30,155,549            |
| 2012B                 | 03/29/12             | 34,635,000      | 4.000 - 5.000% | 6/1/16-6/1/37 | 31,715,000            |
| Premiums              |                      |                 |                |               | 531,147               |
| Unamortized discounts |                      |                 |                |               | (2,529,180)           |
|                       |                      |                 |                | Total         | <u>\$ 298,457,516</u> |

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The following table summarizes the STASC's estimated future debt service requirements as of December 31, 2018 based on future projected TSRs:

|           | Principal             | Interest              | Total Principal<br>and Interest |
|-----------|-----------------------|-----------------------|---------------------------------|
| 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      | 1,635,000             | 16,244,863            | 17,879,863                      |
| 2024-2028 | 42,795,000            | 79,036,009            | 121,831,009                     |
| 2029-2033 | 8,430,000             | 68,666,575            | 77,096,575                      |
| 2034-2038 | 6,770,000             | 66,538,506            | 73,308,506                      |
| 2039-2043 | -                     | 65,823,719            | 65,823,719                      |
| 2044-2048 | 183,341,863           | 345,790,567           | 529,132,430                     |
|           | <u>\$ 249,051,863</u> | <u>\$ 707,807,291</u> | <u>\$ 956,859,154</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 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

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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, 2018 consisted of Lease Revenue Serial Bonds, Series 2013, and Lease Revenue Term Bonds, Series 2013 in the amount of \$29,680,000 and \$27,445,000 respectively and are reported net of bond premiums of \$681,198. 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, 2018:

| <u>Year</u>               | <u>Principal</u>     | <u>Interest Rate</u> | <u>Interest</u>      | <u>Total Debt Service</u> |
|---------------------------|----------------------|----------------------|----------------------|---------------------------|
| 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                      | 3,275,000            | 3.750%               | 2,133,919            | 5,408,919                 |
| 2024-2028                 | 18,530,000           | 4.000 to 5.000%      | 8,498,812            | 27,028,812                |
| 2029-2033                 | 23,410,000           | 5.000%               | 3,625,750            | 27,035,750                |
|                           | <u>57,125,000</u>    |                      | <u>\$ 23,976,631</u> | <u>\$ 81,101,631</u>      |
| Plus: Unamortized premium | 681,198              |                      |                      |                           |
|                           | <u>\$ 57,806,198</u> |                      |                      |                           |

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Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2018 was as follows:

| <b>Governmental activities</b>                       | Beginning<br>Balance    | Additions             | Reductions              | Ending<br>Balance       | Due within<br>one Year |
|--|-------------------------|-----------------------|-------------------------|-------------------------|------------------------|
| Bonds payable:                                       |                         |                       |                         |                         |                        |
| General obligation debt                              | \$ 647,734,869          | \$ 110,553,750        | \$ 92,833,152           | \$ 665,455,467          | \$ 67,616,812          |
| Advanced refunding debt                              | 653,611,527             | -                     | 39,438,542              | 614,172,985             | 56,378,102             |
| Plus premium   | 81,876,099              | -                     | 4,680,700               | 77,195,399              | 7,315,735              |
| STASC bonds  | 253,286,863             | -                     | 4,235,000               | 249,051,863             | 1,450,000              |
| Plus accreted interest                               | 49,128,548              | 2,275,138             | -                       | 51,403,686              | -                      |
| Plus premium   | 559,988                 | -                     | 28,841                  | 531,147                 | 28,841                 |
| Less unamortized deferred discount                   | 2,679,592               | -                     | 150,412                 | 2,529,180               | 146,639                |
| Lease revenue bonds                                  | 59,765,000              | -                     | 2,640,000               | 57,125,000              | 2,775,000              |
| Plus premium   | 727,004                 | -                     | 45,806                  | 681,198                 | 45,806                 |
| Total bonds payable                                  | <u>1,744,010,306</u>    | <u>112,828,888</u>    | <u>143,751,629</u>      | <u>1,713,087,565</u>    | <u>135,463,657</u>     |
| Accumulated vacation and sick leave                  | 503,855,277             | 29,110,185            | 36,635,681              | 496,329,781             | 25,609,630             |
| Estimated liability for claims                       | 597,976,064             | 69,627,008            | 47,944,252              | 619,658,820             | 49,576,248             |
| Other postemployment<br>benefits other than pensions | 5,571,790,000           | 380,589,997           | 838,409,997             | 5,113,970,000           | -                      |
| Capital leases                                       | 82,082                  | -                     | 82,082                  | -                       | -                      |
| Net pension liability                                | 407,473,514             | 317,215,969           | 551,946,702             | 172,742,781             | -                      |
| Due to NYS retirement system                         | 269,903,214             | 32,086,087            | 29,303,832              | 272,685,469             | 30,330,669             |
| Governmental activities<br>Long-term liabilities     | <u>\$ 9,095,090,457</u> | <u>\$ 941,458,134</u> | <u>\$ 1,648,074,175</u> | <u>\$ 8,388,474,416</u> | <u>\$ 240,980,204</u>  |
| <b>Business-type activities</b>                      |                         |                       |                         |                         |                        |
| Bonds payable:                                       |                         |                       |                         |                         |                        |
| Francis S. Gabreski Airport                          | \$ 7,582,778            | \$ -                  | \$ 655,925              | \$ 6,926,853            | \$ 682,775             |
| Suffolk County Ball Park                             | 309,257                 | -                     | 151,170                 | 158,087                 | 158,087                |
| Total bonds payable                                  | <u>7,892,035</u>        | <u>-</u>              | <u>807,095</u>          | <u>7,084,940</u>        | <u>840,862</u>         |
| Other postemployment<br>benefits other than pensions | 3,160,000               | 300,003               | 470,003                 | 2,990,000               | -                      |
| Net pension liability                                | 169,268                 | 126,116               | 235,932                 | 59,452                  | -                      |
| Business-type activities<br>Long-term liabilities    | <u>\$ 11,221,303</u>    | <u>\$ 426,119</u>     | <u>\$ 1,513,030</u>     | <u>\$ 10,134,392</u>    | <u>\$ 840,862</u>      |

(Continued)

**SUFFOLK COUNTY**  
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| Component units                                   | Beginning<br>Balance  | Additions            | Reductions           | Ending<br>Balance     | Due within<br>one Year |
|---|-----------------------|----------------------|----------------------|-----------------------|------------------------|
| County general obligation bonds (Comm. College)   | \$ 70,819,847         | \$ 14,660,563        | \$ 10,671,211        | \$ 74,809,199         | \$ 7,375,301           |
| Total bonds payable                               | 70,819,847            | 14,660,563           | 10,671,211           | 74,809,199            | 7,375,301              |
| Accumulated vacation and sick leave               | 32,358,137            | 2,577,289            | 1,775,650            | 33,159,776            | 3,194,556              |
| Other postemployment benefits other than pensions | 402,632,088 *         | 30,270,064           | 33,814,224           | 399,087,928           | -                      |
| Capital lease                                     | 89,842                | -                    | 46,073               | 43,769                | 23,731                 |
| Net pension liability                             | 15,484,383            | -                    | 9,743,441            | 5,740,942             | -                      |
| Due to NYS Retirement System                      | 106,843               | -                    | 106,843              | -                     | -                      |
| Loans   | 50,341,118            | -                    | 19,251,214           | 31,089,904            | 19,706,935             |
| Prepetition claims                                | 11,650,842            | 403,885              | 639,133              | 11,415,594            | 5,019,560              |
| Other long-term debt                              | 487,597               | 30,456               | -                    | 518,053               | -                      |
| Component units Long-term liabilities             | <u>\$ 583,970,697</u> | <u>\$ 47,942,257</u> | <u>\$ 76,047,789</u> | <u>\$ 555,865,165</u> | <u>\$ 35,320,083</u>   |

\* As restated for GASB 75

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, 2018 was as follows:

|  | Beginning<br>Balance  | Issued                | Redeemed              | Ending<br>Balance     |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Tax anticipation notes                     | \$ 410,000,000        | \$ 403,930,000        | \$ 410,000,000        | \$ 403,930,000        |
| 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 | 20,518,876            | 18,687,593            | 8,733,036             | 30,473,433            |
| Governmental activities short-term debt    | <u>\$ 575,518,876</u> | <u>\$ 567,617,593</u> | <u>\$ 563,733,036</u> | <u>\$ 579,403,433</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 2018 in anticipation of 2018 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 coverages for each of the past three fiscal years.

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

|   | Year ended<br><u>12/31/2017</u> | Year ended<br><u>12/31/2018</u> |
|---|---------------------------------|---------------------------------|
| Unpaid claims, beginning of fiscal year           | \$ 610,947,375                  | \$ 597,976,064                  |
| Incurred claims (including IBNRs)                 | 50,350,980                      | 52,547,214                      |
| Changes in the estimate for claims of prior years | (12,108,715)                    | 17,079,794                      |
| Claim payments                                    | <u>(51,213,576)</u>             | <u>(47,944,252)</u>             |
| Unpaid claims, end of fiscal year                 | <u>\$ 597,976,064</u>           | <u>\$ 619,658,820</u>           |

**B. Subsequent events**

On April 9, 2019, 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 2.75 percent and mature on March 20, 2020.

On June 27, 2019, Suffolk County issued \$54,125,000 Public Improvement Serial Bonds and \$13,000,000 federally taxable Bond Anticipation Notes (BAN). The proceeds will be used to

provide additional original or original project financing for numerous public improvement projects. The interest rates range from 1.31 percent to 2.46 percent and 2.75 percent to 2.80 percent on the bonds and BAN, respectively. Bonds mature in varying amounts on April 1 of years 2020 through 2033 and the BAN matures on June 26, 2020.

**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 2018). 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, 2018, the following employees were covered by the benefit terms:

|                   |               |
|-------------------|---------------|
| Active Employees  | 9,030         |
| Retired Employees | <u>10,372</u> |
|                   | <u>19,402</u> |

**SUFFOLK COUNTY**  
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**Total OPEB Liability**

The County's total OPEB liability of \$5.1 billion was measured as of December 31, 2018, and was determined by an actuarial valuation as of that date.

Actuarial assumptions: The total OPEB liability in the December 31, 2018 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 | 4.10% |

| Years of<br>service | Payroll growth |               |
|---------------------|----------------|---------------|
|                     | 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%         |

| Fiscal<br>Year-end | Healthcare cost trend rates |                       |                    |
|--------------------|-----------------------------|-----------------------|--------------------|
|                    | Medical/RX<br>Pre-65        | Medical/RX<br>Post-65 | Medicare<br>Part B |
| 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<br>Bond Municipal Bond<br>Index |
|-------------------------------|---|
| Yield as of January 1, 2018   | 3.44%   |
| Yield as of December 31, 2018 | 4.10%   |

**SUFFOLK COUNTY**  
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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.

The actuarial assumptions used in the December 31, 2018 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 @ 1/1/2018                                | <u>\$ 5,574.95</u>   |
| Changes for the year:                             |                      |
| Service cost                                      | 185.32               |
| Interest  | 195.57               |
| Changes in assumptions                            | (551.11)             |
| Difference between expected and actual experience | (135.67)             |
| Benefit payments                                  | <u>(152.10)</u>      |
| Net Changes                                       | <u>(457.99)</u>      |
| Balance @ 12/31/2018                              | <u>\$ 5,116.96</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 (3.10 percent) or 1-percentage-point higher (5.10 percent) than the current discount rate (in millions):

|                      | 1% Decrease<br>(3.10%) | Discount Rate<br>(4.10%) | 1% Increase<br>(5.10%) |
|----------------------|------------------------|--------------------------|------------------------|
| Total OPEB liability | \$ 5,987.53            | \$ 5,116.96              | \$ 4,425.56            |

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 (7.5 percent decreasing to 3.5 percent) or 1-percentage point higher (9.5 percent decreasing to 5.5 percent) than the current healthcare cost trend rates (in millions):

|                      | 1% Decrease (7.5%<br>decreasing to 3.5%) | Healthcare Cost<br>Trend Rates(8.5%<br>decreasing to 4.5%) | 1% Increase (9.5%<br>decreasing to 5.5%) |
|----------------------|--|--|--|
| Total OPEB liability | \$ 4,331.44                              | \$ 5,116.96  | \$ 6,123.82                              |

**SUFFOLK COUNTY**  
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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, 2018, the County recognized OPEB expense of \$139.90 million. At December 31, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in millions):

|  | Deferred Outflows of<br>Resources | Deferred Inflows of<br>Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ -                              | \$ 471.69                        |
| Changes in assumptions                             | 162.05                            | 413.33                           |
| Total  | <u>\$ 162.05</u>                  | <u>\$ 885.02</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     |
|-----------------|-------------|
| 2019            | \$ (240.99) |
| 2020            | (240.99)    |
| 2021            | (240.99)    |
| 2022            | -           |
| 2023            | -           |
| 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](http://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 retiree 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 31<sup>st</sup>. The County reports contributions to the System on an accrual basis for the fiscal year ending December 31<sup>st</sup>. 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<br>Government | Component<br>Units | Primary<br>Government |  |
| 2018 | \$ 115,871            | \$ 7,558           | \$ 114,106            |  |
| 2017 | 100,005               | 6,729              | 101,979               |  |
| 2016 | 92,748                | 7,195              | 92,987                |  |

**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 \$272,685,469.

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

At December 31, 2018, the County reported a liability for its proportionate share of the net pension liability as follows (in thousands):

|                    | <b>ERS</b> | <b>PFRS</b> | <b>Total</b> |
|--------------------|------------|-------------|--------------|
| Primary Government | \$ 74,314  | \$ 98,488   | \$ 172,802   |
| Component Units    | 5,741      | -           | 5,741        |

The net pension liability was measured as of March 31, 2018, 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, 2018, the County’s proportion was 2.44 percent and 9.74 percent for ERS and PFRS respectively.

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For the year ended December 31, 2018, the County recognized pension expense of \$89,575,372 and \$106,193,879 for the primary government for ERS and PFRS, respectively. For the year ended August 31, 2018, the College recognized pension expense of \$5,680,183 for ERS. At December 31, 2018, the County reported deferred outflows and deferred inflows of resources related to pensions from the following sources (in thousands):

|   | <b>Deferred Outflows of Resources</b> |                  |                   |                   |                  |
|---|---------------------------------------|------------------|-------------------|-------------------|------------------|
|   | <b>ERS</b>                            |                  | <b>PFRS</b>       |                   | Total<br>Primary |
|   | Primary                               | Component        | Primary           |                   |                  |
|   | Government                            | Units*           | Government        | Government        |                  |
| Differences between expected and actual experience  | \$ 26,511                             | \$ 2,048         | \$ 40,537         | \$ 67,048         |                  |
| Changes of assumptions  | 49,260                                | 3,789            | 74,623            | 123,883           |                  |
| Net difference between projected and actual earnings<br>pension plan investments                        | 108,275                               | 8,338            | 79,715            | 187,990           |                  |
| Changes in proportion and differences between contributions<br>and proportionate share of contributions | 7,314                                 | 1,049            | 43,407            | 50,721            |                  |
| Contributions subsequent to the measurement date  | 70,852                                | 3,642            | 76,168            | 147,020           |                  |
| <b>Total deferred outflows of resources</b>   | <b>\$ 262,212</b>                     | <b>\$ 18,866</b> | <b>\$ 314,450</b> | <b>\$ 576,662</b> |                  |

|   | <b>Deferred Inflows of Resources</b> |                  |                   |                   |                  |
|---|--------------------------------------|------------------|-------------------|-------------------|------------------|
|   | <b>ERS</b>                           |                  | <b>PFRS</b>       |                   | Total<br>Primary |
|   | Primary                              | Component        | Primary           |                   |                  |
|   | Government                           | Units*           | Government        | Government        |                  |
| Differences between expected and actual experience  | \$ 21,896                            | \$ 1,692         | \$ 26,171         | \$ 48,067         |                  |
| Net difference between projected and actual earnings on<br>pension plan investments                     | 213,052                              | \$ 16,459        | 160,541           | 373,593           |                  |
| Changes in proportion and differences between contributions<br>and proportionate share of contributions | 6,199                                | 654              | 453               | 6,652             |                  |
| <b>Total deferred inflows of resources</b>  | <b>\$ 241,147</b>                    | <b>\$ 18,805</b> | <b>\$ 187,165</b> | <b>\$ 428,312</b> |                  |

\* The College is reported as of August 31, 2018

**SUFFOLK COUNTY**  
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December 31, 2018

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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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

|                         | <b>ERS</b>            |                    | <b>PFRS</b>           |                       | Total<br>Primary<br>Government |
|-------------------------|-----------------------|--------------------|-----------------------|-----------------------|--------------------------------|
|                         | Primary<br>Government | Component<br>Units | Primary<br>Government | Primary<br>Government |                                |
| Year ended December 31: |                       |                    |                       |                       |                                |
| 2019                    | \$ 15,124             | \$ 1,288           | \$ 32,278             | \$ 47,402             |                                |
| 2020                    | 10,814                | 946                | 30,027                | 40,841                |                                |
| 2021                    | (52,401)              | (4,001)            | (11,039)              | (63,440)              |                                |
| 2022                    | (23,666)              | (1,813)            | (7,703)               | (31,369)              |                                |
| 2023                    | -                     | -                  | 7,552                 | 7,552                 |                                |

**Actuarial Assumptions**

The total pension liability at March 31, 2018 was determined by using an actuarial valuation as of April 1, 2017, with update procedures used to roll forward the total pension liability to March 31, 2018. The actuarial valuation used the following actuarial assumptions:

|  | <b>ERS</b> | <b>PFRS</b> |
|--|------------|-------------|
| 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, 2017 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

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Notes to the Financial Statements  
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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, 2018 are summarized below:

| <b>Asset class</b>         | <b>Long-Term<br/>expected real rate<br/>of return</b> |
|----------------------------|---|
| Domestic equity            | 4.55%   |
| International equity       | 6.35%   |
| Private equity             | 7.50%   |
| Real estate                | 5.55%   |
| Absolute return strategies | 3.75%   |
| Opportunistic portfolio    | 5.68%   |
| Real assets                | 5.29%   |
| Bonds and mortgages        | 1.31%   |
| Cash                       | -0.25%  |
| Inflation-indexed bonds    | 1.25%   |

**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 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 (in thousands):

|                          | <b>1 percent<br/>Decrease<br/>(6 percent)</b> | <b>Current<br/>Assumption<br/>(7 percent)</b> | <b>1 percent<br/>Increase<br/>(8 percent)</b> |
|--------------------------|---|---|---|
| ERS proportionate share  | \$ 596,241                                    | \$ 78,802                                     | \$ (358,930)                                  |
| PFRS proportionate share | 482,423                                       | 98,489  | (223,543)                                     |

**SUFFOLK COUNTY**  
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**Pension plan fiduciary net position**

The components of the current-year net pension liability of the County as of March 31, 2018, were as follows (in thousands):

|  | <b>Pension Plan's<br/>Fiduciary<br/>Net Position</b> | <b>County's<br/>proportionate share<br/>of the Pension<br/>Plan's Fiduciary<br/>Net Position</b> | <b>County's<br/>allocation<br/>percentage as<br/>determined by<br/>the Plan</b> |
|--|--|--|---|
| <b><u>ERS</u></b>  |  |  |   |
| Total pension liability                                      | \$ 183,400,590                                       | \$ 4,477,976   | 2.441637%   |
| Plan net position  | (180,173,145)  | (4,399,174)  | 2.441637%   |
| Net pension liability  | <u>\$ 3,227,445</u>                                  | <u>\$ 78,802</u>   | 2.441637%   |
| Ratio of plan net position to the<br>total pension liability | 98.2%  | 98.2%  |   |
| <b><u>PFRS</u></b>   |  |  |   |
| Total pension liability                                      | \$ 32,914,423  | \$ 3,207,194   | 9.744037%   |
| Plan net position  | (31,903,666)   | (3,108,705)  | 9.744037%   |
| Net pension liability  | <u>\$ 1,010,757</u>                                  | <u>\$ 98,489</u>   | 9.744037%   |
| Ratio of plan net position to the<br>total pension liability | 96.9%  | 96.9%  |   |

**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.

**SUFFOLK COUNTY**  
Notes to the Financial Statements  
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Employer contributions of the plan are as follows:

|                               | <b>TRS</b>     |
|-------------------------------|----------------|
| <b>Employer Contributions</b> | (In Thousands) |
| 2018                          | \$ 2,441       |
| 2017                          | 3,236          |
| 2016                          | 4,629          |

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

At August 31, 2018, the College reported \$3,180,073 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2018. 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.

For the year ended August 31, 2018, the College recognized pension expense of \$2,441,247. At August 31 2018 the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

|   | <b>Deferred Outflows<br/>of<br/>Resources</b> | <b>Deferred Inflows<br/>of<br/>Resources</b> |
|---|---|--|
| Differences between expected and actual experience  | \$ 2,376                                      | \$ 430                                       |
| Changes of assumptions  | 11,116  | -  |
| Net difference between projected and actual earnings<br>on pension plan investments                                   | -   | 3,530  |
| Changes in proportion and differences between the College's<br>contributions and proportionate share of contributions | 75  | 217  |
| Contributions subsequent to the measurement date  | 468   | -  |
|   | \$ 14,035                                     | \$ 4,177                                     |

Deferred outflows of resources, in the amount of \$467,888, 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, 2018.

**SUFFOLK COUNTY**  
Notes to the Financial Statements  
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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

|                            |    |  |       |
|----------------------------|----|--|-------|
| Plan's Year Ended June 30: |    |  |       |
| 2019                       | \$ |  | 3,161 |
| 2020                       |    |  | 2,137 |
| 2021                       |    |  | 201   |
| 2022                       |    |  | 2,130 |
| 2023                       |    |  | 1,440 |
| Thereafter                 |    |  | 321   |
|                            | \$ |  | 9,390 |

**Actuarial Assumptions**

The total pension liability at the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017, with update procedures used to roll forward the total pension liability to June 30, 2018. 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. These actuarial valuations used the following actuarial assumptions:

|                            |   |
|----------------------------|---|
| Inflation                  | 2.25 percent  |
| Actuarial cost method      | Entry Age Normal  |
| Projected Salary Increases | Rates of increase differ based on service.<br>They have been calculated based upon recent NYSTRS member experience. |

| <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, 2017 and 2016 valuations were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014.

**SUFFOLK COUNTY**  
Notes to the Financial Statements  
December 31, 2018

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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, 2018 (see the discussion of the pension plan's investment policy) are summarized in the following table:

| <u>Asset class</u>                 | <b>Target<br/>allocations<br/>in %</b> | <b>Long-term<br/>expected real<br/>rate of return<br/>in %</b> |
|------------------------------------|--|--|
| Domestic equity                    | 33.0%                                  | 5.8%   |
| International equity               | 16.0%                                  | 7.3%   |
| Global equities                    | 4.0%                                   | 6.7%   |
| Real estate equities               | 11.0%                                  | 4.9%   |
| Private equities                   | 8.0%                                   | 8.9%   |
| Domestic fixed income securities   | 16.0%                                  | 1.3%   |
| Global fixed income securities     | 2.0%                                   | 0.9%   |
| Private debt                       | 1.0%                                   | 6.8%   |
| Real estate debt                   | 7.0%                                   | 2.8%   |
| High-yield fixed income securities | 1.0%                                   | 3.5%   |
| Short-term                         | 1.0%                                   | 0.3%   |
|                                    | <u>100.00%</u>                         |  |

**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.

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

The following presents 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 (in thousands):

|  | <b>1 percent<br/>Decrease<br/>(6.25 percent)</b> | <b>Current<br/>Assumption<br/>(7.25 percent)</b> | <b>1 percent<br/>Increase<br/>(8.25 percent)</b> |
|--|--|--|--|
| Proportionate share of net pension liability (asset) | \$ 21,848  | \$ (3,180)                                       | \$ (24,146)                                      |

**SUFFOLK COUNTY**  
Notes to the Financial Statements  
December 31, 2018

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**Pension Plan Fiduciary Net Position**

The components of the current-year net pension (asset) of the employers as of June 30, 2018, were as follows (in thousands):

|   | <b>Pension Plan's<br/>Fiduciary<br/>Net Position</b> |
|---|--|
| Total pension liability   | \$ 118,107,253                                       |
| Net position  | (119,915,517)  |
| Net pension liability (asset)                                     | \$ (1,808,264)                                       |
| Fiduciary net position as a percentage of total pension liability | 101.5%   |

**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 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:

|                               | <b>TIAA/CREF</b> |
|-------------------------------|------------------|
| <b>Employer Contributions</b> | (In Thousands)   |
| 2018                          | \$ 5,038         |
| 2017                          | 5,071            |
| 2016                          | 5,147            |

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

**SUFFOLK COUNTY**  
Notes to the Financial Statements  
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**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 2018, the County made contribution payments in the following amounts to the indicated Benefit Funds:

|   |                      |
|---|----------------------|
| Suffolk County Municipal Employees Benefit Fund           | \$ 12,100,108        |
| Suffolk County Detectives                                 | 74,815               |
| Suffolk County Police Benevolent Association Benefit Fund | 5,198,973            |
| Suffolk County Police Benevolent Association Legal Fund   | 100                  |
| Suffolk County Superior Officers Association Benefit Fund | 983,582              |
| Suffolk County Superior Officers Association              | 128,852              |
| Total   | <u>\$ 18,486,430</u> |

**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 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, 2018 no individual agreements exceeded the threshold of \$7,348,034.

**SUFFOLK COUNTY**  
Notes to the Financial Statements  
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Abatement agreements of the town IDAs resulted in a revenue impact to the County for the year ended 12/31/2018 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                 | 3,923,467                  | 2,198,353                        | 1,725,114                    |
| Sales tax                    | 1,960,698                  |                                  | 1,960,698                    |
| Town of Brookhaven IDA:      |                            |                                  |                              |
| Property tax                 | 3,363,952                  | 2,363,446                        | 1,000,506                    |
| Sales tax                    | 2,245,542                  |                                  | 2,245,542                    |
| Town of Islip IDA:           |                            |                                  |                              |
| Property tax                 | 3,878,372                  | 2,103,033                        | 1,775,339                    |
| Sales tax                    | 1,547,477                  |                                  | 1,547,477                    |
| Town of Riverhead IDA:       |                            |                                  |                              |
| Property tax                 | 42,194                     | 18,129                           | 24,065                       |
| Sales tax                    | 281,756                    |                                  | 281,756                      |

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.

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, 2018 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                 | 3,288,814                  | 2,308,757                        | 980,057                      |
| Sales tax                    | 1,724,564                  | -                                | 1,724,564                    |

## 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, 2018**

|   | <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> |
| <b>Revenues</b>                           |                         |                      |                       |                            |
| Real property taxes                       | \$ 101,587,038          | \$ 101,587,038       | \$ 88,404,877         | \$ (13,182,161)            |
| Sales and use tax                         | 1,299,086,026           | 1,299,086,026        | 1,319,034,293         | 19,948,267                 |
| New York State aid                        | 236,192,753             | 239,678,764          | 250,369,886           | 10,691,122                 |
| Federal aid                               | 225,319,626             | 225,655,921          | 195,226,836           | (30,429,085)               |
| Licenses, permits, fines, fees, etc.      | 194,184,122             | 194,184,122          | 183,235,605           | (10,948,517)               |
| Interest on investments                   | 1,179,094               | 1,179,094            | 4,855,907             | 3,676,813                  |
| Miscellaneous                             | 12,742,469              | 12,769,937           | 12,097,236            | (672,701)                  |
| Total revenues                            | <u>2,070,291,128</u>    | <u>2,074,140,902</u> | <u>2,053,224,640</u>  | <u>(20,916,262)</u>        |
| <b>Expenditures</b>                       |                         |                      |                       |                            |
| Current:                                  |                         |                      |                       |                            |
| General government support:               |                         |                      |                       |                            |
| Audit and control                         | 10,145,699              | 10,040,699           | 9,556,645             | 484,054                    |
| Board of elections                        | 15,446,707              | 15,896,707           | 15,937,996            | (41,289)                   |
| Civil service                             | 5,168,542               | 5,098,542            | 4,904,166             | 194,376                    |
| County clerk                              | 7,968,242               | 7,918,242            | 7,656,591             | 261,651                    |
| County ethics commission                  | 314,858                 | 314,858              | 274,667               | 40,191                     |
| County executive                          | 5,064,250               | 5,064,250            | 4,796,855             | 267,395                    |
| District attorney                         | 38,460,098              | 38,460,098           | 38,291,005            | 169,093                    |
| Law                                       | 11,683,670              | 11,356,507           | 11,921,713            | (565,206)                  |
| Legal aid society                         | 12,653,649              | 12,653,649           | 11,653,836            | 999,813                    |
| Legislative                               | 10,396,026              | 10,256,026           | 10,204,055            | 51,971                     |
| Public administrator                      | 495,669                 | 495,669              | 508,239               | (12,570)                   |
| Public works                              | 69,519,840              | 69,346,537           | 68,150,135            | 1,196,402                  |
| Real property                             | 1,240,992               | 1,240,992            | 1,232,489             | 8,503                      |
| Miscellaneous                             | 11,525,856              | 12,697,818           | 12,746,216            | (48,398)                   |
| Total general government support          | <u>200,084,098</u>      | <u>200,840,594</u>   | <u>197,834,608</u>    | <u>3,005,986</u>           |
| Economic assistance and opportunity:      |                         |                      |                       |                            |
| County executive                          | 14,835,543              | 14,835,543           | 13,895,799            | 939,744                    |
| Economic development and planning         | 4,789,934               | 4,016,934            | 3,824,890             | 192,044                    |
| Labor                                     | 7,663,002               | 7,663,002            | 7,472,693             | 190,309                    |
| Probation                                 | 6,049,823               | 6,049,823            | 5,560,649             | 489,174                    |
| Social services                           | 584,525,712             | 584,294,712          | 567,782,469           | 16,512,243                 |
| Total economic assistance and opportunity | <u>617,864,014</u>      | <u>616,860,014</u>   | <u>598,536,500</u>    | <u>18,323,514</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, 2018**

|                                   | <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                   | 121,078,734             | 121,078,734          | 113,547,496           | 7,531,238                  |
| Medical examiner                  | 10,667,252              | 10,667,252           | 10,743,383            | (76,131)                   |
| Total health                      | <u>131,745,986</u>      | <u>131,745,986</u>   | <u>124,290,879</u>    | <u>7,455,107</u>           |
| Public safety:                    |                         |                      |                       |                            |
| Fire rescue and emergency service | 7,851,665               | 7,851,665            | 8,045,824             | (194,159)                  |
| Police                            | 107,964,045             | 107,964,045          | 119,321,634           | (11,357,589)               |
| Probation                         | 31,777,964              | 31,777,964           | 31,231,548            | 546,416                    |
| Public works                      | 60,000                  | 43,560               | 43,560                | -                          |
| Sheriff                           | 180,141,485             | 180,141,485          | 182,481,560           | (2,340,075)                |
| Total public safety               | <u>327,795,159</u>      | <u>327,778,719</u>   | <u>341,124,126</u>    | <u>(13,345,407)</u>        |
| Culture and recreation:           |                         |                      |                       |                            |
| County executive                  | 6,094,955               | 6,094,955            | 5,761,934             | 333,021                    |
| Parks                             | 8,842,105               | 8,841,451            | 9,481,412             | (639,961)                  |
| Total culture and recreation      | <u>14,937,060</u>       | <u>14,936,406</u>    | <u>15,243,346</u>     | <u>(306,940)</u>           |
| Education:                        |                         |                      |                       |                            |
| Health services                   | 130,200,345             | 130,200,345          | 153,971,737           | (23,771,392)               |
| Miscellaneous                     | 63,287,781              | 63,405,829           | 63,405,829            | -                          |
| Total education                   | <u>193,488,126</u>      | <u>193,606,174</u>   | <u>217,377,566</u>    | <u>(23,771,392)</u>        |
| Home and community services:      |                         |                      |                       |                            |
| County executive                  | 578,887                 | 578,887              | 574,296               | 4,591                      |
| Economic development and planning | 3,711,286               | 3,654,286            | 3,618,237             | 36,049                     |
| Health services                   | 169,977                 | 169,977              | 169,977               | -                          |
| Law                               | 327,477                 | 297,162              | 295,998               | 1,164                      |
| Public works                      | 337,000                 | 337,000              | 175,656               | 161,344                    |
| Soil and water conservation       | 307,647                 | 307,647              | 296,681               | 10,966                     |
| Total home and community services | <u>5,432,274</u>        | <u>5,344,959</u>     | <u>5,130,845</u>      | <u>214,114</u>             |
| Transportation:                   |                         |                      |                       |                            |
| Public works                      | 104,848,091             | 105,165,834          | 105,158,304           | 7,530                      |
| Employee benefits                 | 152,018,705             | 152,018,705          | 150,388,607           | 1,630,098                  |
| Debt service - principal          | 99,587,250              | 98,428,065           | 98,115,065            | 313,000                    |
| Debt service - interest           | 30,532,538              | 30,532,538           | 30,457,538            | 75,000                     |
| Total debt service                | <u>130,119,788</u>      | <u>128,960,603</u>   | <u>128,572,603</u>    | <u>388,000</u>             |
| Total expenditures                | <u>1,878,333,301</u>    | <u>1,877,257,994</u> | <u>1,883,657,384</u>  | <u>(6,399,390)</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, 2018**

|  | <u>Budgeted Amounts</u> |                        | <u>Actual Amounts</u>  | <u>Variance with<br/>Final Budget -<br/>Positive (Negative)</u> |
|--|-------------------------|------------------------|------------------------|---|
|  | <u>Original</u>         | <u>Final</u>           |                        |   |
| Excess (deficiency) of revenues<br>over (under) expenditures       | 191,957,827             | 196,882,908            | 169,567,256            | (27,315,652)  |
| <b>Other financing sources (uses)</b>                              |                         |                        |                        |   |
| Transfers in   | 72,450,229              | 72,450,229             | 75,629,900             | 3,179,671   |
| Transfers out  | (286,566,111)           | (285,979,860)          | (279,843,958)          | 6,135,902   |
| Total other financing sources (uses)                               | (214,115,882)           | (213,529,631)          | (204,214,058)          | 9,315,573   |
| Net change in fund balances<br>(budgetary basis)                   | (22,158,055)            | (16,646,723)           | (34,646,802)           | (18,000,079)  |
| Fund balances (deficits) at beginning of<br>year (budgetary basis) | 22,158,055              | (9,628,074)            | (9,628,074)            | -   |
| Fund balances (deficits) at end of year<br>(budgetary basis)       | <u>\$ -</u>             | <u>\$ (26,274,797)</u> | <u>\$ (44,274,876)</u> | <u>\$ (18,000,079)</u>  |

Reconciliation between the budgetary basis of accounting and GAAP basis:

|   |                         |
|---|-------------------------|
| Fund balance at end of year (budgetary basis)         | \$ (44,274,876)         |
| Plus: General Fund Components:                        |                         |
| Town village code enforcement (GAAP basis)            | 104                     |
| Interdepartment operation & service (GAAP basis)      | (2,580,636)             |
| Self insurance fund (GAAP basis)                      | (3,504,686)             |
| Employee medical health plan (GAAP basis)             | (12,770,138)            |
| Building sanitation administration (GAAP basis)       | 121,709                 |
| Tax stabilization reserve (GAAP basis)                | 49,551,832              |
| Less: accrued pension expense                         | (95,463,330)            |
| Less: accounting for sale of future revenues to STASC | (176,611,911)           |
| Fund balance at end of year (GAAP basis)              | <u>\$ (285,531,932)</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, 2018**

|  | <u>Budgeted Amounts</u> |                      | <u>Actual Amounts</u> | <u>Variance with</u>  |
|--|-------------------------|----------------------|-----------------------|-----------------------|
|  | <u>Original</u>         | <u>Final</u>         |                       | <u>Final Budget -</u> |
| <b>Revenues</b>  |                         |                      |                       |                       |
| Real property taxes  | \$ 576,229,186          | \$ 576,229,186       | \$ 580,175,514        | \$ 3,946,328          |
| Sales and use tax  | 52,673,170              | 52,673,170           | 52,673,170            | -                     |
| New York State aid   | 200,000                 | 208,000              | 400,099               | 192,099               |
| Federal aid  | -                       | 8,000                | 29,583                | 21,583                |
| Licenses, permits, fines, fees, etc.                               | 6,141,954               | 6,141,954            | 5,881,977             | (259,977)             |
| Interest on investments  | 7,696                   | 7,696                | 32,701                | 25,005                |
| Miscellaneous  | 1,617,850               | 1,667,959            | 565,386               | (1,102,573)           |
| <b>Total revenues</b>  | <b>636,869,856</b>      | <b>636,935,965</b>   | <b>639,758,430</b>    | <b>2,822,465</b>      |
| <b>Expenditures</b>  |                         |                      |                       |                       |
| Current:   |                         |                      |                       |                       |
| General government support:  |                         |                      |                       |                       |
| Miscellaneous  | 1,262,141               | 1,262,141            | 1,287,267             | (25,126)              |
| Public safety:   |                         |                      |                       |                       |
| Police   | 389,124,320             | 389,124,320          | 400,538,274           | (11,413,954)          |
| Employee benefits  | 118,354,483             | 118,354,483          | 117,947,408           | 407,075               |
| Debt Service:  |                         |                      |                       |                       |
| Principal  | 4,571,147               | 4,571,147            | 4,109,193             | 461,954               |
| Interest and other charges   | 1,024,055               | 1,024,055            | 885,066               | 138,989               |
| <b>Total expenditures</b>  | <b>514,336,146</b>      | <b>514,336,146</b>   | <b>524,767,208</b>    | <b>(10,431,062)</b>   |
| Excess (deficiency) of revenues<br>over (under) expenditures       | 122,533,710             | 122,599,819          | 114,991,222           | (7,608,597)           |
| <b>Other financing sources (uses)</b>                              |                         |                      |                       |                       |
| Transfers in   | 47,777,894              | 47,777,894           | 39,117,699            | (8,660,195)           |
| Transfers out  | (162,602,487)           | (162,602,487)        | (152,457,283)         | 10,145,204            |
| <b>Total other financing sources (uses)</b>                        | <b>(114,824,593)</b>    | <b>(114,824,593)</b> | <b>(113,339,584)</b>  | <b>1,485,009</b>      |
| Net change in fund balances<br>(budgetary basis)                   | 7,709,117               | 7,775,226            | 1,651,638             | (6,123,588)           |
| Fund balances (deficits) at beginning of<br>year (budgetary basis) | (7,709,117)             | (21,989,722)         | (21,989,722)          | -                     |
| Fund balances (deficits) at end of year<br>(budgetary basis)       | \$ -                    | \$ (14,214,496)      | \$ (20,338,084)       | \$ (6,123,588)        |

Reconciliation between the budgetary basis of accounting and GAAP basis:

|   |                        |
|---|------------------------|
| Fund balance at end of year (budgetary basis)         | \$ (20,338,084)        |
| Less: accrued pension expense                         | (72,847,851)           |
| Less: accounting for sale of future revenues to STASC | (6,240,895)            |
| Fund balance at end of year (GAAP basis)              | <u>\$ (99,426,830)</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 2009 through 2018  
(amounts in millions)

|   | 2018      | 2017      | 2016        | 2015        | 2014        | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|-----------|-----------|-------------|-------------|-------------|------|------|------|------|------|
| <b>Total OPEB liability</b>                             |           |           |             |             |             |      |      |      |      |      |
| Service cost  | \$ 185.32 | \$ 183.23 | **          | **          | **          | **   | **   | **   | **   | **   |
| Interest  | 195.57    | 218.13    | **          | **          | **          | **   | **   | **   | **   | **   |
| Changes of assumptions                                  | (551.11)  | 270.09    | **          | **          | **          | **   | **   | **   | **   | **   |
| Differences between expected and actual experience      | (135.67)  | (616.56)  | **          | **          | **          | **   | **   | **   | **   | **   |
| Benefit payments  | (152.10)  | (133.22)  | **          | **          | **          | **   | **   | **   | **   | **   |
| Net change in total OPEB liability                      | (457.99)  | (78.33)   | **          | **          | **          | **   | **   | **   | **   | **   |
| Total OPEB liability- beginning                         | 5,574.95  | 5,653.28  | \$ 4,878.97 | \$ 5,149.47 | **          | **   | **   | **   | **   | **   |
| Total OPEB liability- ending                            | 5,116.96  | 5,574.95  | 5,653.28    | 4,878.97    | \$ 5,149.47 | **   | **   | **   | **   | **   |
| Covered payroll   | 964.46    | 936.37    | 898.77      | 872.59      | 854.54      | **   | **   | **   | **   | **   |
| Total OPEB liability as a percentage of covered payroll | 531%      | 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:

|      |       |
|------|-------|
| 2018 | 4.10% |
| 2017 | 3.44% |
| 2016 | 3.78% |
| 2015 | **    |
| 2014 | **    |
| 2013 | **    |
| 2012 | **    |
| 2011 | **    |
| 2010 | **    |
| 2009 | **    |

\*\* 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 2009 through 2018  
(amounts in thousands)

|  | 2018       | 2017       | 2016       | 2015       | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|--|------------|------------|------------|------------|------|------|------|------|------|------|
| County's proportion of the net pension liability (asset) for ERS   | 2.44%      | 2.39%      | 2.42%      | 2.64%      | **   | **   | **   | **   | **   | **   |
| County's proportion of the net pension liability (asset) for PFRS  | 9.74%      | 9.46%      | 9.61%      | 9.32%      | **   | **   | **   | **   | **   | **   |
| County's proportion of the net pension liability (asset) for ERS   | \$ 78,802  | \$ 224,912 | \$ 389,083 | \$ 89,118  | **   | **   | **   | **   | **   | **   |
| County's proportion of the net pension liability (asset) for PFRS  | \$ 98,489  | \$ 196,061 | \$ 284,578 | \$ 25,668  | **   | **   | **   | **   | **   | **   |
| County's covered payroll for ERS   | \$ 602,376 | \$ 594,725 | \$ 456,831 | \$ 512,041 | **   | **   | **   | **   | **   | **   |
| County's covered payroll for PFRS  | \$ 424,585 | \$ 422,944 | \$ 511,901 | \$ 368,729 | **   | **   | **   | **   | **   | **   |
| County's proportionate share of the net pension liability (assets) as a percentage of its covered payroll for ERS  | 13.08%     | 37.82%     | 85.17%     | 17.40%     | **   | **   | **   | **   | **   | **   |
| County's proportionate share of the net pension liability (assets) as a percentage of its covered payroll for PFRS | 23.20%     | 46.36%     | 55.59%     | 6.96%      | **   | **   | **   | **   | **   | **   |
| Plan fiduciary net position as a percentage of the total pension liability for ERS                                 | 98.24%     | 94.70%     | 90.70%     | 97.90%     | **   | **   | **   | **   | **   | **   |
| Plan fiduciary net position as a percentage of the total pension liability for PFRS                                | 96.93%     | 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 2009 through 2018\*  
(amounts in thousands)

|  | <u>2018</u> | <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> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Contractually required contribution                                  | \$ 229,977  | \$ 201,984  | \$ 185,734  | \$ 177,725  | \$ 178,873  | \$ 150,047  | \$ 132,439  | \$ 125,333  | \$ 108,388  | \$ 95,949   |
| Contributions in relation to the contractually required contribution | 229,977     | 201,984     | 185,734     | 177,725     | 178,873     | 150,047     | 132,439     | 125,333     | 108,388     | 95,949      |
| Contribution deficiency (excess)                                     | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| County's covered payroll   | 1,026,961   | 1,017,669   | 968,732     | 880,770     | **          | **          | **          | **          | **          | **          |
| Contributions as a percentage of covered payroll                     | 22%         | 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, 2018 (with the Suffolk County Community College for the year ended August 31, 2018), 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 28, 2019, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **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*.

### **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 28, 2019

## **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, 2018. 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 \$ 46,025,125 in federal awards as of the College's fiscal year ended August 31, 2018, which is not included in the Schedule of Expenditures of Federal Awards during the year ended December 31, 2018. 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 did not include the operations of the Suffolk 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 2018-002 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, 2018.

***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, 2018.

***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 item 2018-001. 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 2018-002, 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 item 2018-001 to be a significant deficiency.

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, 2018, and have issued our report thereon dated June 28, 2019, 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 25, 2019

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**SUFFOLK COUNTY, NEW YORK**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2018**

| FEDERAL GRANTOR/<br>PROGRAM TITLE  | FEDERAL<br>CFDA<br>NUMBER | FEDERAL/<br>PASS-THROUGH<br>GRANTOR - Note 13 | FEDERAL/<br>PASS-THROUGH<br>GRANTOR'S NUMBER | 2018 AMOUNT<br>PROVIDED TO<br>SUB-RECIPIENTS<br>Note 9 | 2018<br>EXPENDITURES |
|--|---------------------------|---|--|--|----------------------|
| <b><u>U.S. Department of Agriculture</u></b>   |                           |   |  |  |                      |
| Special Supplemental Nutrition (Food) Program for Women, Infants and Children 2018 (WIC)                                       | 10.557                    | NYS DOH                                       | C-30435GG                                    | -  | 2,461,092            |
| Special Supplemental Nutrition (Food) Program for Women, Infants and Children 2019 (WIC)                                       | 10.557                    | NYS DOH                                       | C-30435GG                                    | -  | 779,287              |
| Special Supplemental Nutrition (Food) Program for Women, Infants and Children: Equipment<br>(Note 7) Non-Monetary Assist       | 10.557                    | NYS DOH                                       | N/A  | -  | 55,401               |
| Special Supplemental Nutrition Program for Women and Children: Special Formula and Food Checks<br>(Note 7) Non-Monetary Assist | 10.557                    | NYS DOH                                       | N/A  | -  | 11,656,996           |
| Total CFDA Number 10.557   |                           |   |  | -  | 14,952,776           |
| State Administrative Matching Grants for Supplemental Nutrition Assistance Program   | 10.561                    | NYS OTDA                                      | 18000  | -  | 15,516,277           |
| Supplemental Nutrition Assistance Program, Process and Technology Improvement Grants   | 10.580                    | Federal Direct                                | N/A  | -  | 129,845              |
| Emergency Watershed Protection Program - Floodplain Easements – Disaster Relief Appropriations Act                             | 10.928                    | Federal Direct                                | 68-2C31-15-023                               | -  | 73,915               |
| <b>Total - U.S. Department of Agriculture</b>  |                           |   |  | -  | <b>30,672,813</b>    |
| <b><u>U.S. Department of Housing and Urban Development</u></b>   |                           |   |  |  |                      |
| Community Development Block and Entitlement Grants   | 14.218                    | Federal Direct                                | N/A  | 2,736,664  | 3,000,220            |
| Community Development Block and Entitlement Grants - Program Income (Note 10)  | 14.218                    | Federal Direct                                | N/A  | 389,970  | 389,970              |
| Total CFDA Number 14.218   |                           |   |  | 3,126,634  | 3,390,190            |
| Emergency Solutions Grant Program  | 14.231                    | Federal Direct                                | N/A  | 201,314  | 212,186              |
| Home Investment Partnerships Program   | 14.239                    | Federal Direct                                | N/A  | 328,862  | 838,622              |
| Home Investment Partnerships Program - Recaptured Funds (Note 11)  | 14.239                    | Federal Direct                                | N/A  | -  | 26,479               |
| Home Investment Partnerships Program - Repayment of Funds (Note 11)  | 14.239                    | Federal Direct                                | N/A  | -  | (60,600)             |
| Home Investment Partnerships Program (Note 7)  | 14.239                    | Federal Direct                                | N/A  | 660,000  | 660,000              |
| Total CFDA Number 14.239   |                           |   |  | 988,862  | 1,464,501            |
| Continuum of Care Program  | 14.267                    | Federal Direct                                | N/A  | 159,519  | 159,519              |
| Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR) - CR12                                    | 14.269                    | NYS HTFC                                      | INFR-0016                                    | -  | 4,273,811            |
| <b>Total - U.S. Department of Housing and Urban Development</b>  |                           |   |  | <b>4,476,329</b>                                       | <b>9,500,207</b>     |
| <b><u>U.S. Department of the Interior</u></b>  |                           |   |  |  |                      |
| Hurricane Sandy Disaster Relief – Coastal Resiliency Grants - Wetlands Restoration in Suffolk County                           | 15.153                    | NFWF  | 2300.14.043006                               | -  | 312,793              |
| Clean Vessel Act Program - Operations & Maintenance Program  | 15.616                    | NYS EFC                                       | N/A  | -  | 4,322                |
| <b>Total - U.S. Department of the Interior</b>   |                           |   |  | -  | <b>317,115</b>       |
| <b><u>U.S. Department of Justice</u></b>   |                           |   |  |  |                      |
| Operation Suffolk Support 2018   | 16.SA203                  | Federal Direct                                | SA203  | -  | 27,693               |
| Housing of Federal Adult & Juvenile Male/Female Prisoners & ICE Detainees  | 16.53-91-0038             | Federal Direct                                | MOIA 53-91-0038                              | -  | 454,625              |

**SUFFOLK COUNTY, NEW YORK**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2018**

| FEDERAL GRANTOR/<br>PROGRAM TITLE  | FEDERAL<br>CFDA<br>NUMBER | FEDERAL/<br>PASS-THROUGH<br>GRANTOR - Note 13 | FEDERAL/<br>PASS-THROUGH<br>GRANTOR'S NUMBER | 2018 AMOUNT<br>PROVIDED TO<br>SUB-RECIPIENTS<br>Note 9 | 2018<br>EXPENDITURES |
|--|---------------------------|---|--|--|----------------------|
| Crime Victim Assistance - Victim Assistance Program 17   | 16.575                    | NYS OVS                                       | C100353                                      | -  | 109,761              |
| Crime Victim Assistance - Victim Assistance Program 18   | 16.575                    | NYS OVS                                       | C100353                                      | -  | 40,389               |
| Total CFDA Number 16.575   |                           |   |  | -  | 150,150              |
| Violence Against Women Formula Grants - STOP Violence Against Women 18                             | 16.588                    | NYS DCJS                                      | SV17652155                                   | -  | 66,257               |
| Violence Against Women Formula Grants - STOP Violence Against Women 18                             | 16.588                    | NYS DCJS                                      | C652139                                      | 50,700   | 50,700               |
| Total CFDA Number 16.588   |                           |   |  | 50,700   | 116,957              |
| Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program - Project DOVE 15 | 16.590                    | Federal Direct                                | 2015-WE-AX-0045                              | 140,572  | 250,601              |
| Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program - Project DOVE 18 | 16.590                    | Federal Direct                                | 2015-WE-AX-0045                              | -  | 6,276                |
| Total CFDA Number 16.590   |                           |   |  | 140,572  | 256,877              |
| Project Safe Neighborhoods 2017  | 16.609                    | Federal Direct                                | 2017-GP-BX-0006                              | -  | 10,910               |
| Edward Byrne Memorial Justice Assistance Grant Program - Edward Byrne JAG 14                       | 16.738                    | Federal Direct                                | 2014-DJ-BX-0483                              | 19,457   | 21,474               |
| Edward Byrne Memorial Justice Assistance Grant Program - Edward Byrne JAG 15                       | 16.738                    | Federal Direct                                | 2015-DJ-BX-0196                              | 4,408  | 13,608               |
| Edward Byrne Memorial Justice Assistance Grant Program - Edward Byrne JAG 16                       | 16.738                    | Federal Direct                                | 2016-DJ-BX-0682                              | 16,002   | 35,072               |
| Edward Byrne Memorial Justice Assistance Grant Program - Edward Byrne JAG 17                       | 16.738                    | Federal Direct                                | 2017-DJ-BX-0349                              | -  | 20,360               |
| Edward Byrne Memorial Justice Assistance Grant Program - Video Recording of Statements             | 16.738                    | NYS DCJS                                      | BJ16632847                                   | -  | 171,586              |
| Edward Byrne Memorial Justice Assistance Grant Program - Video Recording of Statements             | 16.738                    | NYS DCJS                                      | BJ16632848                                   | -  | 27,313               |
| Total CFDA Number 16.738   |                           |   |  | 39,867   | 289,413              |
| DNA Backlog Reduction Program - DNA Forensic Backlog Reduction 16                                  | 16.741                    | Federal Direct                                | 2016-DN-BX-0067                              | -  | 167,511              |
| DNA Backlog Reduction Program - DNA Forensic Backlog Reduction 17                                  | 16.741                    | Federal Direct                                | 2017-DN-BX-0091                              | -  | 37,806               |
| Total CFDA Number 16.741   |                           |   |  | -  | 205,317              |
| Paul Coverdell Forensic Sciences Improvement Grant Program - Crime Lab Improvement 17              | 16.742                    | NYS DCJS                                      | T662091                                      | -  | 23,273               |
| Paul Coverdell Forensic Sciences Improvement Grant Program - Tox Lab Improvement 17                | 16.742                    | NYS DCJS                                      | T-662086                                     | -  | 21,865               |
| Total CFDA Number 16.742   |                           |   |  | -  | 45,138               |
| Equitable Sharing Program - Federal Forfeiture Funds (Police)                                      | 16.922                    | Federal Direct                                | N/A  | -  | 1,085,393            |
| Equitable Sharing Program - Federal Forfeiture Funds (District Attorney)                           | 16.922                    | Federal Direct                                | N/A  | -  | 721,270              |
| Equitable Sharing Program - Federal Forfeiture Funds (Sheriff)                                     | 16.922                    | Federal Direct                                | N/A  | -  | 157,732              |
| Total CFDA Number 16.922   |                           |   |  | -  | 1,964,395            |
| <b>Total - U.S. Department of Justice</b>  |                           |   |  | <b>231,139</b>   | <b>3,521,475</b>     |
| <b>U.S. Department of Labor</b>  |                           |   |  |  |                      |
| Trade Adjustment Assistance  | 17.245                    | NYS DOL                                       | N/A  | -  | 26,580               |
| Reintegration of Ex-Offenders  | 17.270                    | Federal Direct                                | N/A  | -  | 262,449              |
| <b>WIOA Cluster:</b>   |                           |   |  |  |                      |
| WIOA - Adult Program   | 17.258                    | NYS DOL                                       | N/A  | -  | 1,592,430            |
| WIOA - Adult Program - Admin   | 17.258                    | NYS DOL                                       | N/A  | -  | 157,329              |
| Total CFDA Number 17.258 - Cluster   |                           |   |  | -  | 1,749,759            |

**SUFFOLK COUNTY, NEW YORK**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2018**

| FEDERAL GRANTOR/<br>PROGRAM TITLE   | FEDERAL<br>CFDA<br>NUMBER | FEDERAL/<br>PASS-THROUGH<br>GRANTOR - Note 13 | FEDERAL/<br>PASS-THROUGH<br>GRANTOR'S NUMBER | 2018 AMOUNT<br>PROVIDED TO<br>SUB-RECIPIENTS<br>Note 9 | 2018<br>EXPENDITURES |
|---|---------------------------|---|--|--|----------------------|
| WIOA - Youth Activities   | 17.259                    | NYS DOL                                       | N/A  | -  | 1,856,320            |
| WIOA - Youth Activities- Admin  | 17.259                    | NYS DOL                                       | N/A  | -  | 156,749              |
| Total CFDA Number 17.259 - Cluster  |                           |   |  | -  | 2,013,069            |
| WIOA - Dislocated Worker Formula Grants   | 17.278                    | NYS DOL                                       | N/A  | -  | 2,226,293            |
| WIOA - Dislocated Worker Formula Grants - Unemployed Worker Training                | 17.278                    | NYS DOL                                       | C17155GG                                     | -  | 93,009               |
| WIOA - Dislocated Worker Formula Grants - Special Populations Training              | 17.278                    | NYS DOL                                       | C015513                                      | -  | 70,021               |
| WIOA - Dislocated Worker Formula Grants -Admin                                      | 17.278                    | NYS DOL                                       | N/A  | -  | 205,652              |
| Total CFDA Number 17.278 - Cluster  |                           |   |  | -  | 2,594,975            |
| <b>Total WIOA Cluster</b>   |                           |   |  | -  | 6,357,803            |
| <b>Total - U.S. Department of Labor</b>   |                           |   |  | -  | <b>6,646,832</b>     |
| <b><u>U.S. Department of Transportation</u></b>                                     |                           |   |  |  |                      |
| Highway Planning and Construction   | 20.205                    | NYS DOT                                       | Various                                      | -  | 24,408,916           |
| Highway Planning and Construction - LIE HOV 17                                      | 20.205                    | NYS DOT                                       | C032055                                      | -  | 356,168              |
| Highway Planning and Construction - LIE HOV 18                                      | 20.205                    | NYS DOT                                       | C032055                                      | -  | 439,259              |
| Highway Planning and Construction - LIE/HOV Express Bus                             | 20.205                    | NYS DOT                                       | C005011                                      | -  | 370,777              |
| Highway Planning and Construction - Unified Planning Work Program (UPWP)            | 20.205                    | NYMTC   | C033471                                      | -  | 195,536              |
| Total CFDA Number 20.205  |                           |   |  | -  | 25,770,656           |
| Commercial Vehicle Information Systems and Networks - MCSAP 17                      | 20.237                    | Federal Direct                                | FM-MHP-0333-17                               | -  | 602,667              |
| Commercial Vehicle Information Systems and Networks                                 | 20.237                    | Federal Direct                                | FM-MHP-0317-17                               | -  | 47,181               |
| Total CFDA Number 20.237  |                           |   |  | -  | 649,848              |
| <b>Federal Transit Cluster:</b>   |                           |   |  |  |                      |
| Federal Transit Formula Grants  | 20.507                    | Federal Direct                                | Various                                      | -  | 5,060,290            |
| Federal Transit Formula Grants - Program Income (Note 10)                           | 20.507                    | Federal Direct                                | Various                                      | -  | 196,764              |
| Total CFDA Number 20.507  |                           |   |  | -  | 5,257,054            |
| Bus and Bus Facilities Formula Program (Bus Program)                                | 20.526                    | Federal Direct                                | NY-2016-017                                  | -  | 570,063              |
| <b>Total Federal Transit Cluster</b>  |                           |   |  | -  | 5,827,117            |
| Enhanced Mobility of Seniors and Individuals with Disabilities                      | 20.513                    | Federal Direct                                | NY-2017-055                                  | -  | 1,322,299            |
| <b>Highway Safety Cluster:</b>  |                           |   |  |  |                      |
| State & Community Highway Safety - Motorcycle Safety Enforcement & Education 2018   | 20.600                    | NYS GTSC                                      | HS1-2017-Suffolk Co PD-00234-(052)           | -  | 20,499               |
| State & Community Highway Safety - Police Traffic Safety 2018                       | 20.600                    | NYS GTSC                                      | SO-00018-(052)                               | -  | 24,567               |
| State & Community Highway Safety - Safe Driving Enforcement 2018                    | 20.600                    | NYS GTSC                                      | HS1-2017-Suffolk Co PD-00233-(052)           | -  | 163,834              |
| Total CFDA Number 20.600  |                           |   |  | -  | 208,900              |
| National Priority Safety Programs - Ignition Interlock Device Monitoring Program 18 | 20.616                    | NYS DCJS                                      | HS1-2018-NYS DCJS-00115 (099)                | -  | 99,172               |
| National Priority Safety Programs - Ignition Interlock Device Monitoring Program 19 | 20.616                    | NYS DCJS                                      | HS1-2019-NYS DCJS-00172 (099)                | -  | 32,662               |
| National Priority Safety Programs - Medical Examiner Toxicology DWI/DUID 18         | 20.616                    | NYS GTSC                                      | C-002369                                     | -  | 51,217               |
| National Priority Safety Programs - Medical Examiner Toxicology DWI/DUID 19         | 20.616                    | NYS GTSC                                      | C-002375                                     | -  | 5,902                |
| National Priority Safety Programs - Child Passenger Safety 2018                     | 20.616                    | NYS GTSC                                      | SO-00019-(052)                               | -  | 4,217                |
| National Priority Safety Programs - Suffolk County Pedestrian Safety Education Plan | 20.616                    | NYS GTSC                                      | C-002368                                     | -  | 52,226               |

**SUFFOLK COUNTY, NEW YORK  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2018**

| FEDERAL GRANTOR/<br>PROGRAM TITLE  | FEDERAL<br>CFDA<br>NUMBER | FEDERAL/<br>PASS-THROUGH<br>GRANTOR - Note 13 | FEDERAL/<br>PASS-THROUGH<br>GRANTOR'S NUMBER | 2018 AMOUNT<br>PROVIDED TO<br>SUB-RECIPIENTS<br>Note 9 | 2018<br>EXPENDITURES |
|--|---------------------------|---|--|--|----------------------|
| National Priority Safety Programs - STOP DWI Crackdown 2017  | 20.616                    | NYS GTSC / DWI                                | HS1-2017-NYS STOP-DWI Found-00183-(088)      | -  | 41,245               |
| National Priority Safety Programs - STOP DWI Crackdown 2018  | 20.616                    | NYS GTSC / DWI                                | HS1-2017-NYS STOP-DWI Found-00183-(088)      | -  | 1,787                |
| National Priority Safety Programs - STOP DWI Crackdown 2019  | 20.616                    | NYS GTSC / DWI                                | HS1-2019-NYS STOP-DWI Found-00181-(088)      | -  | 7,676                |
| Total CFDA Number 20.616   |                           |   |  | -  | 296,104              |
| <b>Total Highway Safety Cluster</b>  |                           |   |  | -  | 505,004              |
| <b>Total - U.S. Department of Transportation</b>   |                           |   |  | -  | <b>34,074,924</b>    |
| <b><u>U.S. Department of Treasury</u></b>  |                           |   |  |  |                      |
| Equitable Sharing Program - Federal Forfeiture Funds (Police)  | 21.016                    | Federal Direct                                | N/A  | -  | 677,349              |
| Equitable Sharing Program - Federal Forfeiture Funds (District Attorney)   | 21.016                    | Federal Direct                                | N/A  | -  | 553,953              |
| Equitable Sharing Program - Federal Forfeiture Funds (Sheriff)   | 21.016                    | Federal Direct                                | N/A  | -  | 449,376              |
| Total CFDA Number 21.016   |                           |   |  | -  | 1,680,678            |
| <b>Total - U.S. Department of Treasury</b>   |                           |   |  | -  | <b>1,680,678</b>     |
| <b><u>U.S. Environmental Protection Agency</u></b>   |                           |   |  |  |                      |
| Congressionally Mandated Projects - Outfall Replacement Project  | 66.202                    | Federal Direct                                | N/A  | -  | 269,455              |
| LI Sound Program-Public Education on Alternative Septic Systems  | 66.437                    | CCFE  | C-002518                                     | -  | 15,000               |
| National Estuary Program FY 09   | 66.456                    | Federal Direct                                | CE-992002-17-3                               | -  | 8,330                |
| National Estuary Program FY 10   | 66.456                    | Federal Direct                                | CE-99200217-1                                | 8,105  | 21,006               |
| National Estuary Program FY 11   | 66.456                    | Federal Direct                                | CE-99200217-2                                | -  | 14,970               |
| National Estuary Program FY 12   | 66.456                    | Federal Direct                                | CE-99200217-3                                | -  | 22,858               |
| National Estuary Program FY 14   | 66.456                    | Federal Direct                                | CE-99200218-1                                | -  | 200                  |
| National Estuary Program FY 15   | 66.456                    | Federal Direct                                | CE-99200218-2                                | -  | 17,851               |
| National Estuary Program FY 16   | 66.456                    | Federal Direct                                | CE-99200219-0                                | 1,819  | 117,024              |
| National Estuary Program FY 17   | 66.456                    | Federal Direct                                | CE-99200219-1                                | -  | 16,777               |
| Total CFDA Number 66.456   |                           |   |  | 9,924  | 219,016              |
| Beach Monitoring & Notification Program Implementation Grants - Bath Beach Water Quality Monitoring & Notification 2017/2018 | 66.472                    | NYS DOH                                       | C-029644                                     | -  | 92,090               |
| Beach Monitoring & Notification Program Implementation Grants - Bath Beach Water Quality Monitoring & Notification 2018/2019 | 66.472                    | NYS DOH                                       | C-029644                                     | -  | 3,225                |
| Total CFDA Number 66.472   |                           |   |  | -  | 95,315               |
| Performance Partnership Grants - Water Quality Management Planning (SPDES) 2017  | 66.605                    | NYS DEC                                       | C-009765                                     | -  | 21,539               |
| Performance Partnership Grants - Water Quality Management Planning (SPDES) 2018  | 66.605                    | NYS DEC                                       | C-009765                                     | -  | 117,854              |
| Total CFDA Number 66.605   |                           |   |  | -  | 139,393              |
| <b>Total - U.S. Environmental Protection Agency</b>  |                           |   |  | <b>9,924</b>   | <b>738,179</b>       |

SUFFOLK COUNTY, NEW YORK  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2018

| FEDERAL GRANTOR/<br>PROGRAM TITLE   | FEDERAL<br>CFDA<br>NUMBER | FEDERAL/<br>PASS-THROUGH<br>GRANTOR - Note 13 | FEDERAL/<br>PASS-THROUGH<br>GRANTOR'S NUMBER | 2018 AMOUNT<br>PROVIDED TO<br>SUB-RECIPIENTS<br>Note 9 | 2018<br>EXPENDITURES |
|---|---------------------------|---|--|--|----------------------|
| <b><u>U.S. Department of Education</u></b>  |                           |   |  |  |                      |
| Special Education Grants for Infants & Families - Early Intervention Administration 18                              | 84.181                    | NYS DOH                                       | C-31664GG                                    | -  | 227,119              |
| Special Education Grants for Infants & Families - Early Intervention Administration 17                              | 84.181                    | NYS DOH                                       | C-31664GG                                    | -  | 514,116              |
| Total CFDA Number 84.181  |                           |   |  | -  | 741,235              |
| <b>Total - U.S. Department of Education</b>   |                           |   |  | -  | <b>741,235</b>       |
| <b><u>U.S. Election Assistance Commission</u></b>   |                           |   |  |  |                      |
| Help America Vote Act Requirement Payments - Shoe Box Grant   | 90.401                    | NYS BOE                                       | C-003246                                     | -  | 34,940               |
| <b>Total - U.S. Election Assistance Commission</b>  |                           |   |  | -  | <b>34,940</b>        |
| <b><u>U.S. Department of Health and Human Services</u></b>  |                           |   |  |  |                      |
| Mammography Inspection 2018   | 93.C-033038               | NYS DOH                                       | C-033038                                     | -  | 62,418               |
| 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               |
| <b>Aging Cluster:</b>   |                           |   |  |  |                      |
| Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers - Cluster    | 93.044                    | NYS OFA                                       | N/A  | 418,306  | 1,044,001            |
| Special Programs for the Aging - Title III, Part C - Nutritional Services (Part C-1)                                | 93.045                    | NYS OFA                                       | N/A  | 1,348,657  | 1,598,132            |
| Special Programs for the Aging - Title III, Part C - Nutritional Services (Part C-2)                                | 93.045                    | NYS OFA                                       | N/A  | 1,101,420  | 909,433              |
| Total CFDA Number 93.045 - Cluster  |                           |   |  | 2,450,077  | 2,507,565            |
| Nutrition Services Incentive Program (NSIP) - Cluster   | 93.053                    | NYS OFA                                       | N/A  | 459,691  | 590,083              |
| <b>Total Aging Cluster</b>  |                           |   |  | 3,328,074  | 4,141,649            |
| National Family Caregiver Support, Title III, Part E  | 93.052                    | NYS OFA                                       | N/A  | 69,912   | 488,236              |
| Public Health Emergency Preparedness - HRI-CRI Bioterrorism 17/18   | 93.069                    | HRI   | 1618-12                                      | -  | 283,566              |
| Public Health Emergency Preparedness - HRI-CRI Bioterrorism 18/19   | 93.069                    | HRI   | 1618-13                                      | -  | 395,606              |
| Total CFDA Number 93.069  |                           |   |  | -  | 679,172              |
| Medicare Enrollment Assistance Program - MIPPA  | 93.071                    | NYS OFA                                       | N/A  | -  | 31,097               |
| Guardianship Assistance- Title IV-E   | 93.090                    | NYS OTDA                                      | 18000  | -  | 85,517               |
| Food & Drug Administrative Research-Food Program Standards 16-18  | 93.103                    | Federal Direct                                | 5U18FD004660-05                              | -  | 19,983               |
| Food & Drug Administrative Research-Food Program Standards 18/19  | 93.103                    | Federal Direct                                | 5U18FD005632-04                              | -  | 31,632               |
| Food & Drug Administrative Research-Food Program Standards 17/18  | 93.103                    | Federal Direct                                | 5U18FD005632-03                              | -  | 35,956               |
| Food & Drug Administrative Research-Food Program Standards 18   | 93.103                    | Federal Direct                                | GT-1709-05353                                | -  | 2,487                |
| Total CFDA Number 93.103  |                           |   |  | -  | 90,058               |
| Injury Prevention & Control Research & State & Community Based Program - NYS Violent Death Reporting System Project | 93.136                    | HRI   | 5830-01                                      | -  | 10,000               |
| Projects for Assistance in Transition from Homelessness (PATH)  | 93.150                    | NYS DOH - OMH                                 | N/A  | 257,195  | 257,195              |

**SUFFOLK COUNTY, NEW YORK  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2018**

| FEDERAL GRANTOR/<br>PROGRAM TITLE  | FEDERAL<br>CFDA<br>NUMBER | FEDERAL/<br>PASS-THROUGH<br>GRANTOR - Note 13 | FEDERAL/<br>PASS-THROUGH<br>GRANTOR'S NUMBER | 2018 AMOUNT<br>PROVIDED TO<br>SUB-RECIPIENTS<br>Note 9 | 2018<br>EXPENDITURES |
|--|---------------------------|---|--|--|----------------------|
| Substance Abuse and Mental Health Services Projects of Regional and National Significance -<br>SC Drug Court Expansion Project 16                        | 93.243                    | Federal Direct                                | 5H79TI025027-03                              | 89,725   | 92,154               |
| Substance Abuse and Mental Health Services Projects of Regional and National Significance -<br>SC Drug Court Expansion Project 17                        | 93.243                    | Federal Direct                                | 1H79TI080176-01                              | 221,761  | 221,761              |
| Total CFDA Number 93.243   |                           |   |  | 311,486  | 313,915              |
| Immunization Cooperative Agreements - Immunization Action Plan FY17  | 93.268                    | NYS DOH                                       | C-028322                                     | -  | 15,079               |
| Immunization Cooperative Agreements - Immunization Action Plan FY18  | 93.268                    | NYS DOH                                       | C-028322                                     | -  | 65,327               |
| Total CFDA Number 93.268   |                           |   |  | -  | 80,406               |
| Temporary Assistance for Needy Families - TANF   | 93.558                    | NYS OTDA                                      | 18000  | 226,629  | 85,627,345           |
| Temporary Assistance for Needy Families - TANF - (SSBG Title XX)   | 93.558                    | NYS OTDA                                      | 18000  | -  | 5,232,889            |
| Total CFDA Number 93.558   |                           |   |  | 226,629  | 90,860,234           |
| Child Support Enforcement - Title IV D   | 93.563                    | NYS OTDA                                      | 18000  | 81,667   | 7,890,937            |
| Low Income Home Energy Assistance  | 93.568                    | NYS OTDA                                      | 18000  | -  | 1,269,939            |
| Low Income Home Energy Assistance (Note 8)   | 93.568                    | NYS OTDA                                      | 18000  | -  | 15,191,821           |
| Total CFDA Number 93.568   |                           |   |  | -  | 16,461,760           |
| Child Care and Development Block Grant   | 93.575                    | NYS OTDA                                      | 18000  | 1,013,980  | 32,824,501           |
| Affordable Care Act State Health Insurance Assistance Program (SHIP) and Aging and Disability Resource Center (ADRC)                                     |                           |   |  |  |                      |
| Options Counseling for Medicare-Medicaid Individuals in States with Approved Financial Alignment Models - FIDA   | 93.626                    | NYS OFA                                       | N/A  | 28,486   | 38,104               |
| Foster Care Title IV E   | 93.658                    | NYS OTDA                                      | 18000  | -  | 11,222,981           |
| Adoption Assistance Title IV E   | 93.659                    | NYS OTDA                                      | 18000  | -  | 4,870,601            |
| Social Services Block Grant Title XX   | 93.667                    | NYS OTDA                                      | 18000  | 1,680,140  | 4,249,055            |
| Chafee Foster Care Independence Program  | 93.674                    | NYS OTDA                                      | 18000  | 268,732  | 323,485              |
| Medical Assistance Program - Maternal & Infant Community Health Collaborative 17   | 93.778                    | NYS DOH                                       | C-028973                                     | -  | 256,806              |
| Medical Assistance Program - Maternal & Infant Community Health Collaborative 18   | 93.778                    | NYS DOH                                       | C-028973                                     | -  | 87,335               |
| Medical Assistance Program - Medicaid Administrative Claiming  | 93.778                    | NYS DOH - OASAS                               | N/A  | -  | 332,995              |
| Medical Assistance Program - Medicaid Administrative Claiming  | 93.778                    | NYS DOH - OMH                                 | N/A  | -  | 479,187              |
| Medical Assistance Program - NY CONNECTS - BIP   | 93.778                    | NYS OFA                                       | N/A  | -  | 121,354              |
| Medical Assistance Program- Title XIX  | 93.778                    | NYS OTDA                                      | 18000  | -  | 26,977,875           |
| Total CFDA Number 93.778   |                           |   |  | -  | 28,255,552           |
| Centers for Medicare & Medicaid Services (CMS) Research, Demonstrations & Evaluations - Health<br>Insurance Information & Counseling Assistance (HIICAP) | 93.779                    | NYS OFA                                       | N/A  | 30,756   | 77,899               |
| HIV Emergency Relief Project Grants - Ryan White HIV Medical Case Management Prerelease Services to<br>Inmates 17  | 93.914                    | UWLI  | 17726  | -  | 6,107                |
| HIV Emergency Relief Project Grants - Ryan White HIV Medical Case Management Prerelease Services to<br>Inmates 18  | 93.914                    | UWLI  | 18726  | -  | 84,895               |
| Total CFDA Number 93.914   |                           |   |  | -  | 91,002               |
| Block Grants for Community Mental Health Services - Adult  | 93.958                    | NYS DOH - OMH                                 | N/A  | 403,361  | 1,018,945            |

**SUFFOLK COUNTY, NEW YORK**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2018**

| FEDERAL GRANTOR/<br>PROGRAM TITLE  | FEDERAL<br>CFDA<br>NUMBER | FEDERAL/<br>PASS-THROUGH<br>GRANTOR - Note 13 | FEDERAL/<br>PASS-THROUGH<br>GRANTOR'S NUMBER | 2018 AMOUNT<br>PROVIDED TO<br>SUB-RECIPIENTS<br>Note 9 | 2018<br>EXPENDITURES |
|--|---------------------------|---|--|--|----------------------|
| Block Grants for Community Mental Health Services - Children & Family  | 93.958                    | NYS DOH - OMH                                 | N/A  | 1,012,714  | 1,019,184            |
| Block Grants for Community Mental Health Services - First Episode Psychosis                                      | 93.958                    | RFMHI   | C-007873                                     | -  | 123,779              |
| Total CFDA Number 93.958   |                           |   |  | 1,416,075  | 2,161,908            |
| Block Grants for Prevention and Treatment of Substance Abuse - Medically Supervised Outpatient                   | 93.959                    | NYS DOH - OASAS                               | N/A  | 2,219,099  | 2,219,099            |
| Block Grants for Prevention and Treatment of Substance Abuse - Methadone Maintenance Outpatient                  | 93.959                    | NYS DOH - OASAS                               | N/A  | -  | 142,258              |
| Block Grants for Prevention and Treatment of Substance Abuse - Community Residential                             | 93.959                    | NYS DOH - OASAS                               | N/A  | 523,485  | 523,485              |
| Block Grants for Prevention and Treatment of Substance Abuse - Medically Monitored Withdrawal                    | 93.959                    | NYS DOH - OASAS                               | N/A  | 1,350,251  | 1,350,251            |
| Block Grants for Prevention and Treatment of Substance Abuse - Primary Prevention Services                       | 93.959                    | NYS DOH - OASAS                               | N/A  | 1,608,010  | 1,608,010            |
| Block Grants for Prevention and Treatment of Substance Abuse - Vocational Rehabilitation                         | 93.959                    | NYS DOH - OASAS                               | N/A  | 35,116   | 34,189               |
| Total CFDA Number 93.959   |                           |   |  | 5,735,961  | 5,877,292            |
| Maternal and Child Health Services Block Grant to the States - Childhood Lead Poisoning Prevention 17-18         | 93.994                    | NYS DOH                                       | C-30922GG                                    | -  | 91,983               |
| Maternal and Child Health Services Block Grant to the States - Children with Special Health Care Needs 2017-2018 | 93.994                    | NYS DOH                                       | C-32686GG                                    | -  | 91,963               |
| Total CFDA Number 93.994   |                           |   |  | -  | 183,946              |
| <b>Total - U.S. Department of Health and Human Services</b>  |                           |   |  | <b>14,477,081</b>                                      | <b>211,656,908</b>   |
| <b><u>U.S. Department of Social Security Administration</u></b>  |                           |   |  |  |                      |
| Supplemental Security Income - Social Security Administration Incentive Program                                  | 96.006                    | Federal Direct                                | N/A  | -  | 80,600               |
| <b>Total - U.S. Department of Social Security Administration</b>   |                           |   |  | -  | <b>80,600</b>        |
| <b><u>U.S. Department of Homeland Security</u></b>   |                           |   |  |  |                      |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters)  | 97.036                    | NYS DHSES                                     | DR-NY-1899 PW1253                            | -  | 1,514,105            |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters)  | 97.036                    | NYS DHSES                                     | DR-NY-4322 PW246                             | -  | 37,002               |
| Total CFDA Number 97.036   |                           |   |  | -  | 1,551,107            |
| Hazard Mitigation Grant (HMGP)   | 97.039                    | NYS DHSES                                     | C000718                                      | -  | 10,957               |
| Emergency Management Performance Grants - Local Emergency Management Planning Grant (LEMPG) 2017                 | 97.042                    | NYS DHSES                                     | WM17973775                                   | -  | 335,599              |
| Emergency Management Performance Grants - Local Emergency Management Planning Grant (LEMPG) 2018                 | 97.042                    | NYS DHSES                                     | WM18834085                                   | -  | 79,073               |
| Total CFDA Number 97.042   |                           |   |  | -  | 414,672              |
| Port Security Grant Program - Port Security 2015   | 97.056                    | Federal Direct                                | EMW-2015-PU-00237-S01                        | -  | 12,354               |
| Port Security Grant Program - Port Security 2016   | 97.056                    | Federal Direct                                | EMW-2016-PU-00328                            | -  | 36,248               |
| Total CFDA Number 97.056   |                           |   |  | -  | 48,602               |
| Homeland Security Grant Program - Explosive Detection Canine Team 15   | 97.067                    | NYS DHSES                                     | WM15884259                                   | -  | 10,362               |
| Homeland Security Grant Program - HazMat 2015  | 97.067                    | NYS DHSES                                     | WM15193059                                   | -  | 72,345               |
| Homeland Security Grant Program - HazMat 2016  | 97.067                    | NYS DHSES                                     | WM16193069                                   | -  | 44,534               |
| Homeland Security Grant Program - Operation Shield 17  | 97.067                    | NYS DHSES                                     | WM15180008                                   | -  | 3,171                |
| Homeland Security Grant Program - Operation Shield 18  | 97.067                    | NYS DHSES                                     | WM18180067                                   | -  | 48,384               |
| Homeland Security Grant Program - Red Team Exercise  | 97.067                    | NYS DHSES                                     | WM16180053                                   | -  | 24,714               |
| Homeland Security Grant Program - State Homeland Security Program 2015 (SHSP)                                    | 97.067                    | NYS DHSES                                     | WM15973750                                   | -  | 114,812              |
| Homeland Security Grant Program - State Homeland Security Program 2015 (SHSP) - Bomb Squad Initiative            | 97.067                    | NYS DHSES                                     | WM15152851                                   | -  | 127,268              |
| Homeland Security Grant Program - State Homeland Security Program 2016 (SHSP) - Bomb Squad Initiative            | 97.067                    | NYS DHSES                                     | WM16152861                                   | -  | 33,723               |
| Homeland Security Grant Program - State Homeland Security Program 2016 (SHSP)                                    | 97.067                    | NYS DHSES                                     | WM16973760                                   | -  | 196,415              |

**SUFFOLK COUNTY, NEW YORK  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2018**

| FEDERAL GRANTOR/<br>PROGRAM TITLE  | FEDERAL<br>CFDA<br>NUMBER | FEDERAL/<br>PASS-THROUGH<br>GRANTOR - Note 13 | FEDERAL/<br>PASS-THROUGH<br>GRANTOR'S NUMBER | 2018 AMOUNT<br>PROVIDED TO<br>SUB-RECIPIENTS<br>Note 9 | 2018<br>EXPENDITURES |
|--|---------------------------|---|--|--|----------------------|
| Homeland Security Grant Program - State Homeland Security Program 2017 (SHSP)                      | 97.067                    | NYS DHSES                                     | WM17973770                                   | -  | 127,792              |
| Homeland Security Grant Program - State Law Enforcement Terrorism Prevention Program 2015 (SLETPP) | 97.067                    | NYS DHSES                                     | WM15973752                                   | -  | 64,361               |
| Homeland Security Grant Program - State Law Enforcement Terrorism Prevention Program 2016 (SLETPP) | 97.067                    | NYS DHSES                                     | WM16973762                                   | -  | 74,197               |
| Homeland Security Grant Program - State Law Enforcement Terrorism Prevention Program 2017 (SLETPP) | 97.067                    | NYS DHSES                                     | WM17973772                                   | -  | 88,095               |
| Homeland Security Grant Program - Tactical Team Targeted Grant 15                                  | 97.067                    | NYS DHSES                                     | WM15973759                                   | -  | 64,415               |
| Homeland Security Grant Program - Tactical Team Targeted Grant 16                                  | 97.067                    | NYS DHSES                                     | WM16973769                                   | -  | 13,815               |
| Homeland Security Grant Program - Technical Rescue (USAR) 2016                                     | 97.067                    | NYS DHSES                                     | WM16884269                                   | -  | 15,132               |
| Homeland Security Grant Program - Urban Area Security Initiative 2015 (UASI)                       | 97.067                    | NYS DHSES                                     | WM15973753                                   | -  | 277,189              |
| Homeland Security Grant Program - Urban Area Security Initiative 2016 (UASI)                       | 97.067                    | NYS DHSES                                     | WM16973763                                   | -  | 1,141,934            |
| Homeland Security Grant Program - Urban Area Security Initiative 2017 (UASI)                       | 97.067                    | NYS DHSES                                     | WM17152873                                   | -  | 1,322,934            |
| Homeland Security Grant Program - Urban Area Security Initiative 2018 (UASI)                       | 97.067                    | NYS DHSES                                     | WM18884283                                   | -  | 564                  |
| Total CFDA Number 97.067   |                           |   |  | -  | 3,866,156            |
| Staffing for Adequate Fire & Emergency Response (SAFER) 2014                                       | 97.083                    | Federal Direct                                | EMW-2014-FF-00451                            | -  | 274,130              |
| Securing the Cities Program  | 97.106                    | NYC Police                                    | DHS-11-DNDO-106-001                          | -  | 41,440               |
| <b>Total - U.S. Department of Homeland Security</b>  |                           |   |  | -  | <b>6,207,064</b>     |
| <b>Total - Expenditures of Federal Awards</b>  |                           |   |  | <b>19,194,473</b>                                      | <b>305,872,970</b>   |

See Notes to Schedule of Expenditures of Federal Awards

**SUFFOLK COUNTY  
NEW YORK**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2018**

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**(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.

**SUFFOLK COUNTY  
NEW YORK**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2018**

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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.

**(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). 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 Project Worksheet (PW) and (2) the non-Federal entity has incurred the eligible expenditures.

**(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.

**SUFFOLK COUNTY  
NEW YORK**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2018**

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**(7) Federal Non-Monetary and Loan Programs**

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

During the year ended December 31, 2018, the County distributed \$11,656,996 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). The County also received \$55,401 worth of equipment for the same program.

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, 2018 | Interest | Outstanding Balance at December 31, 2018 |
|-------------|-----------------------------|--------------------------------------|----------|--|
| 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 \$15,191,821 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).

**(9) Sub-recipients**

For the year ended December 31, 2018, amounts provided to subrecipients totaled \$19,194,473 and are listed by program on the Schedule of Expenditures of Federal Awards.

**(10) Program Income**

During the year ended December 31, 2018, the County generated program income in the Community Development Block and Entitlement Grant (CFDA # 14.218) totaling \$389,970 and \$196,764 in the Federal Transit Formula Grant (CFDA # 20.507).

**SUFFOLK COUNTY  
NEW YORK**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2018**

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

During the year ended December 31, 2018 the County received \$96,671 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 \$123,150 of 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 \$26,479. Additionally, the County received \$78,809 of repayment of funds (due to the associated project not moving forward) and expended a total of \$18,209 of repayment of funds. Therefore, the County is reporting the difference between the repayment of funds received which were originally reported as expenditures on prior years SEFAs and the expenditures paid with repayment of funds for a total of \$(60,600).

**(12) 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 its 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 \$2,000,000 in a prior year. Therefore, the County expects to receive \$2,000,000 in 2019, which was accrued to 2018 in its financial system. 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, 2018**

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**(13) 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.

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

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**SUFFOLK COUNTY**  
**New York**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2018**

|   |               |                         |
|---|---------------|-------------------------|
| <b>1. SUMMARY OF AUDITORS' RESULTS</b>  |               |                         |
| <i>Financial Statements</i>   |               |                         |
| Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: <b>UNMODIFIED</b>  |               |                         |
| <b>Internal control over financial reporting:</b>   |               |                         |
| 1. Material weakness (es) identified?   | _____ Yes     | ___ X ___ No            |
| • Significant deficiency (ies) identified?  | _____ Yes     | ___ X ___ None reported |
| Noncompliance material to financial statements noted?   | _____ Yes     | ___ X ___ No            |
| <i>Federal Awards</i>   |               |                         |
| <b>Internal control over major federal programs:</b>  |               |                         |
| 1. 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: <b>Qualification for:</b> Eligibility for Individuals for Adoption Assistance Title IV-E Program  |               |                         |
| The Opinions for all other major programs are <b>Unmodified.</b>  |               |                         |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  | ___ X ___ Yes | _____ No                |
| <b>Identification of major federal programs:</b>  |               |                         |
| Special Supplemental Nutrition Program for Women, Infants, and Children (CFDA 10.557)<br>Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR) (CFDA 14.269)<br>Enhanced Mobility of Seniors and Individuals with Disabilities (CFDA 20.513)<br>Equitable Sharing Program (CFDA 21.016)<br>Aging Cluster (CFDA 93.044; 93.45; 93.53)<br>Child Support Enforcement (CFDA 93.563)<br>Temporary Assistance for Needy Families – TANF (CFDA 93.558)<br>Foster Care Title IV-E (CFDA 93.658)<br>Adoption Assistance Title IV E (CFDA 93.659)<br>Block Grants for Prevention and Treatment of Substance Abuse (CFDA 93.959)<br>Disaster Grants - Public Assistance (Presidentially Declared Disasters) CFDA 97.036)<br>Homeland Security Grant Program (CFDA 97.067) |               |                         |
| 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***

None.

***III***      **FINDINGS AND QUESTIONED COSTS RELATING TO FEDERAL AWARDS**

See accompanying pages 125 through 129.

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**FINDING # - 2018-001**

**ALLOWABLE COSTS – NONCOMPLIANCE, SIGNIFICANT DEFICIENCY**

AGING CLUSTER (CFDA # 93.044; 93.045; 93.053)

STATE AGENCY: NEW YORK STATE OFFICE FOR THE AGING (NYSOFA)

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

COUNTY AGENCY: SUFFOLK COUNTY OFFICE FOR THE AGING

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**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 Office for the Aging (the “Department”) has a reimbursable contract with the New York State Office for the Aging for personnel, fringe benefits and other allowable expenditures. During our testing for allowable costs, we noted that the April-June quarter’s claim to NYSOFA used the previous year’s fringe rate in error. On the October-December quarter’s claim to NYSOFA, the amount of the employee contribution was used in error. Therefore, we noted some variances between fringe benefit amounts claimed and actual amount of fringe benefits.

**3. CAUSE**

The Department miscalculated fringe benefit rates and did not follow NYSOFA fringe benefit guidelines.

**4. EFFECT**

The NYSOFA may disallow all fringe benefit costs claimed as indicated in the program budget.

**FINDING # - 2018-001 (CONTINUED)**

**ALLOWABLE COSTS – NONCOMPLIANCE, SIGNIFICANT DEFICIENCY**

**AGING CLUSTER (CFDA # 93.044; 93.045; 93.053)**

**STATE AGENCY: NEW YORK STATE OFFICE FOR THE AGING (NYSOFA)**

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

**COUNTY AGENCY: SUFFOLK COUNTY OFFICE FOR THE AGING**

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**5. REPEAT FINDING**

No

**6. RECOMMENDATION**

We recommend the Department ensure the fringe benefit costs as indicated in the program budget are followed and based on actual fringe benefit rates. We also recommend that the Department conduct training to better understand the proper costs to be charged to the grant.

**7. QUESTIONED COSTS**

Cannot be determined.

**8. VIEWS OF RESPONSIBLE OFFICIAL**

These clerical errors were discovered after the deadline had passed to revise the claims to NYSOFA. The correct fringe rates are being used currently.

Also See "Corrective Action Plan".

**FINDING # - 2018-002**

**ELIGIBILITY FOR INDIVIDUALS – MATERIAL NONCOMPLIANCE, 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**

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**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 # - 2018-002 (CONTINUED)**

**ELIGIBILITY FOR INDIVIDUALS – MATERIAL NONCOMPLIANCE, 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**

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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 (60) files selected for testing:

- Twelve (12) files did not include the Eligibility for Title IV-E Adoption Assistance Forms (DSS-3912) and five (5) files did not include the Adoption Assistance Form (DSS-4809). Therefore, we were not able to determine if the participant was a citizen or resident of the U.S. and was either adopted outside the U.S. or brought to the U.S. for the purpose of being adopted and the Title IV-E agency has made reasonable efforts to place the child for adoption without a subsidy.

**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 2017-005.

**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**

**With regards to the DSS-3912 – Adoption Assistance Checklist**

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.

**FINDING # - 2018-002 (CONTINUED)**

**ELIGIBILITY FOR INDIVIDUALS – MATERIAL NONCOMPLIANCE, 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**

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**With regards to the DSS-4809 – Foster Care Checklist**

There were (5) files that the Suffolk County Archives could not provide. Several years ago the Suffolk County Archives had a collapse and many records were lost. The Department is confident that if the files were available they would contain form DSS-3694, an equivalent to the DSS 4809 form. All files, subsequent to the collapse in Archives, are archived and maintained at the current location.

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**SUFFOLK COUNTY  
NEW YORK**

**SUMMARY SCHEDULE OF PRIOR YEARS' AUDIT FINDINGS  
YEAR ENDED DECEMBER 31, 2018**

| Reference Number | Program CFDA Number | Program Name   | Summary of Finding  | Status  |
|------------------|---------------------|--|---|---|
| 2015-006         | 93.044<br>93.045    | Aging Cluster  | <b>Subrecipient Monitoring</b> - 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. | <b>Corrected</b>  |
|                  | 93.053              |  |   |   |
|                  | 93.563              | Child Support Enforcement                              |   |   |
|                  | 93.778              | Medical Assistance Program                             |   |   |
|                  | 93.959              | Block Grants for Prevention and Treatment of Substance |   |   |
| 2015-009         | 93.659              | Adoption Assistance Title IV-E                         | <b>Eligibility for Individuals</b> - Files did not include the Eligibility for Title IV-E Adoption Assistance Form (DSS-3912).  | <b>Repeat Finding</b> - 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.<br><br>See Findings No. 2016-004, 2017-005 & 2018-002 |
| 2016-004         | 93.659              | Adoption Assistance                                    | <b>Eligibility for Individuals</b> - Files did not include the Eligibility for Title IV-E Adoption Assistance Form (DSS-3912).  | <b>Repeat Finding</b> - 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.<br><br>See Findings No. 2015-009, 2017-005 & 2018-002 |
| 2016-005         | 93.667              | Social Services Block Grant                            | <b>Subrecipient Monitoring</b> - The Department of Social Services' subrecipient contracts did not include all required information. Additionally, the County did not evaluate subrecipient's risk of noncompliance.                                | <b>Corrected</b>  |
| 2016-006         | 93.575              | Child Care and Development Block Grant                 | <b>Subrecipient Monitoring</b> - The Department of Social Services' subrecipient contracts did not include all required information. Additionally, the County did not evaluate subrecipient's risk of noncompliance.                                | <b>Corrected</b>  |

**SUFFOLK COUNTY  
NEW YORK**

**SUMMARY SCHEDULE OF PRIOR YEARS' AUDIT FINDINGS  
YEAR ENDED DECEMBER 31, 2018**

| <b>Reference Number</b> | <b>Program CFDA Number</b> | <b>Program Name</b>  | <b>Summary of Finding</b>  | <b>Status</b>   |
|-------------------------|----------------------------|--|--|---|
| 2016-011                | 14.218                     | Community Development Block Grants/Entitlement Grants  | <b>Subrecipient Monitoring</b> - 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. | <b>Corrected</b>  |
| 2017-01                 | 20.205<br>20.513<br>93.243 | Highway Planning and Construction<br>Enhanced Mobility of Seniors and Individuals with Disabilities<br>Substance Abuse & Mental Health Services Projects of Regional & National Significance | <b>Schedule of Expenditures of Federal Awards Reporting</b> - Misstatements occurred in the SEFA but were subsequently corrected through audit adjustments.  | <b>Corrected</b>  |
| 2017-001                | 21.016                     | Equitable Sharing Program  | <b>Procurement</b> - One out of four procurement contracts selected for testing did not maintain screenshots of the U.S. Government for Awards Management ("SAM") in the procurement file.   | <b>Corrected</b>  |
| 2017-002                | 21.016                     | Equitable Sharing Program - Cigarette Strike Force   | <b>Allowable Costs</b> - The Police Department did not maintain time records for its personnel services and fringe benefit costs.  | <b>Corrected</b>  |
| 2017-003                | 97.042                     | Emergency Management Performance Grants  | <b>Reporting</b> - Two quarterly claim reports selected for testing were submitted after the due date.   | <b>Corrected</b>  |
| 2017-004                | 93.558                     | Temporary Assistance for Needy Families  | <b>Eligibility for Individuals</b> - Five of sixty case files selected for testing lacked the Household Composition support from a third party and one case was lacking a birth certificate for a minor son.   | <b>Corrected</b>  |
| 2017-005                | 93.659                     | Adoption Assistance  | <b>Eligibility for Individuals</b> - Files did not include the Eligibility for Title IV-E Adoption Assistance Form (DSS-3912).   | <b>Repeat Finding</b> - 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, 2016-004 & 2018-002

## **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, 2018. 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, 2018.

## **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, 2018, and have issued our report thereon dated June 28, 2019, which contained an unmodified opinion on those financial statements and contained an explanatory paragraph regarding the impact of implementation of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our audit was conducted for the purpose of forming an opinion on the financial statements. 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.

*Deloitte & Touche LLP*

September 25, 2019

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**SUFFOLK COUNTY  
NEW YORK**

**SCHEDULE OF STATE OF NEW YORK DEPARTMENT OF TRANSPORTATION ASSISTANCE EXPENDED  
YEAR ENDED DECEMBER 31, 2018**

| State Grantor Program Title  | State Contract #   | 2018<br>Expenditures |
|--|--------------------|----------------------|
| <b>Suffolk County Department of Public Works</b>                           |                    |                      |
| Mass Transportation Capital Project Agreement (2nd Master Grant Agreement) | K006799            | 222,764              |
| Mass Transportation Capital Project Agreement (3rd Master Grant Agreement) | K007280            | 251,030              |
| Total Mass Transportation Capital Project Agreements                       |                    | 473,794              |
|  |                    |                      |
| STOA - Statewide Mass Transportation Operating Assistance                  | -                  | 26,966,300           |
| LIE/HOV Express Bus  | C005011            | 59,837               |
|  |                    |                      |
| CHIPS - Consolidated Street & Highway Improvement Program                  | -                  | 6,079,051            |
| PAVE NY  | -                  | 2,351,816            |
| EWR -Extreme Winter Recovery   | -                  | 790,395              |
|  |                    |                      |
| NYS Department of Transportation: Highway Planning & Construction          |                    |                      |
| Closed Loop Traffic Signal System - Phase 7                                | D033859            | (668)                |
| Closed Loop Traffic Signal System - Phase 8                                | D033897            | 2,452                |
| Closed Loop Traffic Signal System - Phase 9                                | D034155            | 32,537               |
| CR3, Pinelawn Rd Between Ruland Rd & LIE S. Service Road                   | D011640            | 499,822              |
| CR3, Pinelawn Rd/Ruland Rd/Colonial Springs Rd Intersection Reconstruction | D033686            | 24,234               |
| CR57, Bay Shore Road Between NY 231 and NYS Route 27                       | D010856            | 46                   |
| CR97 BRT (Bus Rapid Transit)   | D034746            | 104,945              |
| CR111 @ LIE Interchange Improvements                                       | D034781            | 3,919                |
|  |                    | 667,287              |
| <b>Total Suffolk County Department of Public Works</b>                     |                    | <b>37,388,480</b>    |
|  |                    |                      |
| <b>Suffolk County Police Department</b>                                    |                    |                      |
| LIE/HOV 2017   | C032055 Supp 7     | 89,042               |
| LIE/HOV 2018   | C032055 Supp 8     | 109,815              |
| Dedicated Traffic Enforcement 2016-2018                                    | D033338 Supp 3 & 4 | 570,892              |
| <b>Total Suffolk County Police Department</b>                              |                    | <b>769,749</b>       |
| <b>Total - Expenditures of State DOT Awards</b>                            |                    | <b>\$ 38,158,229</b> |

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, 2018

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### (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, 2018**

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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 \$1,144,746 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, 2018

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### 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   | <u>Yes</u> | <input checked="" type="checkbox"/> <u>No</u>            |
| Significant deficiency(ies) identified?  | <u>Yes</u> | <input checked="" type="checkbox"/> <u>None Reported</u> |
| Type of auditor's report issued on compliance for State Transportation Assistance Programs:  |            | Unmodified   |
| Any audit findings <u>disclosed</u> that are required to be reported in accordance with the <i>Part 43 of the New York State Codification of Rules and Regulations</i> ? | <u>Yes</u> | <input checked="" type="checkbox"/> <u>No</u>            |

**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 | -                            | \$26,966,300        |
| PAVE NEW YORK  | -                            | \$2,351,816         |

**Dollar threshold used to determine program to be tested:** \$1,144,746

**Auditee qualified as low-risk auditee?** Yes  No

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

None.

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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, 2018**

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| <b>Reference Number</b> | <b>Program Name</b>                                       | <b>Summary of Finding</b>   | <b>Status</b>    |
|-------------------------|---|---|------------------|
| 2015-01S                | State Transportation Operating Assistance (STOA)          | <b>Reporting</b> - 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. | <b>Corrected</b> |
| 2016-001S               | Statewide Mass Transportation Operating Assistance (STOA) | <b>Reporting</b> - Second and fourth quarterly claims were not submitted timely.  | <b>Corrected</b> |
| 2017-001S               | Statewide Mass Transportation Operating Assistance (STOA) | <b>Reporting</b> - Second quarterly claim was not submitted timely.   | <b>Corrected</b> |

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# COUNTY OF SUFFOLK



## OFFICE OF THE COUNTY EXECUTIVE

**Steven Bellone**  
SUFFOLK COUNTY EXECUTIVE

September 24, 2019

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, 2017 and 2018.

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 style.

Angela Kohl  
Special Projects Coordinator

|   |  |
|---|--|
| <b>REFERENCE # 2015-009</b>   | <b>ELIGIBILITY FOR INDIVIDUALS – MATERIAL DEFICIENCY AND MATERIAL NONCOMPLIANCE</b>  |
| <b>Programs</b>   | <b>ADOPTION ASSISTANCE (CFDA 93.659)</b><br><br><b>STATE AGENCY: NEW YORK STATE OFFICE OF TEMPORARY AND DISABILITY ASSISTANCE (CFDA 93.659)</b><br><b>FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>   |
| <b>Finding</b>  | 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).<br><br>Of the sixty files selected for testing:<br><br>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). |
| <b>Questioned Costs</b>   | Cannot be determined   |
| <b>Recommendation</b>   | We recommend the Department strengthen its monitoring controls over the adoption assistance case files, to ensure the timely and accurate determination of eligibility.  |
| <b><u>Corrective Action Plan</u></b>                                    | 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.   |
| <b>Step 1</b>   | Cases established in 2002 and subsequent years contain this form.  |
| <b>Action Date</b>  | 2002.  |
| <b><u>Final Implementation Date</u></b>                                 | 2002.  |
| <b><u>Name And Phone # Of Person Responsible For Implementation</u></b> | Dennis Nowak, Chief Division Administrator<br>631 854-3295   |

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| <b>REFERENCE # 2016-004</b>   | <b>ELIGIBILITY FOR INDIVIDUALS – QUALIFIED, MATERIAL WEAKNESS</b>  |
| <b>Programs</b>   | ADOPTION ASSISTANCE (CFDA 93.659)  |
| <b>Finding</b>  | <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"> <li>• 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).</li> </ul> |
| <b>Questioned Costs</b>   | Cannot be determined   |
| <b>Recommendation</b>   | We recommend the Department strengthen its monitoring controls over the adoption assistance case files, to ensure the timely and accurate determination of eligibility.  |
| <b><u>Corrective Action Plan</u></b>                                    | 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.   |
| <b>Step 1</b>   | Cases established in 2002 and subsequent years contain this form.  |
| <b>Action Date</b>  | 2002   |
| <b><u>Final Implementation Date</u></b>                                 | 2002   |
| <b><u>Name And Phone # Of Person Responsible For Implementation</u></b> | Dennis Nowak, Chief Division Administrator<br>631-854-3295   |

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| <b>REFERENCE # 2017-005</b>   | <b>ELIGIBILITY FOR INDIVIDUALS – QUALIFIED, MATERIAL WEAKNESS</b>  |
| <b>Programs</b>   | ADOPTION ASSISTANCE (CFDA 93.659)  |
| <b>Finding</b>  | <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"> <li>• 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).</li> </ul> |
| <b>Questioned Costs</b>   | Cannot be determined   |
| <b>Recommendation</b>   | We recommend the Department strengthen its monitoring controls over the adoption assistance case files, to ensure the timely and accurate determination of eligibility.  |
| <b><u>Corrective Action Plan</u></b>                                    | 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.   |
| <b>Step 1</b>   | Cases established in 2002 and subsequent years contain this form.  |
| <b>Action Date</b>  | 2002   |
| <b><u>Final Implementation Date</u></b>                                 | 2002   |
| <b><u>Name And Phone # Of Person Responsible For Implementation</u></b> | Dennis Nowak, Chief Division Administrator<br>631-854-3295   |

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| <b>REFERENCE # 2018-001</b>   | <b>ALLOWABLE COSTS – NONCOMPLIANCE, SIGNIFICANT DEFICIENCY</b>   |
| <b>Program</b>  | AGING CLUSTER (CFDA # 93.044, 93.045, 93.053)  |
| <b>Finding</b>  | Suffolk County Office for the Aging (the “Department”) has a reimbursable contract with the New York State Office for the Aging for personnel, fringe benefits and other allowable expenditures. During our testing for allowable costs, we noted that the April-June quarter’s claim to NYSOFA used the previous year’s fringe rate in error. On the October-December quarter’s claim to NYSOFA, the amount of the employee contribution was used in error. Therefore, we noted some variances between fringe benefit amounts claimed and actual amount of fringe benefits. |
| <b>Questioned Costs</b>   | Cannot be determined.  |
| <b>Recommendation</b>   | We recommend the Department ensure the fringe benefit costs as indicated in the program budget are followed and based on actual fringe benefit rates. We also recommend that the Department conduct training to better understand the proper costs to be charged to the grant.   |
| <b><u>Corrective Action Plan</u></b>                                    | The Principal Accountant and the Accountant will review to ensure the correct fringe benefit costs are claimed.  |
| <b>Step 1</b>   |  |
| <b>Action Date</b>  | Immediately. The correct fringe costs have been and will be claimed in 2019.   |
| <b><u>Final Implementation Date</u></b>                                 | Immediately  |
| <b><u>Name And Phone # Of Person Responsible For Implementation</u></b> | Joanne Kandell, Principal Accountant<br>(631) 853-8212   |

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| REFERENCE # 2018-002                        | <b>ELIGIBILITY FOR INDIVIDUALS – MATERIAL NONCOMPLIANCE, MATERIAL WEAKNESS</b>  |
| Program                                     | 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 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).</p> <p>Of the sixty (60) files selected for testing:</p> <ul style="list-style-type: none"> <li>• Twelve (12) files did not include the Eligibility for Title IV-E Adoption Assistance Form (DSS-3912) and five (5) files did not include the Adoption Assistance Form (DSS-4809). Therefore, we were not able to determine if the participant was a citizen or resident of the U.S. and was either adopted outside the U.S. or brought to the U.S. for the purpose of being adopted and the Title IV-E agency has made reasonable efforts to place the child for adoption without a subsidy.</li> </ul> |
| 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><br><br>Step 1 | <p><b>With regards to the DSS-3912 – Adoption Assistance Checklist</b></p> <p><b>Corrective Action Plan</b> - 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.</p> <p><b>With regards to the DSS-4809 – Foster Care Checklist</b></p> <p><b>Corrective Action Plan</b> There were (5) files that the Suffolk County Archives could not provide. Several years ago the Suffolk County Archives had a collapse and many records were lost. The Department is confident that if the files were available they would contain form DSS-3694, an equivalent to the DSS 4809 form. All files, subsequent to the collapse in Archives, are archived and maintained at the current location.</p>   |

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| <b>Action Date</b>  | 2002  |
| <b><u>Final Implementation Date</u></b>                                 | 2002  |
| <b><u>Name And Phone # Of Person Responsible For Implementation</u></b> | Mark Clavin, Division Administrator<br>631-854-9431 |