

# 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, 2013

JOSEPH SAWICKI, JR.  
*COMPTROLLER*

Report No.: 2014-05 CPA



Suffolk County, New York

Basic Financial Statements and the Schedules of Expenditures of  
Federal and State Transportation Assistance Awards

Year Ended December 31, 2013

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## Report of Independent Auditors

Management and the 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, New York (“the County”), as of and for the year ended December 31, 2013, 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 conformity with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

### ***Auditor’s Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Suffolk County Regional Off-Track Betting Corporation, the Suffolk County Community College, the Suffolk County Economic Development Corporation and the Suffolk County Industrial Development Agency, which are included as discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for such component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on 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 opinions.

### ***Opinions***

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Suffolk County, New York, at December 31, 2013, and the respective changes in its financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

### ***Adoption of GASB Statement No. 61, “The Financial Reporting Entity: Omnibus – an Amendment of GASB Statements No. 14 and No. 34,” and GASB Statement No. 65, “Items Previously Reported as Assets and Liabilities”***

As discussed in Note I.G. to the financial statements, the County modified the criteria for blending certain component units as a result of the adoption of Governmental Accounting Standards Board (“GASB”) Statement No. 61, “The Financial Reporting Entity: Omnibus – an Amendment of GASB Statements No. 14 and No. 34” effective January 1, 2013. In addition, the County restated its beginning net position as a result of the adoption of GASB No. 65, “Items Previously Reported as Assets and Liabilities” effective January 1, 2013. Our opinions are not modified with respect to these matters.

### ***Required Supplementary Information***

U.S. generally accepted accounting principles require that management’s discussion and analysis and the schedule of funding progress, on pages 5 to 17, and page 89, respectively, 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 which 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 have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County’s basic financial statements. The accompanying schedules of expenditures of federal awards and state transportation assistance awards are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the Preliminary Draft Part 43 of the New York State Codification of Rules and Regulations, and are not a required part of the basic financial statements.

The schedules of expenditures of federal awards and state transportation assistance awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the schedules of expenditures of federal awards and state transportation assistance awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2014 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

*Ernst + Young LLP*

June 27, 2014, except for the schedule of expenditures of federal and state transportation assistance awards for which the date is September 23, 2014

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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, 2013.

### Financial Highlights

- The liabilities of Suffolk County exceeded its assets at the close of the most recent fiscal year by \$1,362,779,086 (deficit). This amount includes \$462,727,570 in restricted net position and is net of a deficit of \$3,375,336,783 in unrestricted net position. Also included as an offset is \$1,549,830,127 reported in net investment in capital assets.
- Suffolk County's total net position decreased by \$122,965,546.
- As of the close of the current fiscal year, Suffolk County's governmental funds reported combined fund balances of \$403,587,124, an increase of \$140,958,622 in comparison with the prior year. Of this amount, a fund balance of \$136,955,983 is classified within the spendable fund balance categories: restricted of \$453,083,204 and an unassigned deficit of \$316,127,221.
- At the end of the current fiscal year, the unassigned fund deficit for the general fund was \$243,884,995.
- Suffolk County's total bonded debt increased by \$101,460,010 (6.15 percent) during the current fiscal year. The increase in debt was mainly attributable to the issuance of lease revenue bonds (\$69 million) by the Judicial Facilities Agency (JFA), a blended component unit of the County, to purchase the H. Lee Dennison building pursuant to the Sale and Leaseback agreement. The County also issued general obligation bonds in the amount of \$13 million to continue the expansion of sewer district #18's wastewater treatment plant to provide a larger service area. Approximately \$7 million was borrowed to construct an ultraviolet disinfection system at sewer district #3 to replace the current sodium hypochlorite system. Debt service for these bonds will be paid from the Southwest Sewer Assessment Stabilization Reserve fund. In addition, the County funded the purchase of new public safety vehicles in the amount of \$6.2 million to reduce the burden on the operating budget. Bonds for approximately \$5 million were also issued to rehabilitate various bridges and refurbish eroded embankments throughout the County.

## Overview of the Financial Statements

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

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

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

The statement of net 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 John J. Foley Skilled Nursing Facility, 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 not-for-profit local development corporation (Suffolk County Economic Development Corporation) for which Suffolk County is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The Suffolk Tobacco Asset Securitization Corp. (STASC), and the Judicial Facilities Agency although also legally separate, functions for all practical purposes, as a department of Suffolk County, and therefore, has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 20-23 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 52 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 48 nonmajor governmental funds are combined into a single aggregated presentation. Individual fund data for each of these 48 nonmajor governmental funds is provided in the form of combining statements, which is included with the Combining and Individual Fund Statements and Schedules.

Suffolk County adopts an annual appropriated budget for the general fund and 7 of its components as well as 33 special revenue funds. A budgetary comparison statement has been provided for the general fund and one major special revenue fund to demonstrate compliance with the budget. We have also provided budgetary comparison schedules for 32 nonmajor special revenue funds, which are included with the Combining and Individual Fund Statements and Schedules.

The basic governmental fund financial statements can be found on pages 24-31 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, Francis S. Gabreski Airport, and the John J. Foley Skilled Nursing Facility.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 32-34 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 36-37 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 41-85 of this report.

## 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 \$1,362,779,086 at the close of the most recent fiscal year.

A summary of the County's net position for 2013 is presented below, together with comparative 2012 information.

	Suffolk County's Net Position					
	Governmental Activities		Business-type Activities		Totals	
	2013	2012*	2013	2012*	2013	2012*
Current and other assets	\$ 1,576,446,933	\$ 1,525,188,988	\$ 1,275,440	\$ (13,413,361)	\$ 1,577,722,373	\$ 1,511,775,627
Capital assets	2,855,226,434	2,732,266,858	55,102,993	71,079,931	2,910,329,427	2,803,346,789
<u>Total assets</u>	<u>4,431,673,367</u>	<u>4,257,455,846</u>	<u>56,378,433</u>	<u>57,666,570</u>	<u>4,488,051,800</u>	<u>4,315,122,416</u>
Total deferred outflows of resources	-	-	5,203	161,215	5,203	161,215
Long term liabilities outstanding	4,690,263,125	4,260,753,691	10,922,166	61,553,156	4,701,185,291	4,322,306,847
Other liabilities	1,142,438,428	1,220,555,041	3,212,101	7,644,161	1,145,650,529	1,228,199,202
<u>Total liabilities</u>	<u>5,832,701,553</u>	<u>5,481,308,732</u>	<u>14,134,267</u>	<u>69,197,317</u>	<u>5,846,835,820</u>	<u>5,550,506,049</u>
Total deferred inflows of resources	3,945,762	4,528,698	54,507	62,424	4,000,269	4,591,122
<u>Net position:</u>						
Net investment in capital assets	1,503,032,198	1,332,062,107	46,797,929	49,488,148	1,549,830,127	1,381,550,255
Restricted	462,727,570	472,998,065	-	-	462,727,570	472,998,065
Unrestricted	(3,370,733,716)	(3,033,441,756)	(4,603,067)	(60,920,104)	(3,375,336,783)	(3,094,361,860)
<u>Total net position</u>	<u>\$ (1,404,973,948)</u>	<u>\$ (1,228,381,584)</u>	<u>\$ 42,194,862</u>	<u>\$ (11,431,956)</u>	<u>\$ (1,362,779,086)</u>	<u>\$ (1,239,813,540)</u>

\* As restated for GASB 65

Net position includes \$1,549,830,127 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, \$462,727,570, 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 \$3,375,336,783 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	
	2013	2012*	2013	2012*	2013	2012*
Revenues:						
Program revenues:						
Charges for services	\$ 290,463,342	\$ 221,656,075	\$ 11,580,177	\$ 23,104,173	\$ 302,043,519	\$ 244,760,248
Operating grants and contributions	564,849,534	558,074,757	8,219,668	4,782,160	573,069,202	562,856,917
Capital grants and contributions	44,581,352	44,615,925	16,369,538	1,558,668	60,950,890	46,174,593
General revenues:						
Property taxes	657,848,237	638,470,669	-	-	657,848,237	638,470,669
Sales and use tax	1,298,083,810	1,217,074,425	-	-	1,298,083,810	1,217,074,425
Other, net	42,140,032	49,883,514	135,622	354,726	42,275,654	50,238,240
Total revenues	<u>2,897,966,307</u>	<u>2,729,775,365</u>	<u>36,305,005</u>	<u>29,799,727</u>	<u>2,934,271,312</u>	<u>2,759,575,092</u>
Expenses:						
General government	257,684,485	396,417,746	-	-	257,684,485	396,417,746
Economic assistance and opportunity	775,432,592	755,506,395	-	-	775,432,592	755,506,395
Health	222,041,117	224,766,983	-	-	222,041,117	224,766,983
Public safety	1,233,514,068	1,180,521,367	-	-	1,233,514,068	1,180,521,367
Culture and recreation	38,589,173	36,979,177	-	-	38,589,173	36,979,177
Education	179,615,133	197,641,831	-	-	179,615,133	197,641,831
Home and community services	103,907,713	102,137,678	-	-	103,907,713	102,137,678
Transportation	157,877,940	147,735,971	-	-	157,877,940	147,735,971
Skilled nursing	-	-	15,852,897	33,021,914	15,852,897	33,021,914
Ball park	-	-	864,693	851,491	864,693	851,491
Gabreski airport	-	-	2,676,990	2,287,842	2,676,990	2,287,842
Interest on long term debt	69,180,057	71,911,583	-	-	69,180,057	71,911,583
Total expenses	<u>3,037,842,278</u>	<u>3,113,618,731</u>	<u>19,394,580</u>	<u>36,161,247</u>	<u>3,057,236,858</u>	<u>3,149,779,978</u>
Change in net position before transfers	(139,875,971)	(383,843,366)	16,910,425	(6,361,520)	(122,965,546)	(390,204,886)
Transfers	(36,716,393)	2,863,630	36,716,393	(2,863,630)	-	-
Change in net position	(176,592,364)	(380,979,736)	53,626,818	(9,225,150)	(122,965,546)	(390,204,886)
Net position - beginning	(1,228,381,584) *	(847,401,848)	(11,431,956) *	(2,206,806)	(1,239,813,540) *	(849,608,654)
Net position - ending	<u><u>\$(1,404,973,948)</u></u>	<u><u>\$(1,228,381,584)</u></u>	<u><u>\$ 42,194,862</u></u>	<u><u>\$ (11,431,956)</u></u>	<u><u>\$ (1,362,779,086)</u></u>	<u><u>\$ (1,239,813,540)</u></u>

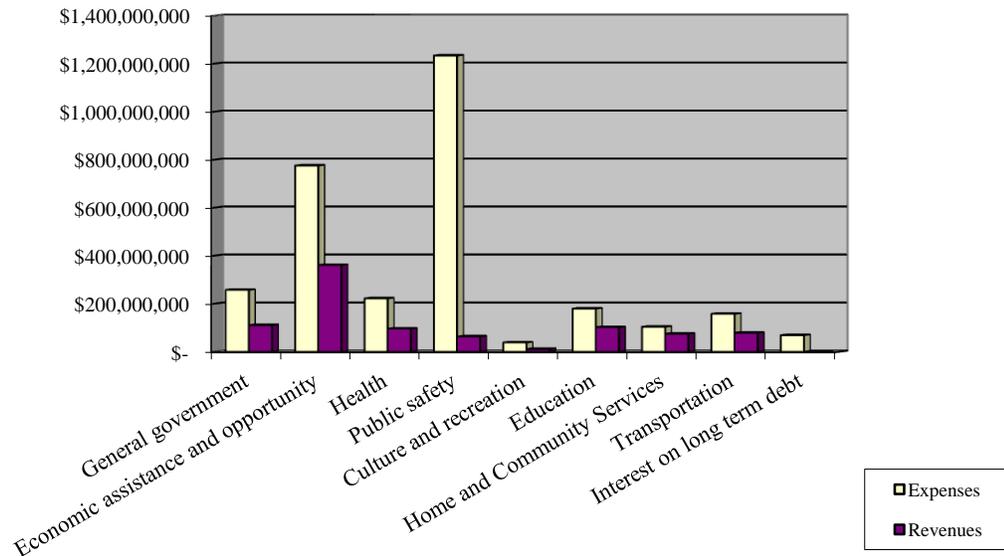
\*As restated for GASB 65

The County's net position decreased by \$122,965,546 during the current fiscal year. Key elements of the decrease are as follows:

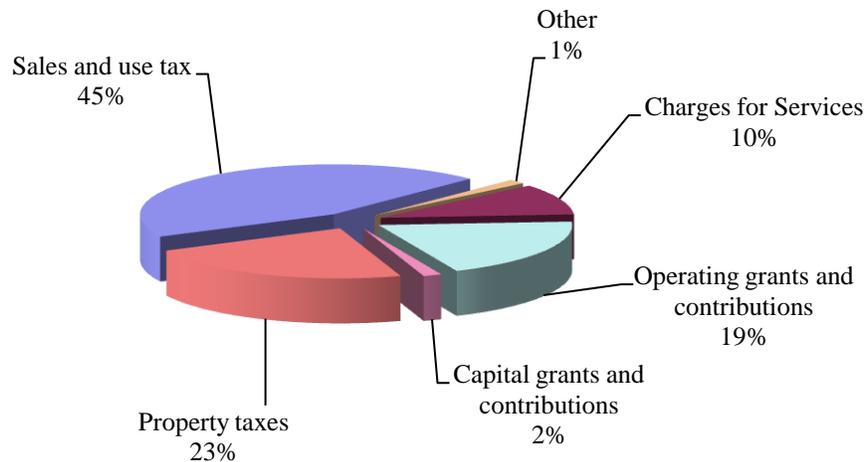
- The liability accrual for post employment benefits, required by GASB 45, increased by \$299 million in 2013, inclusive of \$39.7 million transferred from the John J. Foley Skilled Nursing Facility.
- The accrual for estimated liabilities decreased \$80 million as a result of the actuarial calculation of workers compensation state indemnity based assessment for claims.
- Increased property tax collections in the amount of \$40 million over 2012.
- Sale of excess County owned property in the amount of \$19.3 million.
- Traffic Violations Bureau opened in April of 2013, providing new revenue of \$20 million.
- Receipt of a New York State HEAL grant to defease all debt related to the John J. Foley Skilled Nursing Facility in the amount of \$17 million.

**Governmental activities.** Governmental activities decreased the County’s net position by \$176,592,364. The key factors of the decrease were the liability accrual of \$297 million and the transfer of \$39.7 million of post employment benefits. The decline was offset by increases in revenue as a result of sale of assets and improved operating revenue collections, from taxes and fines. Decreases in payroll expenditures and decreased enrollment in the County’s service programs also caused an offsetting increase in the governmental activities.

**Expenses and Program Revenues-Governmental Activities**

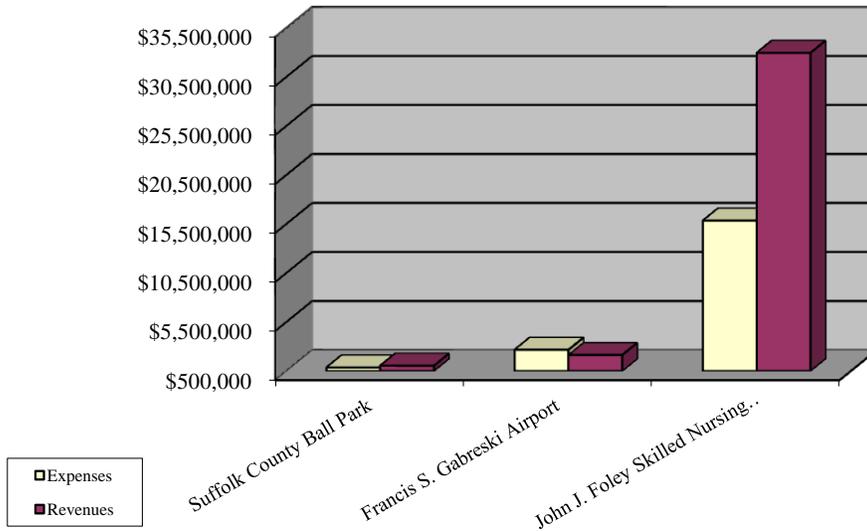


**Revenues by Source-Governmental Activities**

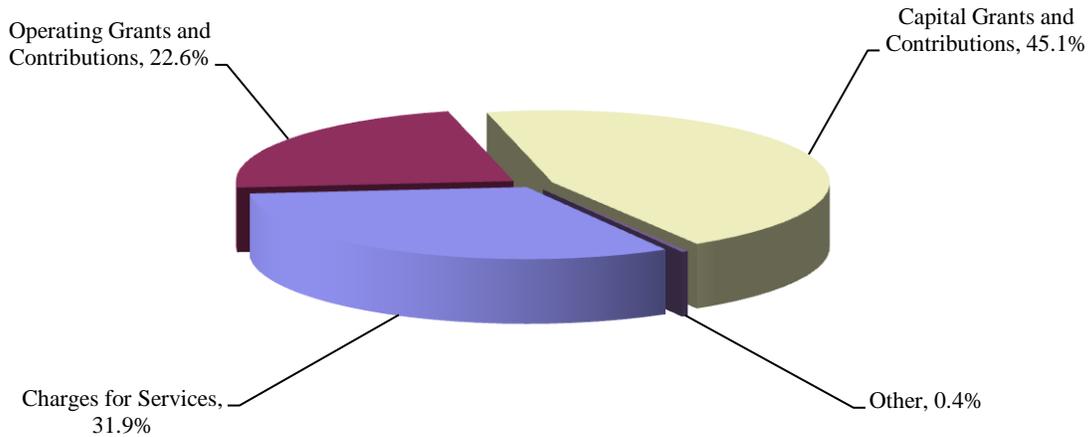


**Business-type activities.** Business-type activities increased the County’s net position by \$53,626,818. The increase resulted from the closure of the John J. Foley Skilled Nursing Facility (Foley). Approximately \$39.7 million of Foley’s OPEB liability was transferred to the County. In addition, Foley received a NYS grant to defease the outstanding debt as of April 2013 in the amount of \$17 million.

**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 \$403,587,124, an increase of \$140,958,622 in comparison with the prior year. The County categorizes this fund balance by spendable fund balance of (\$136,955,983) and non-spendable fund balance (\$266,631,141). Additionally, spendable 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 spendable fund balance, \$453,083,204 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 (\$293,754,077), (2) Transportation (\$48,218,556), (3) Environmental protection (\$29,877,357), and (4) Debt service (\$25,206,366).

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 \$243,884,995 while total fund balance amounted to a deficit totaling \$193,819,682.

The fund balance of Suffolk County's general fund increased by \$131,382,344. The increase to the general fund's balance is a result of many contributing factors. The largest budgetary savings came from the reduction of the County's workforce by over 1,000 employees. In 2013 the County received proceeds on borrowings for the arbitrated settlement issued in 2012 to the Corrections Officer's Labor Union in the amount of \$37 million. As evidence of the improvement in the local economy the County sold excess County owned land that had been on the market for several years (\$19 million) and experienced significant increases in property tax and delinquent interest and penalty collections (\$16.5 million). One-time initiatives, such as the sale/leaseback of the H. Lee Dennison building (\$68 million) and long-term revenue generating initiatives, including the opening of the County's Traffic Violation Bureau in April of 2013 have contributed to the general fund balance improvement. In spite of the considerable cost savings and revenue increases the general fund continues to report a negative fund balance as a result of the GASB 48 treatment of the County's 2008 and 2012 sale of future tobacco settlement revenues to STASC, which is reflected as a cumulative decrease of \$205 million in the fund balance.

The police district fund has a total fund deficit of \$59,357,836. The police district total fund deficit increased during the current year by \$2,874,711. The increase in the fund deficit is partly attributable to an increase in pension costs resulting from prior year's amortization becoming due in 2013. In addition, the police district's insurance costs, including workers compensation and auto, have experienced slight increases over 2012.

The capital fund has a total fund balance of \$97,363,651. The capital fund total fund balance decreased during the current year by \$24,173,441. The decline in fund balance was the result of a decline over last year of transfers from the Suffolk County Water Protection reserve. Transfers received in 2012 were used to purchase property for environmental conservation through the County's Drinking Water Protection Program in 2013.

The Suffolk Tobacco Asset Securitization Corporation (STASC) is a blended component unit of the County and had a fund balance of \$237,594,151. The fund balance of STASC decreased by \$6,256,406. The decrease is attributed to the annual amortization of the deferred outflows of resources; to account for the purchase of Suffolk County's future rights to Tobacco Settlement Revenues (TSR) in compliance with GASB 48.

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

Unrestricted net position/ (deficit) of the Suffolk County Ball Park, Francis S. Gabreski Airport, and John J. Foley Skilled Nursing Facility at the end of the year amounted to \$1,381,669, (\$3,740,097), and (\$2,244,639), respectively. The Suffolk County Ball Park had an increase of \$193,104, Francis S. Gabreski Airport had a decrease of \$211,564 and John J. Foley Skilled Nursing Facility had an increase of \$53,645,278.

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

Differences between the original and final amended budget for expenditures resulted in a slight increase of .66 percent, (\$11.8 million increase in appropriations) and can be briefly summarized as follows:

- \$9.9 million increase to general government support, primarily related to the continued costs of debris removal from Super Storm Sandy which struck the County late in October of 2012. However, the County has received Federal Emergency Management Agency (FEMA) aid which has limited the negative financial impact.
- \$5.8 million decrease to health, primarily relating to decreases in County contracts with various health agencies.
- \$5.2 million increase to education, resulting from an increase in the County's reimbursement to residence attending community colleges outside of Suffolk County. This increase occurred because of a settlement of prior year reimbursements to the Fashion Institute of Technology (FIT) for third and fourth year students.
- \$4 million increase to public safety, mainly due to transfers made from the budgetary labor contingency reserve and overtime costs for fire rescue and emergency services related in part to Super Storm Sandy.
- \$3 million decrease in economic assistance and opportunity, as a result of a reduction in the department of Social Services expenditures; specifically reductions in the NYS chargeback for investigative services provided by NYS for Suffolk's Child Services Enforcement Bureau and day care assistance programs.
- \$1 million increase in employee benefits, related to increased unemployment insurance resulting from County layoffs in 2012 and a slight increase in pension payments on a budgetary basis from prior year adjustments calculated by the New York State Comptroller's office.

During the year, revenues exceeded budgetary estimates and expenditures were less than budgetary estimates, resulting in an actual increase in fund balance. The variance between budgeted and actual fund balance was \$122,361,172. The major variances resulting in this increase were attributable to the following:

- Revenues exceeding budget:
  - Sale of \$19.3 million land parcel.
  - Property tax, and, interest and penalties on property tax revenues in the amount of \$25 million.
- Expenditures under budget:
  - Budgeted settlement costs for the Correction Officers Association were expensed in 2012 in the amount of \$37 million.
  - Expenditures in the Children with Special Needs program were reported \$23 million lower than budgeted as a result of a decline in enrollment.
  - Although Storm mitigation appropriation exceeded the original budget, actual expenditures were reported \$6 million lower than the final budget.
  - Programs of Assistance through the Department of Social Services reported actual expenditures \$13 million lower than appropriations.

### **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, 2013, amounts to \$2,910,329,427 (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 3.82 percent (a 4.50 percent increase for governmental activities and a 22.48 percent decrease for business-type activities).

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

- The New York State Commission of Correction (COC) mandated the construction of a new correctional facility in Yaphank. The new facility (Phase I) opened in April of 2013 and cost \$173,196,513. Phase I included six new 60-cell pods, a 60-bed dorm, a health services area with 20 sick bay rooms, and new visitation and booking areas. The COC mandated Phase II which provides for future expansion of jail capacity including an additional 360 beds. The total cost of construction for Phases I and II of this capital project is estimated at \$289,855,270. Phase II construction is estimated at \$113.8 million. Phase I and Phase II construction in progress costs for 2013 totaled \$692,504.
- Phases I and II of the new civil court building addition, courthouse annex renovations, and three other court building renovations at the County Civil Court Complex in Riverhead were completed in 2012 for a total cost of \$44,941,369. The total cost of renovations is estimated at \$50,095,000. Phase III renovations include exterior

restoration/weatherproofing of three older court buildings and are projected to be completed in 2015. Construction in progress for Phase III as of the close of the fiscal year reached \$5,073,607. A total of \$2,714,840 was spent in 2013. Cost savings will be realized from these energy efficiency improvements and the renovations provide additional courtrooms necessary to reduce the backlog of court cases.

- The H. Lee Dennison property in Hauppauge was sold to the Suffolk County Judicial Facilities Agency (JFA) in November 2013 for \$68,614,850.
- Land was acquired during 2013 pursuant to various land preservation and protection programs at a cost of \$15.0 million.
- Various road construction projects to strengthen and expand the County's existing roadways began or continued in 2013. Construction in progress as of the close of the fiscal year reached \$122.8 million. In addition, \$62.5 million was transferred to infrastructure upon completion of the construction projects during 2013.

**Suffolk County's Capital Assets**  
(net of depreciation)

	Governmental activities		Business-type activities		Totals	
	2013	2012	2013	2012	2013	2012
Land	\$ 861,623,565	\$ 849,498,104	\$ 22,092,831	\$ 22,092,831	\$ 883,716,396	\$ 871,590,935
Development rights	243,314,624	243,314,624	-	-	243,314,624	243,314,624
Historic buildings	4,607,607	4,607,607	-	-	4,607,607	4,607,607
Buildings	654,058,987	337,248,453	12,886,557	26,861,803	666,945,544	364,110,256
Improvements other than buildings	29,723,295	27,634,008	16,091,378	13,970,434	45,814,673	41,604,442
Vehicles and equipment	116,119,855	118,896,730	362,736	1,382,512	116,482,591	120,279,242
Infrastructure	655,954,253	610,506,254	-	-	655,954,253	610,506,254
Construction in progress	289,824,248	540,561,078	3,669,491	6,772,351	293,493,739	547,333,429
<b>Total</b>	<b>\$ 2,855,226,434</b>	<b>\$ 2,732,266,858</b>	<b>\$ 55,102,993</b>	<b>\$ 71,079,931</b>	<b>\$ 2,910,329,427</b>	<b>\$ 2,803,346,789</b>

Additional information on Suffolk County's capital assets can be found in note III.C., on pages 64-67 of this report.

**Long-term debt.** At the end of the current year, Suffolk County had total bonded debt outstanding of \$1,752,547,620. The general obligation bonds are backed by the full faith and credit of the County. STASC series 2008 and 2012 asset-backed bonds issued by the Corporation as well as JFA series 2013 lease revenue bonds are not backed by the full faith and credit of the County.

**Suffolk County's Outstanding Debt  
Bonds**

	Governmental activities		Business-type activities		Totals	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
General obligation debt	\$ 1,232,081,056	\$ 1,161,661,018	\$ 8,075,377	\$ 10,456,293	\$ 1,240,156,433	\$ 1,172,117,311
Advance refunding debt	138,078,935	164,678,298	1,603,861	11,907,988	139,682,796	176,586,286
STASC	302,718,163	302,384,013	-	-	302,718,163	302,384,013
Lease revenue bonds	69,990,228	-	-	-	69,990,228	-
Total bonds payable	<u>\$ 1,742,868,382</u>	<u>\$ 1,628,723,329</u>	<u>\$ 9,679,238</u>	<u>\$ 22,364,281</u>	<u>\$ 1,752,547,620</u>	<u>\$ 1,651,087,610</u>

Suffolk County's total bonded debt increased during the current fiscal year by \$101,460,010 (6.15 percent).

Suffolk County maintains an "A+" with a negative outlook rating from Standard & Poor's, an "A" with a stable outlook rating from Fitch and an "A3" 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 \$18,704,386,341 which is significantly in excess of Suffolk County's outstanding general obligation debt. The County has \$484,116,000 in bonds authorized, but unissued.

Additional information on Suffolk County's long-term debt can be found in note III.G., on pages 71-78 of this report.

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

- The unemployment rate for Suffolk County is currently 6.4 percent, which is a decrease from a rate of 7.6 percent a year ago. This compares favorably to the state's average unemployment rate of 7.7 percent and the national average rate of 7.4 percent.
- The vacancy rate of office properties located in the County over the past three years is 17.6, 14.9, and 16.3 percent for years 2011, 2012, and 2013, respectively.
- During 2013, inflationary trends in the region were slightly higher than national indices. The annual 2013 NY metro area regional Consumer Price Index (CPI) was 1.7 percent, whereas the U.S. city annual CPI was 1.5 percent.

All of these factors were considered in preparing the County's budget for the 2014 fiscal year.

**Requests for Information**

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Comptroller, H. Lee Dennison Building, 100 Veterans Memorial Highway, P.O. Box 6100, Hauppauge, N.Y. 11788-0099.

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# BASIC FINANCIAL STATEMENTS

SUFFOLK COUNTY, NEW YORK

Statement of Net Position

December 31, 2013

	Primary Government		Totals	Component Units
	Governmental Activities	Business - Type Activities		
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 712,359,653	\$ 7,471,319	\$ 719,830,972	\$ 71,483,288
Investments	17,838,505	3,500	17,842,005	13,406,421
Property tax receivable, net of allowance for estimated uncollectibles of \$ 14,691,214	232,666,724	-	232,666,724	-
Accounts receivable, net	-	-	-	4,133,705
Due from:				
New York State and federal sources:				
Programs of assistance	100,377,677	-	100,377,677	-
Grants-in-aid	149,533,183	9,096,912	158,630,095	-
Sales tax	151,854,495	-	151,854,495	-
Other	-	-	-	1,941,423
Towns	126,403,562	-	126,403,562	-
Component units	8,159,141	-	8,159,141	-
Internal balances	29,240,363	(29,240,363)	-	-
Other receivables	43,164,235	159,730	43,323,965	2,118,432
Prepays	4,849,395	-	4,849,395	-
Total current assets	<u>1,576,446,933</u>	<u>(12,508,902)</u>	<u>1,563,938,031</u>	<u>93,083,269</u>
Noncurrent assets:				
Restricted:				
Cash and cash equivalents	-	-	-	635,952
Investments	-	-	-	3,193,006
Other receivables	-	73,795	73,795	-
Assets held for sale	-	13,710,547	13,710,547	-
Capital assets:				
Nondepreciable	1,399,370,044	25,762,322	1,425,132,366	22,843,245
Depreciable, net	1,455,856,390	29,340,671	1,485,197,061	126,991,092
Other	-	-	-	164,053
Total noncurrent assets	<u>2,855,226,434</u>	<u>68,887,335</u>	<u>2,924,113,769</u>	<u>153,827,348</u>
Total assets	<u>4,431,673,367</u>	<u>56,378,433</u>	<u>4,488,051,800</u>	<u>246,910,617</u>
<b>Deferred outflows of resources</b>				
Deferred charge on refundings	-	5,203	5,203	300,351
Total deferred outflows of resources	<u>-</u>	<u>5,203</u>	<u>5,203</u>	<u>300,351</u>

(Continued)

**SUFFOLK COUNTY, NEW YORK**

**Statement of Net Position**

**December 31, 2013**

	Primary Government		Totals	Component Units
	Governmental Activities	Business - Type Activities		
<b>Liabilities</b>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 406,906,741	\$ 2,415,654	\$ 409,322,395	\$ 36,052,507
Contract retainage payable	5,427,503	986	5,428,489	-
Accrued interest payable	12,636,980	-	12,636,980	-
Notes payable	515,000,000	-	515,000,000	-
Due to:				
Component units	5,399	-	5,399	-
Primary government	-	-	-	1,826,865
Unearned tax revenue	-	165	165	-
Unearned revenue, restricted	14,215,845	4,429	14,220,274	25,464,830
Current portion of noncurrent liabilities:				
Accumulated vacation and sick leave	22,484,751	-	22,484,751	2,869,785
Estimated liability for claims	36,875,189	-	36,875,189	-
Obligations under capital leases	458,465	-	458,465	-
Mortgage payable	-	-	-	361,275
Long-term obligations	113,273,367	790,867	114,064,234	4,122,276
Due to NYS retirement system	15,154,188	-	15,154,188	4,147,840
Total current liabilities	<u>1,142,438,428</u>	<u>3,212,101</u>	<u>1,145,650,529</u>	<u>74,845,378</u>
Noncurrent liabilities:				
Funds held in trust	-	73,795	73,795	-
Accumulated vacation and sick leave	394,168,481	-	394,168,481	26,340,748
Estimated liability for claims	547,192,684	-	547,192,684	-
Obligations under capital leases	1,513,748	-	1,513,748	-
Mortgage payable	-	-	-	4,885,795
Long-term obligations	1,629,595,015	8,888,371	1,638,483,386	42,770,698
Due to NYS retirement system	99,843,197	-	99,843,197	437,020
Obligation for postemployment benefits other than pensions	2,017,950,000	1,960,000	2,019,910,000	202,320,548
Other long-term debt	-	-	-	259,854
Total noncurrent liabilities	<u>4,690,263,125</u>	<u>10,922,166</u>	<u>4,701,185,291</u>	<u>277,014,663</u>
Total liabilities	<u>5,832,701,553</u>	<u>14,134,267</u>	<u>5,846,835,820</u>	<u>351,860,041</u>
<b>Deferred inflows of resources</b>				
Deferred gain on refundings	3,945,762	54,507	4,000,269	-
Total deferred inflows of resources	<u>3,945,762</u>	<u>54,507</u>	<u>4,000,269</u>	<u>-</u>

(Continued)

**SUFFOLK COUNTY, NEW YORK**

**Statement of Net Position**

**December 31, 2013**

	Primary Government			Component Units
	Governmental Activities	Business - Type Activities	Totals	
<b>Net Position</b>				
Net investment in capital assets	\$ 1,503,032,198	\$ 46,797,929	\$ 1,549,830,127	\$ 97,789,137
Restricted for:				
Capital projects	-	-	-	13,068,640
General government support	16,342,418	-	16,342,418	-
Economic assistance & opportunity	442,025	-	442,025	-
Health	532,280	-	532,280	-
Public Safety	21,674,849	-	21,674,849	-
Culture and recreation	8,785,107	-	8,785,107	-
Education	6,970,044	-	6,970,044	-
Home and community services	293,754,077	-	293,754,077	-
Transportation	48,218,556	-	48,218,556	-
Debt service	25,206,366	-	25,206,366	-
Environmental protection	29,877,357	-	29,877,357	-
Retirement contribution	155	-	155	-
Tourism and recreation	1,279,970	-	1,279,970	-
Prepays	9,644,366	-	9,644,366	-
Unrestricted (deficit)	(3,370,733,716)	(4,603,067)	(3,375,336,783)	(215,506,850)
Total net position	<u>\$ (1,404,973,948)</u>	<u>\$ 42,194,862</u>	<u>\$ (1,362,779,086)</u>	<u>\$ (104,649,073)</u>

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

**SUFFOLK COUNTY, NEW YORK**  
**Statement of Activities**  
**For the Year Ended December 31, 2013**

Functions/Programs	Net (Expenses) Revenue and Changes in Net Position						Component Units
	Program Revenues			Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
<b>Primary Government:</b>							
Governmental activities:							
General government support	\$ 257,684,485	\$ 81,348,715	\$ 29,371,547	\$ -	\$ (146,964,223)	\$ -	\$ (146,964,223)
Economic assistance and opportunity	775,432,592	35,982,867	325,327,484	(120,091)	(414,242,332)	-	(414,242,332)
Health	222,041,117	28,355,714	63,107,010	4,933,406	(125,644,987)	-	(125,644,987)
Public safety	1,233,514,068	39,800,450	20,752,875	3,063,032	(1,169,897,711)	-	(1,169,897,711)
Culture and recreation	38,589,173	10,384,769	833,884	156,276	(27,214,244)	-	(27,214,244)
Education	179,615,133	12,070,229	82,256,654	8,050,337	(77,237,913)	-	(77,237,913)
Home and community services	103,907,713	62,283,221	7,640,475	5,112,642	(28,871,375)	-	(28,871,375)
Transportation	157,877,940	20,237,377	35,559,605	23,385,750	(78,695,208)	-	(78,695,208)
Interest on long-term debt	69,180,057	-	-	-	(69,180,057)	-	(69,180,057)
Total governmental activities	3,037,842,278	290,463,342	564,849,534	44,581,352	(2,137,948,050)	-	(2,137,948,050)
Business-type activities:							
John J. Foley Skilled Nursing Facility	15,852,897	8,681,774	8,219,668	16,067,029	-	17,115,574	17,115,574
Suffolk County Ball Park	864,693	837,816	-	215,878	-	189,001	189,001
Francis S. Gabreski Airport	2,676,990	2,060,587	-	86,631	-	(529,772)	(529,772)
Total business-type activities	19,394,580	11,580,177	8,219,668	16,369,538	-	16,774,803	16,774,803
Total primary government	\$ 3,057,236,858	\$ 302,043,519	\$ 573,069,202	\$ 60,950,890	\$ (2,137,948,050)	\$ 16,774,803	\$ (2,121,173,247)
<b>Component units:</b>							
Suffolk County Community College	\$ 243,269,730	\$ 83,870,160	\$ 5,359,869	\$ -	\$ -	\$ -	\$ (154,039,701)
Suffolk Regional Off-Track Betting Corp	30,777,050	26,644,846	-	-	-	-	(4,132,204)
Suffolk County Industrial Development	1,025,013	1,241,478	-	-	-	-	216,465
Suffolk County Economic Development	186,049	222,640	-	-	-	-	36,591
Total Component units	\$ 275,257,842	\$ 111,979,124	\$ 5,359,869	\$ -	\$ -	\$ -	\$ (157,918,849)
General Revenues:							
Taxes:							
Real property taxes					\$ 657,848,237	\$ -	\$ 657,848,237
Sales and use tax					1,298,083,810	-	1,298,083,810
Payment from primary government					-	-	-
Grants and contributions not restricted to specific programs					-	-	-
Interest on investments					5,363,327	23,288	5,386,615
Miscellaneous					36,776,705	112,334	36,889,039
Transfer					(36,716,393)	36,716,393	-
Total General revenues, special items, and transfers					1,961,355,686	36,852,015	1,998,207,701
Change in net position					(176,592,364)	53,626,818	(122,965,546)
Net position at beginning of year, as restated (See Note I.D.)					(1,228,381,584)	(11,431,956)	(1,239,813,540)
Net position at end of year					\$ (1,404,973,948)	\$ 42,194,862	\$ (1,362,779,086)

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

**SUFFOLK COUNTY, NEW YORK**

**Balance Sheet**

**Governmental Funds**

**December 31, 2013**

	<b>General</b>	<b>Police District</b>	<b>Capital</b>	<b>Suffolk Tobacco Asset Securitization Corp.</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>						
Cash and cash equivalents	\$ 216,069,599	\$ 32,087	\$ 120,083,431	\$ 3,192,163	\$ 372,982,373	\$ 712,359,653
Investments	-	-	-	17,838,505	-	17,838,505
Property tax receivable, net of allowance for estimated uncollectibles of \$ 14,691,214	232,666,724	-	-	-	-	232,666,724
Due from:						
New York State and federal sources:						
Programs of assistance	86,153,173	-	-	-	14,224,504	100,377,677
Grants-in-aid	111,269,197	412,543	25,292,679	-	12,558,764	149,533,183
Sales tax	143,701,711	-	-	-	8,152,784	151,854,495
Towns	126,403,562	-	-	-	-	126,403,562
Other funds	154,825,675	26,565,287	37,319,024	-	186,014,937	404,724,923
Component units	8,159,141	-	-	-	-	8,159,141
Other receivables	35,852,597	-	-	-	7,239,505	43,092,102
Prepays	4,833,645	-	-	-	-	4,833,645
Total assets	<u>1,119,935,024</u>	<u>27,009,917</u>	<u>182,695,134</u>	<u>21,030,668</u>	<u>601,172,867</u>	<u>1,951,843,610</u>
<b>Deferred outflows of resources</b>						
Purchase of future tobacco revenues	-	-	-	216,565,983	-	216,565,983
Total deferred outflows of resources	-	-	-	216,565,983	-	216,565,983
Total assets and deferred outflows of resources	<u>\$ 1,119,935,024</u>	<u>\$ 27,009,917</u>	<u>\$ 182,695,134</u>	<u>\$ 237,596,651</u>	<u>\$ 601,172,867</u>	<u>\$ 2,168,409,593</u>
<b>Liabilities</b>						
Accounts payable and accrued liabilities	\$ 249,807,347	\$ 72,391,996	\$ 47,731,617	\$ 2,500	\$ 36,973,281	\$ 406,906,741
Contract retainage payable	5,919	-	2,279,336	-	3,142,248	5,427,503
Notes payable	515,000,000	-	-	-	-	515,000,000
Due to:						
Other funds	96,800,050	6,533,336	34,979,225	-	239,031,569	377,344,180
Component units	5,399	-	-	-	-	5,399
Unearned revenue	13,618,241	222,054	341,305	-	34,245	14,215,845
Total liabilities	<u>875,236,956</u>	<u>79,147,386</u>	<u>85,331,483</u>	<u>2,500</u>	<u>279,181,343</u>	<u>1,318,899,668</u>
<b>Deferred inflows of resources</b>						
Unavailable revenue - property taxes	213,813,061	-	-	-	-	213,813,061
Unavailable revenue - government receivables	17,403,377	-	-	-	-	17,403,377
Sale of future tobacco revenues	207,301,312	7,220,367	-	-	184,684	214,706,363
Total deferred inflows of resources	<u>438,517,750</u>	<u>7,220,367</u>	<u>-</u>	<u>-</u>	<u>184,684</u>	<u>445,922,801</u>
<b>Fund balances (deficits)</b>						
Nonspendable:						
Land held for sale	40,420,792	-	-	-	-	40,420,792
Deferred charges	-	-	-	216,565,983	-	216,565,983
Prepays	9,644,366	-	-	-	-	9,644,366
Restricted for:						
General government support	-	-	5,312,266	-	11,030,152	16,342,418
Economic assistance and opportunity	-	-	442,025	-	-	442,025
Health	-	-	532,280	-	-	532,280
Public safety	-	-	11,626,703	-	10,048,146	21,674,849
Culture and recreation	-	-	8,785,107	-	-	8,785,107
Education	-	-	6,970,044	-	-	6,970,044
Home and community services	-	-	15,476,670	-	278,277,407	293,754,077
Transportation	-	-	48,218,556	-	-	48,218,556
Debt service	-	-	-	21,028,168	4,178,198	25,206,366
Environmental protection	-	-	-	-	29,877,357	29,877,357
Retirement contribution	155	-	-	-	-	155
Tourism and recreation	-	-	-	-	1,279,970	1,279,970
Unassigned	(243,884,995)	(59,357,836)	-	-	(12,884,390)	(316,127,221)
Total fund balances	<u>(193,819,682)</u>	<u>(59,357,836)</u>	<u>97,363,651</u>	<u>237,594,151</u>	<u>321,806,840</u>	<u>403,587,124</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,119,935,024</u>	<u>\$ 27,009,917</u>	<u>\$ 182,695,134</u>	<u>\$ 237,596,651</u>	<u>\$ 601,172,867</u>	<u>\$ 2,168,409,593</u>

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

**SUFFOLK COUNTY, NEW YORK**  
**Reconciliation of the Balance Sheet**  
**To the Statement of Net Position**  
**December 31, 2013**

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		\$ 403,587,124
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		2,855,226,434
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	\$ (416,653,232)	
Estimated liability for claims	(584,067,873)	
Obligations under capital leases-long term	(1,972,213)	
Interest Payables	(12,636,980)	
Long-term obligations	(1,746,814,144)	
Amortization of deferred amount	(8,633,965)	
Amortization of premium	12,579,727	
Due to NYS retirement system	(114,997,385)	
Obligation for postemployment benefits other than pensions	<u>(2,017,950,000)</u>	
Total long-term liabilities		(4,891,146,065)
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.		227,270,676
Certain expenditures are considered prepaid to match expenses with the period to which it relates.		15,750
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		72,133
Net position of governmental activities		<u>\$ (1,404,973,948)</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, 2013**

	General	Police District	Capital	Suffolk Tobacco Asset Securitization Corp.	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Real property taxes	\$ 91,085,225	\$ 489,800,197	\$ -	\$ -	\$ 73,489,994	\$ 654,375,416
Sales and use tax	1,139,877,145	69,838,390	-	-	88,368,275	1,298,083,810
New York State aid	231,135,955	418,324	19,116,659	-	35,829,748	286,500,686
Federal aid	235,734,529	1,478,317	20,033,690	-	42,833,853	300,080,389
Licenses, permits, fines, fees, etc.	168,879,226	1,588,174	-	-	94,454,460	264,921,860
Interest on investments	4,006,212	55,755	-	865,597	435,763	5,363,327
Miscellaneous	76,805,512	1,021,390	10,859,040	18,747,148	382,673	107,815,763
Total revenues	<u>1,947,523,804</u>	<u>564,200,547</u>	<u>50,009,389</u>	<u>19,612,745</u>	<u>335,794,766</u>	<u>2,917,141,251</u>
<b>Expenditures</b>						
Current:						
General government support	231,475,075	1,131,338	-	91,339	18,955,296	251,653,048
Economic assistance and opportunity	603,256,036	-	-	-	39,432,598	642,688,634
Health	144,436,148	-	-	-	1,081,913	145,518,061
Public safety	266,850,297	350,460,020	-	-	15,976,622	633,286,939
Culture and recreation	17,378,475	-	-	-	5,169,249	22,547,724
Education	179,615,133	-	-	-	-	179,615,133
Home and community services	7,822,007	-	-	-	51,951,784	59,773,791
Transportation	103,012,372	-	-	-	9,845,760	112,858,132
Employee benefits	473,637,098	94,093,132	-	-	21,444,917	589,175,147
Debt service:						
Principal	85,804,265	2,652,130	-	1,330,000	16,923,499	106,709,894
Interest and other charges	39,363,439	1,074,946	-	17,242,234	10,173,577	67,854,196
Capital outlay	-	-	140,875,990	-	45,816,247	186,692,237
Total expenditures	<u>2,152,650,345</u>	<u>449,411,566</u>	<u>140,875,990</u>	<u>18,663,573</u>	<u>236,771,462</u>	<u>2,998,372,936</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(205,126,541)</u>	<u>114,788,981</u>	<u>(90,866,601)</u>	<u>949,172</u>	<u>99,023,304</u>	<u>(81,231,685)</u>
<b>Other financing sources (uses)</b>						
General obligation bonds issued	43,776,652	-	73,973,817	-	29,212,610	146,963,079
JFA bonds issued	-	-	-	-	69,080,000	69,080,000
Premium on serial bonds issued	621,029	-	1,202,047	-	414,419	2,237,495
JFA premium on serial bonds issued	-	-	-	-	916,126	916,126
Transfers in	306,650,241	1,182,073	2,198,532	-	84,773,259	394,804,105
Transfers out	(14,539,037)	(118,845,765)	(10,681,236)	(7,205,578)	(240,538,882)	(391,810,498)
Total other financing sources (uses)	<u>336,508,885</u>	<u>(117,663,692)</u>	<u>66,693,160</u>	<u>(7,205,578)</u>	<u>(56,142,468)</u>	<u>222,190,307</u>
Net change in fund balances	131,382,344	(2,874,711)	(24,173,441)	(6,256,406)	42,880,836	140,958,622
Fund balances (deficits) at beginning of year	<u>(325,202,026)</u>	<u>(56,483,125)</u>	<u>121,537,092</u>	<u>243,850,557</u>	<u>278,926,004</u>	<u>262,628,502</u>
Fund balances (deficits) at end of year	<u>\$ (193,819,682)</u>	<u>\$ (59,357,836)</u>	<u>\$ 97,363,651</u>	<u>\$ 237,594,151</u>	<u>\$ 321,806,840</u>	<u>\$ 403,587,124</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, 2013**

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	\$ 140,958,622
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 (\$220,350,911) exceeded depreciation (\$59,789,009) in the current period.	160,561,902
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to decrease net position.	(37,602,357)
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.	(113,812,667)
Revenues reported in the governmental funds statements and not reported in the Statement of Activities.	648,024
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.	(327,345,888)
Change in net position of governmental activities	<u><u>\$ (176,592,364)</u></u>

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

**SUFFOLK COUNTY, NEW YORK**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (Budgetary Basis)**  
**For the Year Ended December 31, 2013**

	<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	\$ 92,237,038	\$ 92,237,038	\$ 91,085,225	\$ (1,151,813)
Sales and use tax	1,114,579,629	1,114,579,629	1,139,877,145	25,297,516
New York State aid	246,460,559	249,303,535	231,135,955	(18,167,580)
Federal aid	228,701,824	254,551,440	235,301,705	(19,249,735)
Licenses, permits, fines, fees, etc.	157,542,120	157,542,120	164,689,511	7,147,391
Interest on investments	2,445,596	2,445,596	2,700,163	254,567
Miscellaneous	13,722,777	13,722,777	31,659,953	17,937,176
Total revenues	<u>1,855,689,543</u>	<u>1,884,382,135</u>	<u>1,896,449,657</u>	<u>12,067,522</u>
<b>Expenditures</b>				
Current:				
General government support:				
Audit and control	5,655,561	5,655,561	5,354,195	301,366
Board of elections	15,000,576	14,313,256	14,126,756	186,500
Civil service	5,258,980	5,159,393	4,537,209	622,184
County clerk	7,270,899	7,270,899	7,221,099	49,800
County ethics commission	287,670	287,670	217,183	70,487
County executive	4,659,023	4,642,532	4,319,128	323,404
District attorney	35,270,963	35,551,660	34,564,417	987,243
Finance and taxation	4,327,511	4,327,511	4,137,053	190,458
Information technology services	49,647	70,223	8,322	61,901
Law	10,305,051	10,571,534	10,546,150	25,384
Legal aid society	12,727,976	12,727,976	12,569,086	158,890
Legislative	9,809,720	9,809,720	9,600,497	209,223
Public administrator	468,312	468,312	466,650	1,662
Public works	70,531,484	84,163,955	77,345,439	6,818,516
Real property	1,371,930	1,371,930	1,359,821	12,109
Miscellaneous	16,700,671	13,232,099	11,987,810	1,244,289
Total general government support	<u>199,695,974</u>	<u>209,624,231</u>	<u>198,360,815</u>	<u>11,263,416</u>
Economic assistance and opportunity:				
County executive	14,408,093	14,057,698	13,031,120	1,026,578
Economic development and planning	3,709,959	3,679,242	3,679,177	65
Labor	7,395,797	8,007,314	7,587,225	420,089
Probation	8,250,250	8,249,900	6,527,186	1,722,714
Social services	590,729,194	587,315,936	572,431,328	14,884,608
Total economic assistance and opportunity	<u>624,493,293</u>	<u>621,310,090</u>	<u>603,256,036</u>	<u>18,054,054</u>

(Continued)

**SUFFOLK COUNTY, NEW YORK**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (Budgetary Basis)**  
**For the Year Ended December 31, 2013**

	<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	144,099,056	138,244,275	134,290,571	3,953,704
Medical examiner	10,544,861	10,562,666	10,145,577	417,089
Total health	<u>154,643,917</u>	<u>148,806,941</u>	<u>144,436,148</u>	<u>4,370,793</u>
Public safety:				
Fire rescue and emergency service	13,946,130	14,269,656	13,635,273	634,383
Police	69,311,023	72,186,242	71,898,704	287,538
Probation	32,550,244	32,854,871	30,697,474	2,157,397
Public works	45,000	44,400	28,125	16,275
Sheriff	182,068,318	182,501,192	150,590,721	31,910,471
Total public safety	<u>297,920,715</u>	<u>301,856,361</u>	<u>266,850,297</u>	<u>35,006,064</u>
Culture and recreation:				
County executive	5,589,104	5,589,104	5,408,945	180,159
Parks	11,544,321	12,042,740	11,969,530	73,210
Miscellaneous	5,000	4,400	-	4,400
Total culture and recreation	<u>17,138,425</u>	<u>17,636,244</u>	<u>17,378,475</u>	<u>257,769</u>
Education:				
Health services	156,902,265	156,093,165	125,116,614	30,976,551
Miscellaneous	51,120,371	57,085,460	54,216,049	2,869,411
Total education	<u>208,022,636</u>	<u>213,178,625</u>	<u>179,332,663</u>	<u>33,845,962</u>
Home and community services:				
County executive	452,130	469,280	455,256	14,024
Economic development and planning	3,639,028	3,920,409	3,884,351	36,058
Law	261,886	255,403	238,125	17,278
Public works	519,495	515,345	506,761	8,584
Soil and water conservation	308,525	308,525	306,030	2,495
Total home and community services	<u>5,181,064</u>	<u>5,468,962</u>	<u>5,390,523</u>	<u>78,439</u>
Transportation:				
Public works	90,220,493	90,037,133	88,972,645	1,064,488
Employee benefits	107,935,024	108,758,029	108,373,395	384,634
Debt service - principal	53,147,259	53,351,774	53,351,773	1
Debt service - interest	36,515,653	36,654,955	36,654,953	2
Total debt service	<u>89,662,912</u>	<u>90,006,729</u>	<u>90,006,726</u>	<u>3</u>
Total expenditures	<u>1,794,914,453</u>	<u>1,806,683,345</u>	<u>1,702,357,723</u>	<u>104,325,622</u>

(Continued)

**SUFFOLK COUNTY, NEW YORK**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (Budgetary Basis)**  
**For the Year Ended December 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Excess (deficiency) of revenues over (under) expenditures	60,775,090	77,698,790	194,091,934	116,393,144
<b>Other financing sources (uses)</b>				
Serial bonds issued	37,000,000	42,426,057	41,339,601	(1,086,456)
Premium on serial bonds issued	-	-	586,456	586,456
Transfers in	166,912,039	158,422,127	163,166,828	4,744,701
Transfers out	(215,250,168)	(215,545,643)	(213,822,316)	1,723,327
Total other financing sources (uses)	(11,338,129)	(14,697,459)	(8,729,431)	5,968,028
Net change in fund balances (budgetary basis)	49,436,961	63,001,331	185,362,503	122,361,172
Fund balances (deficits) at beginning of year (budgetary basis)	(49,436,961)	(154,413,095)	(154,413,095)	-
Fund balances (deficits) at end of year (budgetary basis)	\$ -	\$ (91,411,764)	\$ 30,949,408	\$ 122,361,172

Reconciliation between the budgetary basis of accounting and GAAP basis:

Fund balance at end of year (budgetary basis)	\$ 30,949,408
Plus: General Fund Components:	
Town village code enforcement (GAAP basis)	228,637
Interdepartment operation & service (GAAP basis)	(3,522,601)
Self insurance fund (GAAP basis)	(6,150,097)
Employee medical health plan (GAAP basis)	(8,679,112)
Building sanitation administration (GAAP basis)	(365,507)
Tax stabilization reserve (GAAP basis)	49,165,493
Retirement contribution reserve (GAAP basis)	155
Less: accrued pension expense	(50,442,146)
Less: accounting for sale of future revenues to STASC	(205,003,912)
Fund balance at end of year (GAAP basis)	\$ (193,819,682)

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

**SUFFOLK COUNTY, NEW YORK**  
**Police District - Special Revenue Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (Budgetary Basis)**  
**For the Year Ended December 31, 2013**

	<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	\$ 490,058,389	\$ 490,058,389	\$ 489,800,197	\$ (258,192)
Sales and use tax	69,838,390	69,838,390	69,838,390	-
New York State aid	334,740	553,349	418,324	(135,025)
Federal aid	104,220	1,868,239	1,478,317	(389,922)
Licenses, permits, fines, fees, etc.	1,807,671	1,807,671	1,588,174	(219,497)
Interest on investments	85,400	85,400	9,382	(76,018)
Miscellaneous	1,604,311	1,609,361	1,220,405	(388,956)
<b>Total revenues</b>	<b>563,833,121</b>	<b>565,820,799</b>	<b>564,353,189</b>	<b>(1,467,610)</b>
<b>Expenditures</b>				
Current:				
General government support:				
Miscellaneous	5,528,301	1,131,338	1,131,338	-
Public safety:				
Police	345,613,611	349,745,802	350,460,020	(714,218)
Employee benefits	87,021,018	89,735,449	89,626,912	108,537
Debt Service:				
Principal	2,490,141	2,490,141	2,439,795	50,346
Interest and other charges	1,104,628	1,104,628	1,070,107	34,521
<b>Total expenditures</b>	<b>441,757,699</b>	<b>444,207,358</b>	<b>444,728,172</b>	<b>(520,814)</b>
Excess (deficiency) of revenues over (under) expenditures	122,075,422	121,613,441	119,625,017	(1,988,424)
<b>Other financing sources (uses)</b>				
Transfers in	1,115,858	1,115,858	1,015,872	(99,986)
Transfers out	(122,260,942)	(121,011,332)	(118,845,765)	2,165,567
<b>Total other financing sources (uses)</b>	<b>(121,145,084)</b>	<b>(119,895,474)</b>	<b>(117,829,893)</b>	<b>2,065,581</b>
Net change in fund balances (budgetary basis)	930,338	1,717,967	1,795,124	77,157
Fund balances (deficits) at beginning of year (budgetary basis)	(930,338)	(2,126,879)	(2,126,879)	-
Fund balances (deficits) at end of year (budgetary basis)	<u>\$ -</u>	<u>\$ (408,912)</u>	<u>\$ (331,755)</u>	<u>\$ 77,157</u>

Reconciliation between the budgetary basis of accounting and GAAP basis:

Fund balance at end of year (budgetary basis)	\$ (331,755)
Less: accrued pension expense	(51,805,712)
Less: accounting for sale of future revenues to STASC	(7,220,369)
Fund balance at end of year (GAAP basis)	<u>\$ (59,357,836)</u>

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

**SUFFOLK COUNTY, NEW YORK**

**Statement of Net Position**

**Enterprise Funds**

**December 31, 2013**

	<u>Suffolk County Ball Park</u>	<u>Francis S. Gabreski Airport</u>	<u>John J. Foley Skilled Nursing Facility</u>	<u>Total</u>
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 957,024	\$ 3,286,022	\$ 3,228,273	\$ 7,471,319
Investments	-	-	3,500	3,500
Due from New York State and federal sources	459,504	417,740	8,219,668	9,096,912
Due from other funds	-	288,974	2,470,454	2,759,428
Other receivables	9,401	101,277	49,052	159,730
Total current assets	<u>1,425,929</u>	<u>4,094,013</u>	<u>13,970,947</u>	<u>19,490,889</u>
Noncurrent assets:				
Restricted:				
Other receivables	-	-	73,795	73,795
Assets held for sale	-	-	13,710,547	13,710,547
Capital assets:				
Nondepreciable	2,092,831	23,669,491	-	25,762,322
Depreciable, net	11,883,445	17,457,226	-	29,340,671
Total noncurrent assets	<u>13,976,276</u>	<u>41,126,717</u>	<u>13,784,342</u>	<u>68,887,335</u>
Total assets	<u>15,402,205</u>	<u>45,220,730</u>	<u>27,755,289</u>	<u>88,378,224</u>
<b>Deferred outflows of resources</b>				
Deferred charges on refundings	5,203	-	-	5,203
Total deferred outflows of resources	<u>5,203</u>	<u>-</u>	<u>-</u>	<u>5,203</u>
Total assets and deferred outflows of resources	<u>15,407,408</u>	<u>45,220,730</u>	<u>27,755,289</u>	<u>88,383,427</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	29,082	494,079	1,864,608	2,387,769
Accrued liabilities	-	-	27,885	27,885
Contract retainage payable	-	986	-	986
Due to other funds	20,382	3,542,946	26,576,844	30,140,172
Unearned revenue	-	4,594	-	4,594
Current portion of long-term obligations	251,624	539,243	-	790,867
Total current liabilities	<u>301,088</u>	<u>4,581,848</u>	<u>28,469,337</u>	<u>33,352,273</u>
Noncurrent liabilities:				
Funds held in trust	-	-	73,795	73,795
Long-term obligations	1,063,929	7,824,442	-	8,888,371
Obligation for postemployment benefits other than pensions	-	1,960,000	-	1,960,000
Total noncurrent liabilities	<u>1,063,929</u>	<u>9,784,442</u>	<u>73,795</u>	<u>10,922,166</u>
Total liabilities	<u>1,365,017</u>	<u>14,366,290</u>	<u>28,543,132</u>	<u>44,274,439</u>
<b>Deferred inflows of resources</b>				
Deferred gain on refundings	-	54,507	-	54,507
Sale of future tobacco revenues	-	402,823	1,456,796	1,859,619
Total deferred inflows of resources	<u>-</u>	<u>457,330</u>	<u>1,456,796</u>	<u>1,914,126</u>
Total liabilities and deferred inflows of resources	<u>1,365,017</u>	<u>14,823,620</u>	<u>29,999,928</u>	<u>46,188,565</u>
<b>Net Position</b>				
Net investment in capital assets	12,660,722	34,137,207	-	46,797,929
Unrestricted (deficit)	1,381,669	(3,740,097)	(2,244,639)	(4,603,067)
Total net position	<u>\$ 14,042,391</u>	<u>\$ 30,397,110</u>	<u>\$ (2,244,639)</u>	<u>\$ 42,194,862</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, 2013**

	<b>Suffolk County Ball Park</b>	<b>Francis S. Gabreski Airport</b>	<b>John J. Foley Skilled Nursing Facility</b>	<b>Total</b>
<b>Operating revenues</b>				
Net patient revenues	\$ -	\$ -	\$ 8,681,774	\$ 8,681,774
Licenses, permits, fines, fees, etc.	837,816	2,060,587	-	2,898,403
Miscellaneous	-	109,434	2,900	112,334
Total operating revenues	<u>837,816</u>	<u>2,170,021</u>	<u>8,684,674</u>	<u>11,692,511</u>
<b>Operating expenses</b>				
Salaries and wages	-	519,252	4,930,716	5,449,968
Administrative expenses	-	222,629	5,252,212	5,474,841
Depreciation	457,056	652,666	839,344	1,949,066
Miscellaneous	332,679	-	-	332,679
Employee benefits	-	446,878	3,105,443	3,552,321
Debt service interest	74,958	282,687	1,725,182	2,082,827
Total operating expenses	<u>864,693</u>	<u>2,124,112</u>	<u>15,852,897</u>	<u>18,841,702</u>
Operating income (loss)	<u>(26,877)</u>	<u>45,909</u>	<u>(7,168,223)</u>	<u>(7,149,191)</u>
<b>Nonoperating revenues (expenses)</b>				
Revenue from other governments	-	-	8,219,668	8,219,668
Interest on investments	4,103	2,221	16,964	23,288
Loss on disposition of capital assets	-	(552,878)	-	(552,878)
Total nonoperating revenues (expenses)	<u>4,103</u>	<u>(550,657)</u>	<u>8,236,632</u>	<u>7,690,078</u>
Income (loss) before contributions and transfers	<u>(22,774)</u>	<u>(504,748)</u>	<u>1,068,409</u>	<u>540,887</u>
Capital contributions - grants	215,878	86,631	16,067,029	16,369,538
Transfers in	-	590,348	44,772,087	45,362,435
Transfers out	-	(383,795)	(8,262,247)	(8,646,042)
Total other financing sources (uses)	<u>215,878</u>	<u>293,184</u>	<u>52,576,869</u>	<u>53,085,931</u>
Change in net position	<u>193,104</u>	<u>(211,564)</u>	<u>53,645,278</u>	<u>53,626,818</u>
Total net position at beginning of year as previously reported	13,868,748	30,617,471	(55,862,124)	(11,375,905)
Prior period adjustment (See note I.D)	(19,461)	(8,797)	(27,793)	(56,051)
Total net position at beginning of year, as restated	<u>13,849,287</u>	<u>30,608,674</u>	<u>(55,889,917)</u>	<u>(11,431,956)</u>
Total net position at end of year	<u>\$ 14,042,391</u>	<u>\$ 30,397,110</u>	<u>\$ (2,244,639)</u>	<u>\$ 42,194,862</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, 2013**

	<b>Suffolk County Ball Park</b>	<b>Francis S. Gabreski Airport</b>	<b>John J. Foley Skilled Nursing Facility</b>	<b>Totals</b>
<b>Cash flows from operating activities</b>				
Receipts from operations	\$ 872,247	\$ 1,900,281	\$ 17,664,794	\$ 20,437,322
Receipts from other revenue	-	7,771	305,352	313,123
Payments to suppliers	-	(472,674)	(3,521,938)	(3,994,612)
Payments for contractual services	-	(400)	-	(400)
Miscellaneous expenses	(574,293)	-	-	(574,293)
Payments to employees	-	(452,854)	(6,312,365)	(6,765,219)
Payments for employee benefits	-	(166,566)	(3,105,443)	(3,272,009)
	<u>297,954</u>	<u>815,558</u>	<u>5,030,400</u>	<u>6,143,912</u>
Net cash provided (used) by operating activities				
<b>Cash flows from noncapital financing activities</b>				
Payments from other governments	-	-	3,147,135	3,147,135
Transfer from other funds	-	1,422,823	-	1,422,823
Transfer to other funds	(337)	-	(8,262,247)	(8,262,584)
	<u>(337)</u>	<u>1,422,823</u>	<u>(5,115,112)</u>	<u>(3,692,626)</u>
Net cash provided (used) by noncapital financing activities				
<b>Cash flows from capital and related financing activities</b>				
Proceeds from capital debt	-	1,035,388	-	1,035,388
Capital grants	-	-	17,000,000	17,000,000
Purchase of capital assets	-	(233,837)	(1,715)	(235,552)
Principal paid on capital debt	(286,525)	(371,493)	(12,835,634)	(13,493,652)
Interest paid on capital debt	(74,959)	(286,834)	(1,826,911)	(2,188,704)
	<u>(361,484)</u>	<u>143,224</u>	<u>2,335,740</u>	<u>2,117,480</u>
Net cash provided (used) by capital and related financing activities				
<b>Cash flows from investing activities</b>				
Interest on investments	4,102	6,256	16,901	27,259
	<u>4,102</u>	<u>6,256</u>	<u>16,901</u>	<u>27,259</u>
Net cash provided (used) by investing activities				
Net increase (decrease) in cash and cash equivalents	(59,765)	2,387,861	2,267,929	4,596,025
Cash and cash equivalents at beginning of year	1,016,789	898,161	960,344	2,875,294
Cash and cash equivalents at end of year	<u>\$ 957,024</u>	<u>\$ 3,286,022</u>	<u>\$ 3,228,273</u>	<u>\$ 7,471,319</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>				
Operating income (loss)	\$ (26,877)	\$ 45,909	\$ (7,168,223)	\$ (7,149,191)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	457,056	652,666	839,344	1,949,066
Provision for doubtful accounts receivable	-	-	463,713	463,713
Other increase (decrease)	74,959	282,687	822,513	1,180,159
Change in assets and liabilities:				
Receivables, net	34,429	(261,969)	5,755,524	5,527,984
Due from/to Suffolk County	-	-	7,036,725	7,036,725
Accounts and other payables	(241,613)	96,265	(2,719,196)	(2,864,544)
Net cash provided (used) by operating activities	<u>\$ 297,954</u>	<u>\$ 815,558</u>	<u>\$ 5,030,400</u>	<u>\$ 6,143,912</u>

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

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**SUFFOLK COUNTY, NEW YORK**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**December 31, 2013**

	<b>Private-Purpose Trusts</b>	<b>Agency Funds</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 354,937	\$ 46,233,019
Cash with fiscal agents	-	262
Investments	10,801,522	2,560,783
Other assets	-	17,758,212
Total assets	11,156,459	66,552,276
<b>Liabilities</b>		
Accounts payable and accrued liabilities	11,151,889	1,187,590
Agency fund liabilities	-	65,364,686
Total liabilities	11,151,889	66,552,276
<b>Net Position</b>		
Held in trust	\$ 4,570	

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, 2013**

	<b>Private-Purpose Trusts</b>
<b>Additions</b>	
Investment income:	
Interest	\$ 357
Transfer in	1,397,625
Other revenue	370,820
Total additions	1,768,802
<b>Deductions</b>	
Administrative and general expenses	1,768,268
Change in net position	534
Net position at beginning of year	4,036
Net position at end of year	\$ 4,570

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, 2013

With Suffolk County Community College as of August 31, 2013

	Suffolk County Community College	Suffolk Regional Off-Track Betting Corporation	Suffolk County Industrial Development Agency	Suffolk County Economic Development Corporation	Total
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 65,456,597	\$ 1,055,713	\$ 4,563,145	\$ 407,833	\$ 71,483,288
Investments	13,406,421	-	-	-	13,406,421
Accounts receivable	1,678,927	50,370	7,557	-	1,736,854
Students accounts receivable, net	4,133,705	-	-	-	4,133,705
Due from other governments	1,372,689	568,734	-	-	1,941,423
Other assets	48,986	321,518	11,074	-	381,578
Total current assets	86,097,325	1,996,335	4,581,776	407,833	93,083,269
Noncurrent assets:					
Restricted:					
Cash and cash equivalents	-	635,952	-	-	635,952
Investments	3,193,006	-	-	-	3,193,006
Capital assets:					
Nondepreciable	20,784,903	2,058,342	-	-	22,843,245
Depreciable, net	119,136,902	7,845,097	9,093	-	126,991,092
Other	-	-	164,053	-	164,053
Total noncurrent assets	143,114,811	10,539,391	173,146	-	153,827,348
Total assets	229,212,136	12,535,726	4,754,922	407,833	246,910,617
<b>Deferred outflows of resources</b>					
Deferred charges on refundings	300,351	-	-	-	300,351
Total deferred outflows of resources	300,351	-	-	-	300,351

(Continued)

**SUFFOLK COUNTY, NEW YORK**  
**Statement of Net Position**

Component Units  
December 31, 2013

With Suffolk County Community College as of August 31, 2013

	Suffolk County Community College	Suffolk Regional Off-Track Betting Corporation	Suffolk County Industrial Development Agency	Suffolk County Economic Development Corporation	Total
<b>Liabilities</b>					
Current liabilities:					
Accounts payable and accrued liabilities	21,980,927	13,252,613	10,206	-	35,243,746
Due to primary government	1,826,865	-	-	-	1,826,865
Due to NYS retirement system	-	4,147,840	-	-	4,147,840
Unearned revenue	25,464,830	-	-	-	25,464,830
Accumulated vacation and sick leave	2,869,785	-	-	-	2,869,785
Other liabilities	722,161	-	76,500	10,100	808,761
Mortgage payable	-	361,275	-	-	361,275
Bonds payable	4,122,276	-	-	-	4,122,276
Total current liabilities	<u>56,986,844</u>	<u>17,761,728</u>	<u>86,706</u>	<u>10,100</u>	<u>74,845,378</u>
Noncurrent liabilities:					
Accumulated vacation and sick leave	25,613,178	615,984	111,586	-	26,340,748
Due to NYS retirement system	-	437,020	-	-	437,020
Obligation for postemployment benefits other than pensions	188,915,000	13,405,548	-	-	202,320,548
Mortgage payable	-	4,885,795	-	-	4,885,795
Bonds payable	42,770,698	-	-	-	42,770,698
Other long-term debt	-	259,854	-	-	259,854
Total noncurrent liabilities	<u>257,298,876</u>	<u>19,604,201</u>	<u>111,586</u>	<u>-</u>	<u>277,014,663</u>
Total liabilities	<u>314,285,720</u>	<u>37,365,929</u>	<u>198,292</u>	<u>10,100</u>	<u>351,860,041</u>
<b>Net Position</b>					
Net investment in capital assets	93,352,766	4,427,278	9,093	-	97,789,137
Restricted for capital projects	13,068,640	-	-	-	13,068,640
Unrestricted (deficit)	(191,194,639)	(29,257,481)	4,547,537	397,733	(215,506,850)
Total net position	<u>\$ (84,773,233)</u>	<u>\$ (24,830,203)</u>	<u>\$ 4,556,630</u>	<u>\$ 397,733</u>	<u>\$ (104,649,073)</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, 2013

With Suffolk County Community College as of August 31, 2013

	Suffolk County Community College	Suffolk Regional Off-Track Betting Corporation	Suffolk County Industrial Development Agency	Suffolk County Economic Development Corporation	Total
<b>Expenses:</b>					
Program operations	\$ 225,920,262	\$ 16,865,696	\$ 1,016,587	\$ 186,049	\$ 243,988,594
Depreciation and amortization	8,102,074	515,267	8,426	-	8,625,767
Other expenses	7,460,065	13,396,087	-	-	20,856,152
Total expenses	<u>241,482,401</u>	<u>30,777,050</u>	<u>1,025,013</u>	<u>186,049</u>	<u>273,470,513</u>
<b>Program revenues:</b>					
Charges for services	83,870,160	26,644,846	1,241,478	222,640	111,979,124
Operating grants and contributions	5,359,869	-	-	-	5,359,869
Total program revenues	<u>89,230,029</u>	<u>26,644,846</u>	<u>1,241,478</u>	<u>222,640</u>	<u>117,338,993</u>
Net program revenues (expenses)	<u>(152,252,372)</u>	<u>(4,132,204)</u>	<u>216,465</u>	<u>36,591</u>	<u>(156,131,520)</u>
<b>General revenues (expenses):</b>					
Payments from primary government	45,244,438	-	-	-	45,244,438
Grants and contributions	77,651,097	-	-	-	77,651,097
not restricted to specific programs	1,328,206	-	14,263	841	1,343,310
Interest on investments	(1,787,329)	-	-	-	(1,787,329)
Interest on long-term debt	122,436,412	-	14,263	841	122,451,516
Total general revenues	<u>(29,815,960)</u>	<u>(4,132,204)</u>	<u>230,728</u>	<u>37,432</u>	<u>(33,680,004)</u>
Change in net position	<u>(54,957,273)</u>	<u>(20,697,999)</u>	<u>4,325,902</u>	<u>360,301</u>	<u>(70,969,069)</u>
Net position at beginning of year	<u>(84,773,233)</u>	<u>(24,830,203)</u>	<u>4,556,630</u>	<u>397,733</u>	<u>(104,649,073)</u>
Net position at end of year	<u>\$ (84,773,233)</u>	<u>\$ (24,830,203)</u>	<u>\$ 4,556,630</u>	<u>\$ 397,733</u>	<u>\$ (104,649,073)</u>

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

**I. Summary of significant accounting policies**

**A. Reporting entity**

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

**Blended component units**

The Suffolk 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 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 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 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.

**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 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 19 percent of the operating costs for the College. Bonds that are direct obligations and pledge the full faith and credit of the County are issued by the County for College capital program purposes. A fiscal year ending August 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 of Suffolk as 100 percent shareholder of OTB, appoints the Corporation's board, has the ability to impose its will, and is entitled to the Corporation's resources.

On March 18, 2011 OTB filed for protection under Chapter 9 of Title 11, United States Bankruptcy Code (Chapter 9). The Court dismissed OTB's petition on the objection of an out-of-state creditor and OTB appealed that order. In March 2012, the NYS Legislature passed legislation authorizing OTB to file under Chapter 9, which will allow use of the Capital Acquisition Fund for any corporate purpose. On May 11, 2012, OTB filed a new Chapter 9 case which resulted in the United States Bankruptcy Court issuing an Order for Relief on July 19, 2012. The filing has enabled OTB to continue to operate and provide services to its customers until a Plan of Adjustment can be negotiated and approved. OTB anticipates that the Plan of Adjustment will be completed and available during 2014.

**SUFFOLK COUNTY**  
Notes to the Financial Statements  
December 31, 2013

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

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 Board of Director members can be removed at will by the appointing authorities, thereby providing Suffolk County with the ability to impose its will on the EDC.

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

Suffolk County Economic Development Corp.  
H. Lee Dennison Building  
100 Veterans Memorial Highway  
Hauppauge, New York 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,

**SUFFOLK COUNTY**  
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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 districts 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 John J. Foley Skilled Nursing Facility fund* accounts for the activities of the County's nursing home.

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On June 30, 2013, the John J. Foley Skilled Nursing Facility (Foley) terminated operations as part of the County's closure plan which was approved by New York State on March 18, 2013. Foley's capital assets will continue to be reported as assets held for sale until the facility is either sold or transferred to the County to be reprogrammed for other County purposes.

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

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

Additionally, the County reports the following fiduciary funds:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The County reports the following stabilization and reserve funds:

*The 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

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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, 2013 was \$49,165,493.

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

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

In 2011, the County adopted Resolution No. 625-2011 which provides that if the assessment stabilization reserve fund's fund balance exceeds \$140 million in fiscal years 2011 through 2013; 62.5 percent of the excess can 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 provides that in fiscal years 2014-2021, any fund balance in excess of \$140 million shall be used exclusively, via duly approved resolutions, for specific sewer district costs. For financial reporting purposes, the assessment stabilization reserve fund is reported within the water quality protection reserve fund, a nonmajor governmental fund. The balance in the assessment stabilization reserve fund at December 31, 2013 was \$166,366,193.

***The southwest assessment stabilization reserve fund*** was established to stabilize rates within the southwest sewer district (sewer district #3). The southwest assessment stabilization reserve fund is governed by NYS General Municipal Law, Article 2, Section 6-o which restricts expenditures from this fund to the purpose of design, construction and operation of a solid waste management facility. For financial reporting purposes, the southwest assessment stabilization reserve fund is reported within the sewer district #3 fund, a nonmajor government fund. The balance in the southwest assessment stabilization reserve fund at December 31, 2013 was \$35,177,582.

***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

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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, 2013 was \$19,940,000.

*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, 2013 was \$155.

*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, 2013 was \$9,426, prior to the reclassification of the environmental trust fund in the amount of \$4,843,036, the assessment stabilization reserve fund in the amount of \$166,366,193, and the sewer infrastructure program fund in the amount of \$19,940,000.

*The Suffolk County water protection fund* serves as a repository for the County's ¼ percent sales tax. Pursuant to NYS Tax Law § 1210-a, the ¼ percent sales tax revenue is restricted to specifically dedicated purposes. County Local Law determines the allocation of funding to these legally restricted purposes. Therefore, dedicated sales tax revenue is distributed from this fund to other governmental funds, in order to fund the various components of the program. The balance in the Suffolk County water protection fund at December 31, 2013 was \$25,024,895.

**D. Restatement of beginning balances**

Effective January 1, 2013, the County implemented GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities." This Statement established accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows or inflows of resources, certain items that were previously reported as assets and liabilities. The implementation of this new standard resulted in the modification of the method previously used to account for bond issuance costs and the expenses incurred on bond refunding. Pursuant to paragraph 14 of GASB Statement No. 65, the County has expensed the balance of unamortized bond issuance costs. In addition, the County has reclassified the unamortized cost of bond refunding to deferred outflows and deferred inflows as applicable.

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The County restated the beginning net position for fiscal year ended December 31, 2013 in the governmental and business-type funds as follows:

Governmental activities (Entity-wide):	\$ 3,919,060
Enterprise funds/Business-type activities	
Suffolk County Ball Park	\$ 19,461
Francis S. Gabreski Airport	\$ 8,797
John J. Foley Skilled Nursing Facility	\$ 27,793

**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 that authorize the Treasurer to invest idle funds in:

- Certificates of Deposit issued by a bank or trust company authorized to do business in the County
- Time deposit accounts in a bank or trust company authorized to do business in the County
- Obligations of New York State
- Obligations of the United States Government
- Repurchase agreements involving the purchase and sale of direct obligations of the United States Government
- 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 designated by the County Treasurer. Written contracts are required for all repurchase agreements, the terms of which may not exceed 30 days. Measures are taken by the County to ensure that the value of such underlying collateral exceeds the value of the related repurchase agreement, including a weekly evaluation of the fair value of such collateral.

**2. *Receivables and payables***

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

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

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

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

The towns and school districts receive their entire levy prior to any distribution to the County. The property tax receivable in the County’s financial statements represents (i) the aggregate unpaid taxes transferred from the towns’ Tax Receivers to the County and (ii) interest and penalties on such unpaid taxes. It is the County’s responsibility to collect such unpaid taxes. Tax collections for the years ended December 31, 2013 and 2012 were approximately 96.3 and 96.1 percent respectively, of the tax levy for County purposes. The County recognizes property tax revenue realized from payments actually received against the current year’s levy and prior years’ levies previously recorded as deferred 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.

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The following is a summary of the County's property tax calendar for 2013:

Lien date	June 1, 2012
Levy date	December 1, 2012
Tax bills mailed	December 1, 2012
Property taxes recorded	January 1, 2013
First installment payment due	January 10, 2013
Second installment payment due	May 31, 2013
Taxes become overdue	June 1, 2013

**3. Inventories and prepaid items**

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

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

**4. Restricted assets**

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

**5. Capital assets**

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

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

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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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 two items that qualify for reporting in this category. The first item is a deferred charge on refunding reported in the business-type statement of net position and in the business-type activities in the government-wide statement of net position. 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 second 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.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The County has unavailable revenue, which arises under the modified accrual basis of accounting; that qualifies for reporting in this category. The unavailable revenues are delinquent property taxes and Federal and State aid due to the County but not received. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The County also reports a deferred gain on refunding in this category in the governmental activities of the government-wide statement of net position. In this case these amounts are recognized as an inflow because the difference in the carrying value of refunded debt and its reacquisition were affected by a premium on a refunding. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**9. *Net position/Fund equity***

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.

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*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.

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

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

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

## **10. Encumbrances**

The County uses encumbrances in order to budgetarily designate resources for specific commitments. Encumbered amounts are not displayed separately on the face of the financial statements but rather reported within the restricted classifications of the individual funds or within the assigned fund balance of the general fund. Encumbered balances at December 31, 2013 are as follows:

### **Major Funds**

Capital fund	\$ 126,502,150
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### **Non-Major Funds**

Capital Sewer fund	\$ 21,012,486
Capital Southwest Sewer fund	\$ 22,134,853

## **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 June 2012, the GASB issued Statement No. 67 “Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25.” The objective of this Statement is to improve transparency and provide decision-useful information from financial reports prepared by State and local governmental pension plans. The County is required to adopt GASB Statement No. 67 for its 2014 financial statements. The requirements of this Statement will not have an effect on the County’s financial statements.

In June 2012, GASB issued Statement No. 68 “Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27.” This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expenditures. This Statement also identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service, for defined benefit pensions. The County is required to adopt Statement No. 68 for its 2015 financial statements. The County is evaluating the effect that adoption of GASB Statement No. 68 will have on the County’s financial statements.

In January 2013, the GASB issued Statement No. 69 “Government Combinations and Disposals of Government Operations.” This Statement provides specific accounting and financial reporting guidance for combinations in the governmental environment. The County is required to adopt the provisions of Statement No. 69 for any combinations and disposals of operations occurring on its 2014 or subsequent financial statements.

In April 2013, the GASB issued Statement No. 70 “Accounting and Financial Reporting for Nonexchange Financial Guarantees.” This Statement will improve consistency of reporting by governments that extend nonexchange financial guarantees and governments that receive nonexchange financial guarantees. This Statement will also enhance disclosures regarding a

government's obligations and risk exposure from extending nonexchange financial guarantees. The County is required to implement this Statement for its 2014 financial statements and it is not anticipated that it will have an impact on the County's financial statements.

In November 2013, the GASB issued Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date." The objective of this Statement is to address an issue relating to contributions made by a contributing entity to a defined benefit pension plan after the measurement date of the governments beginning net pension liability. The implementation of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation. The County is required to adopt this Statement for its 2015 financial statements. The County is evaluating the effect adoption of Statement No. 71 will have on the financial statements.

### **G. Adoption of New Accounting Standards**

In November 2010, the GASB issued Statement No. 61 "The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34." This statement is intended to result in increased financial statement relevance by improving guidance for including, presenting and disclosing information about component units and equity interest transactions of a financial reporting entity. The County adopted GASB Statement No. 61 for its 2013 financial statements.

In March 2012, the GASB issued Statement No. 65 "Items Previously Reported as Assets and Liabilities." This Statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement No. 4. The County adopted GASB Statement No. 65 for its 2013 financial statements.

In March 2012, the GASB issued Statement No. 66 "Technical Corrections – 2012 – an amendment of GASB Statement No. 10 and No. 62." This Statement enhances the usefulness and consistency of the financial reports by resolving conflicting reporting guidance resulting from the issuance of Statements No. 54 and No. 62. The County has implemented this Statement for its 2013 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 (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.

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- Interest earned on the revocable trust is not budgeted in the general fund or the police district fund.
- Debt service paid by the revocable trust is not budgeted in the general fund or the police district fund.
- 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 budgets include:

General Fund	Sewer District # 9
Police District	Sewer District # 10
Tax Certiorari	Sewer District # 11
Public Safety Communications System E-911	Sewer District # 12
County Road	Sewer District # 13
Handicapped Parking Education	Sewer District # 14
MTA Payroll Tax	Sewer District # 15
District Court	Sewer District # 18
Traffic Violations Bureau	Sewer District # 19
Hotel/Motel Tax Culture and History	Sewer District # 20
Sewer District # 1	Sewer District # 21
Sewer District # 2	Sewer District # 22
Sewer District # 3	Sewer District #23
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

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

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

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

- (i) Prior to September 19, the County Executive submits proposed operating budgets to the County Legislature for the general and budgeted special revenue funds for the fiscal year commencing on the following January 1. The operating budgets include proposed expenditures and the means of financing them.

**SUFFOLK COUNTY**  
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- (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 2013, General Fund supplementary appropriations were authorized and aggregated approximately \$11,768,892.

**B. Excess of expenditures over appropriations**

For the year ended December 31, 2013, expenditures exceeded appropriations for the following category of expenditures within each of the respective funds:

Police District:

· Public safety:		
Police	\$	714,218

Tax Certiorari:

· Debt service:		
Interest and other charges	\$	9

Public Safety Communications System E-911:

· Employee benefits	\$	40,316
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County Road

· Employee benefits	\$	8,782
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Hotel/Motel Tax Culture and History:

· Economic assistance and opportunity:		
Economic development and planning	\$	139,116

**SUFFOLK COUNTY**  
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**C. Deficit fund equity**

The following funds have deficit fund equity balances at December 31, 2013:

<b>General Fund</b>	\$ 193,819,682
<b>Special Revenue Funds:</b>	
• Police District	\$ 59,357,836
• Public Safety Communications System E-911	2,658,837
• County Road Fund	998,573
• Traffic Violations Bureau	455,916
• Sewer District #6	305,605
• Workforce Investment Revenue	928,926
• Community Development	1,220,640
• Medicaid Compliance Fund	5,676,979
<b>Proprietary Funds:</b>	
• John J. Foley Skilled Nursing Facility	\$ 2,244,639

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.

**III. Detailed notes on all funds**

**A. Deposits and investments**

At year end, Suffolk County's bank balance in all financial institutions was \$781,629,304. The entire bank balance was either covered by federal depository insurance or by collateral held by the County's agent in the County's name.

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

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

**Credit Risk** – The County limits its investment choices as a means of managing its exposure to credit risk. As authorized by General Municipal Law, Section II, Suffolk County authorizes the County Treasurer to invest monies not required for immediate expenditure for

terms not to exceed the County's cash flow needs in the following types of investments:

Special time deposit accounts;

Certificate of deposit;

Obligations of the United States of America;

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

Obligations of New York State;

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

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

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

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

### **Investments**

The County's agency funds invested in cooperative investment programs totaled \$2,560,783 and were rated AAAM by Standard & Poor's.

#### **Suffolk Tobacco Asset Securitization Corporation**

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

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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, 2013, STASC deposits balances with a financial institution were \$3,192,163. Of these balances, \$167,000 was insured by the Federal Deposit Insurance Corporation, and \$3,025,163 consisted of an uncollateralized temporary investment in the Dreyfus Treasury & Agency Cash Management Fund.

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 \$17,838,505 at December 31, 2013, 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. STASC's 2012 Liquidity Reserve Account consists of \$3,025,163 and is invested in the Dreyfus Treasury & Agency Cash Management Fund. This Fund only invests in U.S. government or U.S. Treasury securities, and repurchase agreements.

#### Vanderbilt Private-Purpose Trust

The County's formal investment policy as described above does not apply to the Vanderbilt Private-Purpose Trust (Vanderbilt Trust). The Suffolk County Legislature has fiduciary responsibility for the Vanderbilt Trust. Suffolk County Resolution No. 1266-2007 provides that until modified current investment guidelines, permitting a 50/50 split between fixed securities and equities (within a 5 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>Investment by Type</u>	<u>Fair Value</u>
Mutual funds	\$ 10,801,522
Total investments	<u>\$ 10,801,522</u>

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**Component Units**

At August 31, 2013, Suffolk County Community College's investment balances were as follows:

<u>Investment by Type</u>	<u>Fair Value</u>
Corporate securities	\$ 7,993,249
Government obligations	7,985,412
Mutual funds	620,766
Total investments	<u>\$ 16,599,427</u>

**B. Receivables**

Receivables at December 31, 2013 were as follows:

	<u>Governmental Funds</u>				Total Governmental Receivables
	General	Police District	Capital	Other Governmental	
	Receivables:				
Property tax	\$ 247,357,938	\$ -	\$ -	\$ -	\$ 247,357,938
Sales tax	143,701,711	-	-	8,152,784	151,854,495
Other funds	162,984,816	26,565,287	37,319,024	186,014,937	412,884,064
Intergovernmental accounts	323,825,932	412,543	25,292,679	26,783,268	376,314,422
Other funds	35,852,597	-	-	7,239,505	43,092,102
Total receivables	913,722,994	26,977,830	62,611,703	228,190,494	1,231,503,021
Allowance for doubtful accounts	(14,691,214)	-	-	-	(14,691,214)
Receivables, net	<u>\$ 899,031,780</u>	<u>\$ 26,977,830</u>	<u>\$ 62,611,703</u>	<u>\$ 228,190,494</u>	<u>\$ 1,216,811,807</u>

	<u>Enterprise Funds</u>			Total Enterprise Receivables
	Suffolk County Ball Park	Francis S. Gabreski Airport	John J. Foley Skilled Nursing Facility	
	Receivables:			
Other funds	\$ 468,905	\$ 807,991	\$ 10,812,969	\$ 12,089,865
Receivables, net	<u>\$ 468,905</u>	<u>\$ 807,991</u>	<u>\$ 10,812,969</u>	<u>\$ 12,089,865</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 of Resources	Unearned
Delinquent property taxes receivable (general fund)	\$ 213,813,061	\$ -
New York State Department of Health:		
Mental health and alcohol advances for County programs (general fund)	-	13,324,705
Federal and State government receivables (general fund)	17,403,377	-
Stop DWI (police district fund)	-	222,054
Hospital mortgages (general fund)	-	293,536
Restricted borrowing - interest (capital)	-	341,305
Restricted borrowing - interest (nonmajor)	-	34,245
Sale of future tobacco revenues	214,706,363	-
Total deferred inflows/unearned revenue for governmental funds	\$ 445,922,801	\$ 14,215,845

**C. Capital Assets**

Capital asset activity for the year ended December 31, 2013 was as follows:

**Primary Government**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 849,498,104	\$ 16,826,730	\$ (4,701,269)	\$ 861,623,565
Development rights	243,314,624	-	-	243,314,624
Historic buildings	4,607,607	-	-	4,607,607
Construction in progress	540,561,078	101,556,870	(352,293,700)	289,824,248
Total capital assets, not being depreciated	1,637,981,413	118,383,600	(356,994,969)	1,399,370,044
Capital assets, being depreciated:				
Buildings	725,380,533	341,055,233	(45,866,709)	1,020,569,057
Improvements other than buildings	51,073,580	5,999,530	(3,791,894)	53,281,216
Vehicles and equipment	315,704,424	19,155,965	(3,987,253)	330,873,136
Infrastructure	1,045,585,894	66,690,533	-	1,112,276,427
Total capital assets, being depreciated	2,137,744,431	432,901,261	(53,645,856)	2,516,999,836
Less accumulated depreciation for:				
Buildings	(388,132,080)	(15,080,660)	36,702,670	(366,510,070)
Improvements other than buildings	(23,439,572)	(1,813,014)	1,694,665	(23,557,921)
Vehicles and equipment	(196,807,694)	(21,652,801)	3,707,214	(214,753,281)
Infrastructure	(435,079,640)	(21,242,534)	-	(456,322,174)
Total accumulated depreciation	(1,043,458,986)	(59,789,009)	42,104,549	(1,061,143,446)
Total capital assets, being depreciated, net	1,094,285,445	373,112,252	(11,541,307)	1,455,856,390
Governmental activities capital assets, net	\$ 2,732,266,858	\$ 491,495,852	\$ (368,536,276)	\$ 2,855,226,434

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	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 22,092,831	\$ -	\$ -	\$ 22,092,831
Construction in progress	6,772,351	233,836	(3,336,696)	3,669,491
Total capital assets, not being depreciated	28,865,182	233,836	(3,336,696)	25,762,322
Capital assets, being depreciated:				
Buildings	59,117,504	1,715	(39,769,517)	19,349,702
Improvements other than buildings	16,215,592	2,783,818	(977,765)	18,021,645
Vehicles and equipment	5,507,723	-	(4,898,933)	608,790
Total capital assets, being depreciated	80,840,819	2,785,533	(45,646,215)	37,980,137
Less accumulated depreciation for:				
Buildings	(32,255,701)	(1,167,694)	26,960,250	(6,463,145)
Improvements other than buildings	(2,245,158)	(588,475)	903,366	(1,930,267)
Vehicles and equipment	(4,125,211)	(192,895)	4,072,052	(246,054)
Total accumulated depreciation	(38,626,070)	(1,949,064)	31,935,668	(8,639,466)
Total capital assets, being depreciated, net	42,214,749	836,469	(13,710,547)	29,340,671
Business-type activities capital assets, net	<u>\$ 71,079,931</u>	<u>\$ 1,070,305</u>	<u>\$(17,047,243)</u>	<u>\$ 55,102,993</u>

Depreciation expense and amortization for the year ended December 31, 2013 was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government support	\$ 14,266,738
Economic assistance and opportunity	140,570
Health	1,730,195
Public safety	9,752,301
Culture and recreation	2,695,336
Home and community services	10,795,924
Transportation	14,924,079
Legislative	150,046
Judicial	5,333,820
Total depreciation expense-governmental activities	<u>\$ 59,789,009</u>
Business-type activities:	
Suffolk County Ball Park	\$ 457,056
Francis S. Gabreski Airport	652,664
John J. Foley Skilled Nursing Facility	839,344
Total depreciation expense-business-type activities	<u>\$ 1,949,064</u>

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**Construction commitments**

The County has a number of active construction project commitments at December 31, 2013. Active projects for which amounts spent as of December 31, 2013 exceed \$10,000,000 include 27 projects. The total spent as of December 31, 2013 for these projects amounts to approximately \$952 million. Remaining commitments for these projects amount to approximately \$152 million.

**Discretely presented component units**

Capital asset activity for Suffolk County Community College (College) for the year ended August 31, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 4,948,118	\$ -	\$ -	\$ 4,948,118
Construction in progress	2,814,451	13,328,693	(306,359)	15,836,785
Total capital assets, not being depreciated	<u>7,762,569</u>	<u>13,328,693</u>	<u>(306,359)</u>	<u>20,784,903</u>
Capital assets, being depreciated:				
Buildings	170,852,635	2,113,248	-	172,965,883
Improvements other than buildings	12,161,958	71,370	-	12,233,328
Vehicles and equipment	24,002,820	2,267,361	(66,774)	26,203,407
Infrastructure	7,663,364	986,129	-	8,649,493
Total capital assets, being depreciated	<u>214,680,777</u>	<u>5,438,108</u>	<u>(66,774)</u>	<u>220,052,111</u>
Less accumulated depreciation for:				
Buildings	(70,015,618)	(4,632,345)	-	(74,647,963)
Improvements other than buildings	(5,868,418)	(470,878)	-	(6,339,296)
Vehicles and equipment	(14,877,039)	(2,619,587)	66,774	(17,429,852)
Infrastructure	(2,118,834)	(379,264)	-	(2,498,098)
Total accumulated depreciation	<u>(92,879,909)</u>	<u>(8,102,074)</u>	<u>66,774</u>	<u>(100,915,209)</u>
Total capital assets, being depreciated, net	<u>121,800,868</u>	<u>(2,663,966)</u>	<u>-</u>	<u>119,136,902</u>
College capital assets, net	<u>\$129,563,437</u>	<u>\$10,664,727</u>	<u>\$ (306,359)</u>	<u>\$139,921,805</u>

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Capital asset activity for the Suffolk Regional Off-Track Betting Corporation (OTB) for the year ended December 31, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,058,342	\$ -	\$ -	\$ 2,058,342
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	<u>2,058,342</u>	<u>-</u>	<u>-</u>	<u>2,058,342</u>
Capital assets, being depreciated:				
Building & leasehold improvements	12,315,198	92,688	-	12,407,886
Vehicles and equipment	3,027,624	178,402	-	3,206,026
Total capital assets, being depreciated	<u>15,342,822</u>	<u>271,090</u>	<u>-</u>	<u>15,613,912</u>
Less accumulated depreciation:	(7,253,548)	(515,267)	-	(7,768,815)
Total capital assets, being depreciated, net	<u>8,089,274</u>	<u>(244,177)</u>	<u>-</u>	<u>7,845,097</u>
OTB capital assets, net	<u>\$ 10,147,616</u>	<u>\$ (244,177)</u>	<u>\$ -</u>	<u>\$ 9,903,439</u>

Capital asset activity for the Suffolk County Industrial Development Agency (IDA) for the year ended December 31, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Vehicles and equipment	\$ 50,718	\$ 6,275	\$ -	\$ 56,993
Total capital assets, being depreciated	<u>50,718</u>	<u>6,275</u>	<u>-</u>	<u>56,993</u>
Less accumulated depreciation for:				
Vehicles and equipment	(43,918)	(3,982)	-	(47,900)
Total accumulated depreciation	<u>(43,918)</u>	<u>(3,982)</u>	<u>-</u>	<u>(47,900)</u>
Total capital assets, being depreciated, net	<u>6,800</u>	<u>2,293</u>	<u>-</u>	<u>9,093</u>
IDA capital assets, net	<u>\$ 6,800</u>	<u>\$ 2,293</u>	<u>\$ -</u>	<u>\$ 9,093</u>

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**D. Payables and accrued liabilities**

Payables and accrued liabilities at December 31, 2013, were as follows:

	Other Governments	Salaries	Vouchers	Other	Total
Governmental activities:					
General	\$ 1,151,510	\$ 68,294,569	\$ 94,048,491	\$ 86,312,777	\$ 249,807,347
Police district	-	64,841,493	7,362,269	188,234	72,391,996
Capital	-	-	30,265,282	17,466,335	47,731,617
STASC	2,500	-	-	-	2,500
Other governmental	-	13,188,081	19,881,902	3,903,298	36,973,281
Total governmental activities	<u>\$ 1,154,010</u>	<u>\$ 146,324,143</u>	<u>\$ 151,557,944</u>	<u>\$ 107,870,644</u>	<u>\$ 406,906,741</u>
Business-type activities:					
Suffolk County Ball Park	\$ -	\$ -	\$ 29,082	\$ -	\$ 29,082
Francis S. Grabeski Airport	-	82,034	66,991	345,054	494,079
John J. Foley Skilled Nursing Facility	-	17,256	1,769,707	105,530	1,892,493
Total business-type activities	<u>\$ -</u>	<u>\$ 99,290</u>	<u>\$ 1,865,780</u>	<u>\$ 450,584</u>	<u>\$ 2,415,654</u>

**E. Interfund balances and transfers**

The composition of interfund balances as of December 31, 2013 is as follows:

Due to general fund from:	
Police fund	\$ 5,235,832
Capital fund	18,706,805
Nonmajor governmental funds	102,021,943
Francis S. Gabreski Airport	2,263,869
John J. Foley Skilled Nursing Facility	26,576,844
Suffolk County Ball Park	20,382
Total due to general fund from other funds	<u>\$ 154,825,675</u>
Due to police fund from:	
General fund	\$ 24,493,534
Capital fund	3,076
Nonmajor governmental funds	2,068,677
Total due to police fund from other funds	<u>\$ 26,565,287</u>
Due to capital fund from:	
General fund	\$ 4,230,900
Nonmajor governmental funds	33,088,124
Total due to capital fund from other funds	<u>\$ 37,319,024</u>

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**SUFFOLK COUNTY**  
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Due to nonmajor governmental funds from:	
General funds	\$ 65,317,152
Police funds	1,297,504
Capital funds	16,269,344
Nonmajor governmental funds	101,851,860
Francis S. Gabreski Airport	1,279,077
Total due to nonmajor gov't funds from other funds	<u>\$ 186,014,937</u>

Due to John J. Foley Skilled Nursing Facility from:	
General fund	\$ 2,470,454
Total due to skilled nursing facility from other funds	<u>\$ 2,470,454</u>

Due to Francis S. Gabreski Airport from:	
General fund	\$ 288,010
Nonmajor governmental funds	964
Total due to airport from other funds	<u>\$ 288,974</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, 2013 were as follows:

Transfers to general fund from:	
Police fund	\$ 112,320,295
Capital fund	10,324,378
STASC	6,983,980
Nonmajor governmental funds	168,588,843
Francis S. Gabreski Airport	170,498
John J. Foley Skilled Nursing Facility	8,262,247
Total transfers to general fund	<u>\$ 306,650,241</u>

Transfers to police fund from:	
Capital fund	\$ 14
STASC	166,201
Nonmajor governmental funds	1,015,858
Total transfers to police fund	<u>\$ 1,182,073</u>

Transfers to capital fund from:	
Nonmajor governmental funds	\$ 2,198,532
Total transfers to capital fund	<u>\$ 2,198,532</u>

Transfers to nonmajor governmental funds from:	
General fund	\$ 8,935,126
Police fund	6,525,470
Capital fund	356,844
STASC	6,873
Nonmajor governmental funds	68,735,649
Francis S. Gabreski Airport	213,297
Total transfers to nonmajor governmental funds	<u>\$ 84,773,259</u>

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**SUFFOLK COUNTY**  
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Transfers to Francis S. Gabreski Airport from:	
General fund	\$ 575,357
STASC	14,991
Total transfers to Francis S. Gabreski Airport	<u>\$ 590,348</u>
Transfers to John J. Foley Skilled Nursing Facility from:	
General fund	\$ 44,738,544 *
STASC	33,533
Total transfers to John J. Foley Skilled Nursing Facility	<u>\$ 44,772,077</u>

\* On June 30, 2013, Foley terminated operations and terminated or transferred all staff to the County. The ending 2013 OPEB obligation of Foley was transferred to the County and appears as a reconciling difference in the fund transfers at December 31, 2013 in the amount of \$39,710,000.

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, 2013:

Years Ending December 31	Amount
2014	\$ 25,218,641
2015	23,730,781
2016	23,269,284
2017	22,055,805
2018	21,518,245
2019-2023	91,205,934
2024-2028	53,998,823
Thereafter	34,635,601
Total	<u>\$ 295,633,114</u>

Rent expenditures for the year ended December 31, 2013 approximated \$22,211,291.

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Capital Leases

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

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

<u>Years Ending December 31</u>	<u>Seventh Precinct</u>
2014	\$ 492,900
2015	492,900
2016	492,900
2017	492,900
2018	<u>82,150</u>
Total minimum lease payments	2,053,750
Less: Imputed interest	<u>81,537</u>
Present value of future minimum lease payments	<u>\$ 1,972,213</u>

Assets acquired from the aforementioned capital lease are recorded on the County's financial statements in the amount of \$4,968,000 which represents net book value as of December 31, 2013.

**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 \$2,827,288,348. During the year, general obligation bonds totaling \$112,200,574 were issued.

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

Purpose	Interest Rates	Amount
Governmental activities	0.50 - 9.0%	\$ 1,232,081,056
Governmental activities-refunding	2.75 - 6.0%	138,078,935
Business-type activities	2.50 - 5.5%	7,926,194
Business-type activities-refunding	3.00 - 5.0%	1,753,044
		<u>\$ 1,379,839,229</u>

As of December 31, 2013, approximately \$8,505 of general obligation bonds under governmental-type activities remains outstanding related to capital improvement loans made by the County to several hospitals. The hospitals reimburse the County for interest and principal payments on such debt through a mortgage financing agreement between the hospitals and the County. During 2013, the County paid \$9,299 in interest and principal on this debt and received reimbursements of \$210,036. The County has recorded receivables and related deferred inflows of resources of \$293,534, which represents future principal payments to be received from the hospitals at December 31, 2013.

Additionally, \$9,679,238 of general obligation bonds under business-type activities above relates to the Ball Park and Gabreski Airport and has been accounted for in the respective enterprise funds.

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

Year Ending December 31	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2014	\$ 109,749,415	\$ 51,780,805	\$ 790,867	\$ 374,289
2015	114,498,175	46,813,081	817,346	337,184
2016	115,063,331	42,641,524	804,306	304,404
2017	106,111,601	38,624,593	815,948	271,759
2018	102,432,034	34,828,331	691,943	241,946
2019-2023	417,519,550	123,890,026	2,952,055	850,661
2024-2028	367,857,279	44,398,768	2,529,055	301,942
2029-2033	36,928,606	2,822,950	277,718	17,888
Total	<u>\$ 1,370,159,991</u>	<u>\$ 385,800,078</u>	<u>\$ 9,679,238</u>	<u>\$ 2,700,073</u>

### Component Units

#### Suffolk County Community College

General obligation bonds are issued by the County to finance a portion of Suffolk County Community College's construction projects. The original amount of general obligation bonds issued in prior years was \$114,242,784. During the year, general obligation bonds totaling \$5,804,598 were issued.

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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 \$46,533,501 at August 31, 2013 and such serial bonds were issued with interest rates that ranged from 2.0 percent to 4.0 percent.

Annual principal and interest requirements to service all College debt outstanding as of August 31, 2013 are as follows:

	General Obligations	Interest	Total
Year ending August 31:			
2014	\$ 4,122,276	\$ 1,826,508	\$ 5,948,784
2015	4,214,906	1,637,383	5,852,289
2016	4,269,258	1,461,113	5,730,371
2017	4,312,584	1,284,066	5,596,650
2018	3,805,817	1,103,942	4,909,759
2019-2023	15,486,390	3,445,485	18,931,875
2024-2028	7,909,306	1,165,322	9,074,628
2029-2033	2,412,964	215,608	2,628,572
	<u>46,533,501</u>	<u>\$ 12,139,427</u>	<u>\$ 58,672,928</u>
Plus: Unamortized premium	<u>359,473</u>		
	<u>\$ 46,892,974</u>		

Advance refundings

In prior years, the County defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust with an escrow agent to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. On December 31, 2013, \$84,295,000 of defeased bonds remains outstanding.

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 2013 totaled \$18,572,234. 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

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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 2013 amounted to \$14,060,361, or 89 percent of total principal and interest payments made on the 2008 Series Bonds during the year. The Corporation withdrew \$921,726 from the 2008 Senior Liquidity Reserve to pay a portion of the interest payment on the Bonds due on December 1, 2013.

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 2013 amounted to \$4,686,787, of this amount, \$2,828,034 was used to pay 2012 bond principal and interest and \$1,858,998 was transferred to the residual trust.

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, 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, 2013, are as follows:

Description	Original Date Issued	Original Amount	Interest Rate	Maturity Date	Amount Outstanding
2008A	08/21/08	\$ 9,765,000	4.000 - 5.000%	6/1/12-6/1/18	\$ 5,530,000
2008B (2028)	08/21/08	40,045,000	5.375%	6/1/2028	37,525,000
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	20,370,183
2012A	03/29/12	3,740,000	1.830 - 3.320%	6/1/13-6/1/16	2,695,000
2012B	03/29/12	34,635,000	4.000 - 5.000%	6/1/16-6/1/37	34,635,000
Premiums					675,351
Unamortized discounts					(3,302,371)
				Total	<u>\$ 302,718,163</u>

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The following table summarizes the STASC's estimated future debt service requirements as of December 31, 2013 based on future projected TSRs:

	Principal	Interest	Total Principal and Interest
2014	\$ 1,485,000	\$ 17,204,766	\$ 18,689,766
2015	1,650,000	17,153,729	18,803,729
2016	1,865,000	17,085,259	18,950,259
2017	1,910,000	17,003,575	18,913,575
2018	4,235,000	16,862,375	21,097,375
2019-2023	7,715,000	82,900,601	90,615,601
2024-2028	46,325,000	79,889,828	126,214,828
2029-2033	8,430,000	68,666,575	77,096,575
2034-2038	6,770,000	66,538,507	73,308,507
2039-2043	-	65,823,719	65,823,719
2044-2048	183,341,863	345,790,569	529,132,432
	<u>\$ 263,726,863</u>	<u>\$ 794,919,503</u>	<u>\$ 1,058,646,366</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 the Agency 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 the Agency, 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 fund installments which are required to be made in amounts sufficient to redeem on

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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, 2013 consisted of Lease Revenue Serial Bonds, Series 2013, and Lease Revenue Term Bonds, Series 2013 in the amount of \$41,635,000 and \$27,445,000 respectively and are reported net of bond premiums of \$910,228. 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, 2013:

<u>Year</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Total Debt Service</u>
2014	\$ 2,120,000	4.000%	\$ 3,092,976	\$ 5,212,976
2015	2,285,000	5.000%	3,124,044	5,409,044
2016	2,395,000	5.000%	3,009,793	5,404,793
2017	2,515,000	5.000%	2,890,044	5,405,044
2018	2,640,000	5.000%	2,764,294	5,404,294
2019-2023	15,185,000	3.375 to 5.000%	11,852,069	27,037,069
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>69,080,000</u>		<u>\$ 38,857,782</u>	<u>\$ 107,937,782</u>
Plus: Unamortized premium	910,228			
	<u>\$ 69,990,228</u>			

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Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2013 was as follows:

<b>Governmental activities</b>	Beginning Balance	Additions	Reductions	Ending Balance	Due within one Year
Bonds payable:					
General obligation debt	\$ 1,161,661,018	\$ 149,200,574	\$ 78,780,536	\$ 1,232,081,056	\$ 81,414,385
Advanced refunding debt	164,678,298	-	26,599,363	138,078,935	28,335,030
STASC bonds	265,056,863	-	1,330,000	263,726,863	1,485,000
Plus accreted interest	40,081,024	1,537,296	-	41,618,320	-
Plus premium	704,191	-	28,840	675,351	28,840
Less unamortized deferred discount	3,458,065	-	155,694	3,302,371	155,694
Lease revenue bonds	-	69,080,000		69,080,000	2,120,000
Plus premium	-	916,126	5,898	910,228	45,806
Total bonds payable	<u>1,628,723,329</u>	<u>220,733,996</u>	<u>106,588,943</u>	<u>1,742,868,382</u>	<u>113,273,367</u>
Compensated absences	397,929,866	32,607,472	13,884,106	416,653,232	22,484,751
Claims and judgements	664,011,771	49,736,374	129,680,272	584,067,873	36,875,189
Other postemployment benefits other than pensions	1,680,810,000	444,960,000	107,820,000	2,017,950,000	-
Capital leases	2,421,607	-	449,394	1,972,213	458,465
Due to NYS retirement system	62,312,251	60,720,972	8,035,838	114,997,385	15,154,188
Governmental activities Long-term liabilities	<u>\$ 4,436,208,824</u>	<u>\$ 808,758,814</u>	<u>\$ 366,458,553</u>	<u>\$ 4,878,509,085</u>	<u>\$ 188,245,960</u>
<b>Business-type activities</b>					
Bonds payable:					
Francis S. Gabreski Airport	\$ 7,865,274	\$ 1,035,388	\$ 536,977	\$ 8,363,685	\$ 539,243
John J. Foley Skilled Nursing Facility	12,903,733		12,903,733	-	-
Suffolk County Ball Park	1,595,274	-	279,721	1,315,553	251,624
Total bonds payable	<u>22,364,281</u>	<u>1,035,388</u>	<u>13,720,431</u>	<u>9,679,238</u>	<u>790,867</u>
Compensated absences	1,479,397	-	1,479,397	-	-
Other postemployment benefits other than pensions	40,060,000	1,621,000	39,721,000	1,960,000	-
Business-type activities Long-term liabilities	<u>\$ 63,903,678</u>	<u>\$ 2,656,388</u>	<u>\$ 54,920,828</u>	<u>\$ 11,639,238</u>	<u>\$ 790,867</u>

(Continued)

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Component units	Beginning Balance	Additions	Reductions	Ending Balance	Due within one Year
County general obligation bonds (Comm. College)	\$ 44,822,387	\$ 6,129,979	\$ 4,059,392	\$ 46,892,974	\$ 4,122,276
Total bonds payable	44,822,387	6,129,979	4,059,392	46,892,974	4,122,276
Compensated absences	29,250,996	46,095	86,558	29,210,533	2,869,785
Other postemployment benefits other than pensions	164,998,191	57,514,700	20,192,343	202,320,548	-
Mortgage Payable	5,432,662	-	185,592	5,247,070	361,275
Due to NYS Retirement System	4,255,084	1,450,137	1,120,361	4,584,860	4,147,840
Other long-term debt	189,456	70,398	-	259,854	-
Component units Long-term liabilities	<u>\$ 248,948,776</u>	<u>\$ 65,211,309</u>	<u>\$ 25,644,246</u>	<u>\$ 288,515,839</u>	<u>\$ 11,501,176</u>

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

#### H. Short-term debt

Short-term debt activity for the year ended December 31, 2013 was as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance
Tax anticipation notes	\$ 410,000,000	\$ 300,000,000	\$ 410,000,000	\$ 300,000,000
Delinquent tax anticipation notes	105,000,000	100,000,000	105,000,000	100,000,000
Revenue anticipation notes	85,000,000	115,000,000	85,000,000	115,000,000
Public improvement bond anticipation notes	3,500,000	-	3,500,000	-
Governmental activities short-term debt	<u>\$ 603,500,000</u>	<u>\$ 515,000,000</u>	<u>\$ 603,500,000</u>	<u>\$ 515,000,000</u>

Suffolk County issues tax anticipation and delinquent tax anticipation notes in advance of property tax collections, depositing the proceeds in its general fund. These notes are necessary to provide sufficient operating cash prior to and following that period of the year of significant property tax collection activity (June through August).

Revenue anticipation notes were issued during 2013 in anticipation of 2013 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 of loss related to torts; malpractice, theft of, damage to, and destruction of assets; and errors or omissions. The County established a risk

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management program in 1975 to account for and finance insured risks of loss. All funds of the County, including the College (discretely presented component unit), participate in the risk management program. Self-insurance activities are recorded in the general fund. This risk management program is operated solely by and for the benefit of the Suffolk County government. Current risk retention per incident for liability is \$3,000,000 and insurance coverage per incident is limited to \$25,000,000. Current risk retention per incident for property loss is \$1,000,000 and insurance coverage per incident is limited to \$300,000,000. The County has purchased special lines of coverage for claims related to foster care, advanced life support systems, aviation, marine and fidelity coverage.

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

	Year ended 12/31/2012	Year ended 12/31/2013
Unpaid claims, beginning of fiscal year	\$ 626,988,239	\$ 664,011,771
Incurred claims (including IBNRs)	56,898,761	49,736,374
Changes in the estimate for claims of prior years	13,623,197	(89,428,321)
Claim payments	(33,498,426)	(40,251,951)
Unpaid claims, end of fiscal year	<u>\$ 664,011,771</u>	<u>\$ 584,067,873</u>

**B. Subsequent events**

On April 11, 2014, the County issued \$85,000,000 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 is 1.5 percent and mature on March 26, 2015.

On April 23, 2014, Suffolk County issued \$68,015,000 refunding serial bonds. The proceeds of the bonds will be used to refund all or a portion of the outstanding principal of County bonds specified by the Refunding Plan. The Refunding Plan will permit the County to realize, as a result of the issuance of the bonds, cumulative dollar and present value debt service savings in the amount of \$4.9 million and \$3.4 million, respectively. The interest rates on the refunded bonds, ranged from 4 percent to 4.5 percent and the interest rates on the refunding bonds range from 3 percent to 5 percent.

On May 1, 2014, the County issued \$36,110,066 Bond Anticipation Notes (BAN) as part of a five year plan to finance the cost of a 2012 arbitration award ordered by the State of New York Public Employment Relations Board in favor of the Suffolk County Correction Officers Association, Inc.

On June 17, 2014, Suffolk County issued \$78,915,000 Public Improvement Serial Bonds. The proceeds will be used to provide additional original or original project financing for numerous public improvement projects. The interest rates on the bonds range from 2.00 to 3.50 percent. Bonds mature in varying amounts on June 15 of years 2015 through 2034.

**C. Contingent liabilities**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally, the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

**D. Other postemployment benefits**

The County provides post-employment health benefits for all of its employees through a single employer defined benefit healthcare plan. OPEB costs are actuarially calculated based on plan 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.

*Funding policy.* Retiree health care coverage is non-contributory. The County reimburses eligible employees and spouses for the monthly Part B premium (\$104.90 per month for 2013). 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, which amounted to \$109.23 million for 2013.

*Annual OPEB cost and net OPEB obligation.* The County's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a

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period of thirty years. The 2013 OPEB obligation reflects the County's understanding of the Federal Affordable Care Act in its current form as applicable regulations have not yet been released on the high cost plan excise tax provision.

The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the Plan and changes in the County's net OPEB obligation to the Plan (dollar amounts in millions):

Annual Required Contribution	\$ 436.48
Contributions Made	109.23
Increase in net OPEB	<u>327.25</u>
Interest on net OPEB obligation	77.44
Adjustment to annual required contribution	<u>(105.65)</u>
Net OPEB obligation - beginning of year	<u>1,720.87</u>
Net OPEB obligation - end of year	<u><u>\$ 2,019.91</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost, contributed to the Plan, and the net OPEB obligation for 2011, 2012, and 2013 were as follows (dollar amounts in millions):

Fiscal Year <u>Ended</u>	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2011	\$379.61	25.6%	\$1,431.65
12/31/2012	\$395.32	26.8%	\$1,720.87
12/31/2013	\$408.27	26.8%	\$2,019.91

*Funded status and funding progress.* As of December 31, 2013, actuarial accrued liability for benefits was \$5.018 billion and was equal to the unfunded actuarial accrued liability (UAAL). The covered payroll (annual payroll of active employees covered by the Plan) was \$829.65 million and the ratio of UAAL to the covered payroll was 605 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial methods and assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the

historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2013, actuarial valuation, the projected unit credit method was used. The actuarial assumptions include an inflation rate of 3.0 percent, a 4.5 percent discount rate and an annual healthcare cost trend rate of 9.0 percent for medical and prescription drugs grading down to a rate of 4.5 after ten years. The UAAL is being amortized as a level dollar amount over thirty years based on an open group.

## **E. Employee retirement systems and pension plans**

### Pension Plans – primary government

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

*Plans description.* The ERS and PFRS are cost-sharing multiple-employer defined benefit pension plans administered by the Comptroller of the State of New York pursuant to the New York State Retirement and Social Security Law (NYSRSSL). ERS and PFRS provide retirement, disability, and death benefits to plan members and their beneficiaries. NYSRSSL authorizes the Comptroller to adopt and amend rules and regulations for the administration of the Systems. The Systems issue a publicly available financial report that includes the applicable financial statements and required supplementary information. The report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12244-0001

*Funding policy.* The contribution requirement of the plan for employees varies based on date of employment and years of credited service. Prior to October 1, 2000, the Systems were non-contributory except for employees who joined the Systems after July 27, 1976 who were required to contribute three percent of their salary. Effective October 1, 2000, the Systems are non-contributory for employees who have been a member of the System for at least ten years or have ten years of credited service. Those employees who have not been a member for ten years or do not have ten years of service contribute three percent of their salary. The three percent employee contribution discontinues when the employee reaches either the tenth anniversary or ten years of service credit, whichever occurs earlier. Effective April 1, 2012, new members will be in Tier 6 of the retirement plan. These employees will be required to contribute three percent of their gross salary from April 1, 2012 through March 31, 2013. Starting April 1, 2013, the contribution rates are based on annual wage categories. Tier 6 limits the amount of overtime that is reported to the Retirement System and used in the final average salary calculation. Under the authority of the NYSRSSL, the State Comptroller shall certify annually the rates, expressed as proportions of contributions, required to be made by employers to the pension accumulation fund. The required contribution rate is determined on an actuarial basis.

**SUFFOLK COUNTY**  
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The County's contribution to ERS and PFRS, on an accrual basis for 2013 and each of the two preceding years were as follows (dollars in thousands):

ERS		
Fiscal Year Ending December 31,	Required Contribution	Percentage Contributed
2013	\$ 74,301	100%
2012	60,407	100%
2011	55,663	100%

PFRS		
Fiscal Year Ending December 31,	Required Contribution	Percentage Contributed
2013	\$ 75,746	100%
2012	72,033	100%
2011	69,670	100%

On May 14, 2003, New York State enacted legislation, which reformed the ERS and PFRS billing methodology. The new method set minimum annual contributions of 4.5 percent, and changed the billing cycle so that the calculation of the annual required contribution over and above the minimum is based on the value of the pension fund on the prior April 1.

During its 2004 Session, the New York State Legislature enacted Pension Relief (Chapter 260, Laws of 2004). The pension payments date for all local governments was changed from December 15 to February 1, effective immediately. Thus the anticipated December 15, 2004 pension payment date was changed to February 1, 2005. The legislation also provided the ability to amortize or bond a portion of the billing for the next two years. Furthermore, the legislation provided that local governments can establish a retirement contribution reserve fund for the purpose of financing retirement contributions in the future. The County has established and funded a retirement contribution reserve fund. At December 31, 2013 the fund balance of the retirement contribution reserve fund was \$155.

On August 11, 2010, the Employer Contribution Stabilization Program (Part TT of Chapter 57, Laws of 2010) was signed into law by the New York State Legislature. This program provided municipalities with the option to amortize a portion of their annual pension cost over a period of ten years at an annual interest rate of five percent. The County has chosen to amortize \$55,884,524 of the Employee Retirement System invoice and \$31,217,174 of the Police and Fire Retirement System invoice for the period April 1, 2013 through March 31, 2014.

**Deferred compensation**

All permanent County employees and elected officials may participate in a deferred compensation program designated as an Internal Revenue Code Section 457 plan. This program enables employees to contribute a portion of their salary, on a tax deferred basis, to group variable annuity contracts. Effective January 1, 1999, all amounts, property, and rights

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held for the purposes of the Plan are held for the exclusive benefit of the Plan's participants and their beneficiaries, as permitted by Internal Revenue Code §457 (b) (6) & (g).

The County has no liability for making contributions to the deferred compensation program. The County remits deferred compensation amounts withheld from employees' salaries to an outside fiduciary agent who administers the program and invests program assets as instructed by each of the participants.

Pension Plans – Suffolk County Community College, a discretely presented component unit

New York State & Local Employee Retirement System (ERS)

*Plan description.* The College participates in the ERS. The plan's description is disclosed above under primary government pension plans.

*Funding policy.* The plan's funding policy is also disclosed above under primary government pension plans. The College's contributions to the ERS for 2013, 2012, and 2011 were \$5,744,000, \$4,623,000, and \$3,776,000, respectively, and were equal to the required contributions for each year.

New York State Teachers' Retirement System (TRS)

*Plan description.* 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 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.

*Funding policy.* TRS is non-contributory except for employees in tiers 3 and 4 who contribute 3.5 percent without regard to their years of service. Pursuant to Article 11 of Education Law, contribution rates are established annually for TRS by the New York State Teachers' Retirement Board. The College's contributions to TRS for 2013, 2012 and 2011 were \$3,015,000, \$3,142,000, and \$2,129,000, respectively, and were equal to the required contributions for each year.

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

*Plan description.* The 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.

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*Funding policy.* Under the plan, the College is required to make contributions based on gross salaries of the participants. Certain participants are also required to make a participating contribution. The College's contributions to TIAA-CREF for 2013, 2012, and 2011 were \$5,139,000, \$5,169,000, and \$5,297,000, respectively, and were equal to the required contributions for each year.

**F. Employee benefits**

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

During 2013, the County made contribution payments in the following amounts to the indicated Benefit Funds:

Suffolk County Municipal Employees Benefit Fund	\$ 10,875,186
Suffolk County Police Benevolent Association Benefit Fund	1,823,287
Suffolk County Police Benevolent Association Legal Fund	100
Suffolk County Police Superior Officers Association Benefit Fund	<u>128,852</u>
Total	<u><u>\$ 12,827,425</u></u>

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## REQUIRED SUPPLEMENTARY INFORMATION

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## SUFFOLK COUNTY, NEW YORK

### Schedule of Funding Progress

#### Post-Employment Retirement Healthcare Benefit Plan (In Millions)

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Level Dollar (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>Accrued Percentage of Covered Payroll (b-a)/c</b>
December 31, 2011	-	\$4,414.16	\$4,414.16	0%	\$853.39	517%
December 31, 2012	-	\$4,650.62	\$4,650.62	0%	\$878.99	529%
December 31, 2013	-	\$5,017.76	\$5,017.76	0%	\$829.65	605%

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## Supplemental Schedule

County of Suffolk, New York

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2013

Federal Grantor/ Pass-Through Grantor/Program Title (Note 6 for Clusters)	Federal CFDA Number	Federal/ Pass-Through Grantor – Note 7	Federal/ Pass-Through Grantor's Number	2013 Amount Provided to Sub-Recipients Note 5	2013 Expenditures
<b>U.S. Department of Agriculture</b>					
School Breakfast Program	10.553	NYS ED	N/A	\$ –	\$ 37,652
National School Lunch Program	10.555	NYS ED	N/A	–	58,441
Special Supplemental Nutrition (Food) Program for Women, Infants and Children 2013 (WIC)	10.557	NYS DOH	C025801	–	2,288,050
Special Supplemental Nutrition (Food) Program for Women, Infants and Children 2014 (WIC)	10.557	NYS DOH	C025801	–	667,999
Special Supplemental Nutrition Program for Women and Children: Special Formula and Food Checks (Note 3) Non-Monetary Assistance	10.557	NYS DOH	F012342	–	13,977,384
Total CFDA 10.557				–	16,933,433
State Administrative Matching Grants for Supplemental Nutrition Assistance Program (Administrative Costs) (Food Stamp Program)	10.561	NYS OTDA	18000	136,422	14,252,185
Environmental Quality Incentives Program – Natural Resource Conservation Service- Environmental Quality Incentives Program	10.912	Federal Direct	68-2C31-2-320	–	11,901
<b>Total – U.S. Department of Agriculture</b>				136,422	31,293,612
<b>U.S. Department of Housing and Urban Development</b>					
Community Development Block and Entitlement Grants	14.218	Federal Direct	N/A	3,561,609	3,870,245
NSP 3 -Neighborhood Stabilization Grant	14.218	Federal Direct	N/A	473,358	564,654
Total CFDA 14.218				4,034,967	4,434,899
Community Development Block Grant / States Program & Non Entitlement Grants in Hawaii – Neighborhood Revitalization Program (NSP State)	14.228	NYS HFA	N/A	119,708	119,708
Emergency Shelter /Solutions Grants Program	14.231	Federal Direct	N/A	372,537	395,474
Shelter Plus Care	14.238	NYS OTDA	18000	148,630	148,630
Home Investment Partnerships Program (Note 3)	14.239	Federal Direct	N/A	792,822	2,077,201
Sustainable Communities Regional Planning Grant	14.703	RPA	NY RIP-S0029-10	–	66,402
<b>Total – U.S. Department of Housing and Urban Development</b>				5,468,664	7,242,314
<b>U.S. Department of the Interior</b>					
Clean Vessel Act	15.616	NYS EFC	N/A	–	26,137
<b>Total – U.S. Department of the Interior</b>				–	26,137
<b>U.S. Department of Justice</b>					
DEA LI Task Force 2013	16.Unknown	Federal Direct	N/A	–	25,803
DEA LI Task Force 2014	16.Unknown	Federal Direct	N/A	–	8,601
DEA LI Task Force 2013	16.Unknown	Federal Direct	N/A	–	46,404
DEA LI Task Force 2014	16.Unknown	Federal Direct	N/A	–	3,998
DEA LI Task Force 2013	16.Unknown	Federal Direct	N/A	–	24,344
DEA LI Task Force 2014	16.Unknown	Federal Direct	N/A	–	14,602
Operation Northeast Shore Restore	16.Unknown	Federal Direct	N/A	–	9,998
Organized Crime Drug Enforcement Task Force	16.NY-NYS-0915	Federal Direct	NY-NYS-0915	–	26,164
Housing of Federal Juvenile Male/Female Prisoners	16.53-91-0038	Federal Direct	53-91-0038	–	40,920

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2013

Federal Grantor/ Pass-Through Grantor/Program Title (Note 6 for Clusters)	Federal CFDA Number	Federal/ Pass-Through Grantor – Note 7	Federal/ Pass-Through Grantor’s Number	2013 Amount Provided to Sub-Recipients Note 5	2013 Expenditures
<b>U.S. Department of Justice (continued)</b>					
FBI Joint Terrorism Task Force 2013	16.66F-NY-266217-B	Federal Direct	66F-NY-266217-B	\$ –	\$ 10,960
FBI Joint Terrorism Task Force 2014	16.66F-NY-266217-B	Federal Direct	66F-NY-266217-B	–	3,105
Total CFDA 16.66F-NY-266217-B				–	14,065
FBI Long Island Cyber Crime Task Force 2013	16.62F-NY-C302997- LICCTF	Federal Direct	62F-NY-C302997- LICCTF	–	7,980
FBI Long Island Cyber Crime Task Force 2014	16.62F-NY-C302997- LICCTF	Federal Direct	62F-NY-C302997- LICCTF	–	2,949
Total CFDA 16.62F-NY-C302997-LICCTF				–	10,929
FBI LI Gang & Safe Streets Task Force 2012/2013	16.281D-NY-C285869	Federal Direct	281D-NY-C285869	–	26,469
FBI LI Gang & Safe Streets Task Force 2013/2014	16.281D-NY-C285869	Federal Direct	281D-NY-C285869	–	2,977
Total CFDA 16.281D-NY-C285869				–	29,446
Joint Law Enforcement Operations (JLEO):					
Supplemental Nutrition Assistance Program Fraud Task Force	16.111	Federal Direct	P.O.#4500039532	–	15,000
US Marshals Regional Fugitive Task Force 2013	16.111	Federal Direct	JLEO-13-0035	–	17,200
US Marshals Regional Fugitive Task Force 2013 Vehicle Retrofit	16.111	Federal Direct	JLEO-13-0035	–	4,765
US Marshals Regional Fugitive Task Force 2013	16.111	Federal Direct	JLEO-13-0034	–	8,057
US Marshals Regional Fugitive Task Force 2014	16.111	Federal Direct	JLEO-14-0034	–	2,130
US Marshals Regional Fugitive Task Force 2013	16.111	Federal Direct	JLEO-13-0028	–	12,871
US Marshals Regional Fugitive Task Force 2013 (Note 3) Non-Monetary Assistance	16.111	Federal Direct	JLEO-13	–	76,166
US Marshals Regional Fugitive Task Force 2013 Vehicle Retrofit	16.111	Federal Direct	JLEO-13-0028	–	4,939
US Marshals Regional Fugitive Task Force 2014	16.111	Federal Direct	JLEO-14-0028	–	5,222
US Marshals Regional Fugitive Task Force 2013	16.111	Federal Direct	JLEO-13-0041	–	11,141
US Marshals Regional Fugitive Task Force 2013 Vehicle Retrofit	16.111	Federal Direct	JLEO-13-0041	–	4,769
US Marshals Regional Fugitive Task Force 2014	16.111	Federal Direct	JLEO-14-0041	–	9,664
Total CFDA 16.111				–	171,924
Crime Victim Assistance – Crime Witness Assistance Program 13	16.575	Federal Direct	C-501161	–	70,105
Crime Victim Assistance – Crime Witness Assistance Program 14	16.575	Federal Direct	C-501161	–	26,529
Total CFDA 16.575				–	96,634
Violence Against Women Formula Grant – STOP Violence Against Women 13	16.588	NYS DCJS	VW12543647	–	6,076
Violence Against Women Formula Grant – STOP Violence Against Women 13	16.588	NYS DCJS	VW12543647	155,178	155,178
Total CFDA 16.588				155,178	161,254
Community Defined Solutions to Violence Against Women Grant Program – SCOPE 10	16.590	Federal Direct	WEAX0061	119,634	126,054
State Criminal Alien Assistance Program – Incarceration of Illegal Aliens	16.606	Federal Direct	N/A	–	1,830,704

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2013

Federal Grantor/ Pass-Through Grantor/Program Title (Note 6 for Clusters)	Federal CFDA Number	Federal/ Pass-Through Grantor – Note 7	Federal/ Pass-Through Grantor's Number	2013 Amount Provided to Sub-Recipients Note 5	2013 Expenditures
<b>U.S. Department of Justice (continued)</b>					
Public Safety Partnership & Community Policing Grants – COPS 09 Child Sexual Predator Program	16.710	Federal Direct	2009CSWX00189	\$ –	\$ 16,045
Edward Byrne Memorial Justice Asst Grant Program – Edward Byrne JAG 09	16.738	Federal Direct	DJ-BX-0405	–	23,337
Edward Byrne Memorial Justice Asst Grant Program – Edward Byrne JAG 10	16.738	Federal Direct	DJ-BX-1559	–	35,325
Edward Byrne Memorial Justice Asst Grant Program – Edward Byrne JAG 11	16.738	Federal Direct	DJ-BX-2788	19,465	53,622
Edward Byrne Memorial Justice Asst Grant Program – Edward Byrne JAG 12	16.738	Federal Direct	DJ-BX-0670	22,896	85,721
Edward Byrne Memorial Justice Asst Grant Program – Edward Byrne JAG 13	16.738	Federal Direct	DJ-BX-0783	–	13,447
Edward Byrne Memorial Justice Asst Grant Program – Firearm Backlog Reduction Initiative	16.738	NYS DCJS	C-632347	–	59,059
Edward Byrne Memorial Justice Asst Grant Program – Legal Aid Society Sex Offender Program 2012	16.738	NYS DCJS	C-632650	23,808	23,809
Total CFDA 16.738				66,169	294,320
DNA Backlog Reduction Program – DNA Forensic Backlog Reduction 2011	16.741	Federal Direct	DN-BX-K458	–	160,126
DNA Backlog Reduction Program – DNA Forensic Backlog Reduction 2012	16.741	Federal Direct	DN-BX-0099	–	90,877
Total CFDA 16.741				–	251,003
Paul Coverdale NFSI Grant Program – Crime Lab Improvement 2011	16.742	NYS DCJS	C-118157	–	14,413
Paul Coverdale NFSI Grant Program – Crime Lab Improvement 2011	16.742	Federal Direct	2011-CD-BX-0097	–	1,105
Paul Coverdale NFSI Grant Program – Crime Lab Improvement 2012	16.742	NYS DCJS	T-128163	–	22,158
Paul Coverdale NFSI Grant Program – Tox Lab Improvement 2012	16.742	NYS DCJS	T-128162	–	22,451
Paul Coverdale NFSI Grant Program – Tox Lab Improvement 2013	16.742	NYS DCJS	T-662009	–	3,987
Total CFDA 16.742				–	64,114
Economic High Tech & Cyber Crime Prevention – Intellectual Property	16.752	Federal Direct	ZP-BX-0002	–	45,755
Congressionally Recommended Award Program – Internet Safety in Suffolk	16.753	Federal Direct	DD-BX-0481	–	25,739
ARRA Internet Crimes Against Children Task Force – Computer Crimes ICAC	16.800	NYS Police	SM-B9-K023	–	10,000
ARRA Edward Byrne Memorial JAG Program Grants to Units of Local Government – Recovery Act 09	16.804	Federal Direct	SB-B9-0782	–	29,013
Second Chance Act Prisoner Reentry Program	16.812	Federal Direct	RW-BX-0020	–	148,175
Equitable Sharing Program:					
Federal Forfeiture Funds (Police)	16.922	Federal Direct	N/A	–	1,272,527
Federal Forfeiture Funds (Probation)	16.922	Federal Direct	N/A	–	16,404
Federal Forfeiture Funds (District Attorney)	16.922	Federal Direct	N/A	105,658	880,775
Federal Forfeiture Funds (Sheriff)	16.922	Federal Direct	N/A	72,450	179,343
Total CFDA 16.922				178,108	2,349,049
<b>Total – U.S. Department of Justice</b>				519,089	5,875,057

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2013

Federal Grantor/ Pass-Through Grantor/Program Title (Note 6 for Clusters)	Federal CFDA Number	Federal/ Pass-Through Grantor – Note 7	Federal/ Pass-Through Grantor's Number	2013 Amount Provided to Sub-Recipients Note 5	2013 Expenditures
<b>U.S. Department of Labor</b>					
Trade Adjustment Assistance Program	17.245	NYS DOL	N/A	\$ –	\$ 92,032
WIA – Adult Program	17.258	NYS DOL	N/A	–	1,955,160
WIA – Adult Program – Admin	17.258	NYS DOL	N/A	–	261,568
Total CFDA 17.258				–	2,216,728
WIA – Youth Activities	17.259	NYS DOL	N/A	–	1,819,152
WIA – Youth Activities- Admin	17.259	NYS DOL	N/A	–	261,434
Total CFDA 17.259				–	2,080,586
Workforce Investment Act National Emergency Grant – NEG Hurricane Sandy	17.277	NYS DOL	N/A	277,781	1,321,993
WIA – Dislocated Worker	17.278	NYS DOL	N/A	–	2,833,642
WIA – Dislocated Worker-Admin	17.278	NYS DOL	N/A	–	319,550
Total CFDA 17.278				–	3,153,192
<b>Total – U.S. Department of Labor</b>				277,781	8,864,531
<b>U.S. Department of Transportation</b>					
Airport Improvement Program – 15-33 Phase I	20.106	NYS DOT AB	AIP 3-36-0122-17-13	–	1,753
Airport Improvement Program – 6-24 Phase II	20.106	NYS DOT AB	AIP 3-36-0122-13-09	–	173,982
Airport Improvement Program – 6-24 Phase III	20.106	NYS DOT AB	AIP 3-36-0122-15-10	–	16,155
Total CFDA 20.106				–	191,890
Highway Planning and Construction	20.205	NYS DOT	Various	–	17,620,098
Highway Planning and Construction	20.205	NYS DOT	Various	–	397,702
Highway Planning and Construction – Sub Regional Transportation Planning	20.205	NYS DOT	C033471	–	219,020
Highway Planning and Construction – LIE/HOV Express Bus Demo Project	20.205	NYS DOT	C005011	–	419,981
Highway Planning and Construction – BRT Study	20.205	NYMTC	N/A	–	230,636
Highway Planning and Construction – LIE HOV Lane Enforcement Program	20.205	NYS DOT	C032055-SA#2	–	2,837
Highway Planning and Construction – LIE HOV Lane Enforcement Program	20.205	NYS DOT	C032055-SA#3	–	666,858
Total CFDA 20.205				–	19,557,132
National Motor Carrier Safety – MCSAP High Priority 13	20.218	NYS DOT	FM-MHP-0142-13- 01-00 & 01	–	86,246
Federal Transit Capital Investment Grants	20.500	Federal Direct	NY-04-0078	–	63,189
Federal Transit Capital Investment Grants- Transportation Planning Study	20.500	NYS DOT	D033791	–	307,914
Total CFDA 20.500				–	371,103
Metropolitan Transportation Planning	20.505	NYS DOT	Various	–	283,423
Metropolitan Transportation Planning	20.505	NYS DOT	Various	–	7,981
Metropolitan Transportation Planning – BRT Study	20.505	NYMTC	N/A	–	85,304
Total CFDA 20.505				–	376,708

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2013

Federal Grantor/ Pass-Through Grantor/Program Title (Note 6 for Clusters)	Federal CFDA Number	Federal/ Pass-Through Grantor – Note 7	Federal/ Pass-Through Grantor’s Number	2013 Amount Provided to Sub-Recipients Note 5	2013 Expenditures
<b>U.S. Department of Transportation (continued)</b>					
Federal Transit Formula Grants	20.507	Federal Direct	N/A	\$ –	\$ 2,256,768
Federal Transit Formula Grants	20.507	Federal Direct	N/A	–	994,220
Total CFDA 20.507				–	3,250,988
State and Community Highway Safety – Motorcycle Safety Enforcement 2013	20.600	NYS GSTC	SCPD-00113-(052)	–	20,470
State and Community Highway Safety – Selective Traffic Enforcement Program STEP 2013	20.600	NYS GSTC	DMV01-C002085- 3700393	–	71,409
State and Community Highway Safety – Selective Traffic Enforcement Program STEP 2013	20.600	NYS GSTC	SO-00002-(052)	–	22,986
State and Community Highway Safety – Helmet Distribution Program 13	20.600	NYS GSTC	SO-00004-(052)	–	3,996
State and Community Highway Safety – STOP DWI Crackdown Enforcement	20.600	NYS GSTC	DMV01-C002123- 3700393	35,389	35,389
State and Community Highway Safety – STOP DWI Crackdown Enforcement 13	20.600	NYS GSTC	DMV01-C002044- 3700393	–	60,523
State and Community Highway Safety – STOP DWI Crackdown Enforcement 14	20.600	NYS GSTC	HS1-2014-NYS- STOP-DWI Found.- 00195-(088)	–	33,284
State and Community Highway Safety – STOP DWI Crackdown Enforcement 13	20.600	NYS GSTC	DMV01-C002123- 3700393	–	5,672
State and Community Highway Safety – STOP DWI High Visibility 13	20.600	NYS GSTC	HIS-00175-(088)	–	26,698
State and Community Highway Safety – STOP DWI High Visibility 14	20.600	NYS GSTC	HIS-00195-(088)	–	13,587
State & Community Highway Safety – Ignition Interlock Device Monitoring Program 13	20.600	NYS GSTC	C523696	–	241,029
State & Community Highway Safety – Ignition Interlock Device Monitoring Program 14	20.600	NYS GSTC	C523696	–	52,570
State & Community Highway Safety – Medical Examiner Toxicology DWI/DUID 12	20.600	NYS GSTC	C002074-3700393	–	55,131
State & Community Highway Safety – Medical Examiner Toxicology DWI/DUID 13	20.600	NYS GSTC	C-002119	–	11,284
Total CFDA 20.600				35,389	654,028
Occupant Protection Incentive Grants – Child Passenger Safety	20.602	NYS GSTC	SO-00016-(052)	–	11,694
Safety Incentive Grants for Use of Seatbelts – Buckle Up New York	20.604	NYS GSTC	SCPD00090-(052)	–	49,939
Safety Incentive Grants for Use of Seatbelts – Buckle Up New York	20.604	NYS GSTC	00246-(052)	–	764
Safety Incentive Grants for Use of Seatbelts – Buckle Up New York	20.604	NYS GSTC	SO-00002-(052)	–	4,199
Total CFDA 20.604				–	54,902
<b>Total – U.S. Department of Transportation</b>				35,389	24,554,691

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2013

Federal Grantor/ Pass-Through Grantor/Program Title (Note 6 for Clusters)	Federal CFDA Number	Federal/ Pass-Through Grantor – Note 7	Federal/ Pass-Through Grantor's Number	2013 Amount Provided to Sub-Recipients Note 5	2013 Expenditures
<b>U.S. Department of Treasury</b>					
Equitable Sharing Program – Federal Forfeiture Funds (Police)	21.000	Federal Direct	N/A	\$ –	\$ 140,513
Equitable Sharing Program – Suffolk Treasury Enhanced Prosecution Program 2013	21.000	Federal Direct	N/A	–	35,130
Equitable Sharing Program – Suffolk Treasury Enhanced Prosecution Program 2014	21.000	Federal Direct	N/A	–	12,698
EL Dorado – Joint Terrorism Task Force 2013	21.000	Federal Direct	N/A	–	17,761
EL Dorado – Joint Terrorism Task Force 2014	21.000	Federal Direct	N/A	–	9,192
Equitable Sharing Program – Federal Forfeiture Funds (District Attorney)	21.000	Federal Direct	N/A	–	116,544
Equitable Sharing Program – Federal Forfeiture Funds (Sheriff)	21.000	Federal Direct	N/A	–	104,463
Equitable Sharing Program – ICE – Joint Operations Task Force – US Customs – SLOT-12	21.000	Federal Direct	112-NY-1548	–	9,067
Equitable Sharing Program – ICE – Joint Operations Task Force – US Customs – SLOT-13	21.000	Federal Direct	113-NY-1548	–	29,737
Total CFDA 21.000				–	475,105
<b>Total – U.S. Department of Treasury</b>				–	475,105
<b>U.S. Environmental Protection Agency</b>					
National Estuary Program FY 06	66.456	Federal Direct	CE992002-14	32,314	(18,773)
National Estuary Program FY 07	66.456	Federal Direct	CE992002-15	63,000	22,215
National Estuary Program FY 08	66.456	Federal Direct	CE992002-16	92,633	23,314
National Estuary Program FY 09	66.456	Federal Direct	CE992002-17	98,655	23,572
National Estuary Program FY 10	66.456	Federal Direct	CE992002-17-1	54,000	150,049
National Estuary Program FY 11	66.456	Federal Direct	CE992002-17-2	–	58,522
Total CFDA 66.456				340,602	258,899
Beach Monitoring & Notification Program Implementation Grants – Bath Beach Water Quality Monitoring 2012/ 2013	66.472	NYS DOH	C024972	–	91,057
Beach Monitoring & Notification Program Implementation Grants – Bath Beach Water Quality Monitoring 2013/ 2014	66.472	NYS DOH	C024972	–	8,929
Total CFDA 66.472				–	99,986
Performance Partnership Grants – Water Quality Management Planning 2012	66.605	NYS EC	C008468	–	20,905
Performance Partnership Grants – Water Quality Management Planning 2013	66.605	NYS EC	C008468	–	114,837
Total CFDA 66.605				–	135,742
<b>Total – U.S. Environmental Protection Agency</b>				340,602	494,627
<b>U.S. Department of Education</b>					
Special Education Grants for Infants & Families – Early Intervention/Child Find 2012	84.181	NYS DOH	C027511	–	567,673
<b>Total – U.S. Department of Education</b>				–	567,673

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Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2013

Federal Grantor/ Pass-Through Grantor/Program Title (Note 6 for Clusters)	Federal CFDA Number	Federal/ Pass-Through Grantor – Note 7	Federal/ Pass-Through Grantor's Number	2013 Amount Provided to Sub-Recipients Note 5	2013 Expenditures
<b>U.S. Election Assistance Commission</b>					
Help America Vote Act Requirement Payments Shoe Box Grant	90.401	NYS BOE	C-003246	\$ –	\$ 153,195
Help America Vote Act Requirement Payments (Note 3) Non-Monetary Assistance	90.401	NYS BOE	N/A	–	672,500
Total CFDA 90.401				–	825,695
<b>Total – U.S. Election Assistance Commission</b>				–	825,695
<b>U.S. Department of Health and Human Services</b>					
Mammography Inspection 2012	93.C027670	NYS DOH	C027670	–	50,922
Medical Reserve Corps Small Grant Program – NACCHO	93.008	NACCHO	MRC 13-0227	–	2,553
Special Programs for the Aging Long Term Care Ombudsman Services for Older Individuals (Title VII)	93.042	NYS OA	N/A	99,659	99,659
Special Programs for the Aging Disease Prevention and Health Promotion Services (Title IIID)	93.043	NYS OA	N/A	28,044	28,044
Special Programs for the Aging Grants for Supportive Services and Senior Centers (Title IIIB)	93.044	NYS OA	N/A	391,284	1,026,674
Special Programs for the Aging Nutritional Services for the Elderly, Part C-1 (Title IIIC-1)	93.045	NYS OA	N/A	1,294,882	1,502,176
Special Programs for the Aging Nutritional Services for the Elderly, Part C-2 (Title IIIC-2)	93.045	NYS OA	N/A	824,169	898,568
Total CFDA 93.045				2,119,051	2,400,744
National Family Caregiver Support – Care Giver Training (Title IIIE)	93.052	NYS OA	N/A	75,239	426,745
Nutrition Services Incentive Program (NSIP)	93.053	NYS OA	N/A	393,464	429,672
Public Health Emergency Preparedness – HRI Bioterrorism 12/13	93.069	NYS DOH – HRI	C-1618-11	–	351,468
Public Health Emergency Preparedness – HRI-CRI Bioterrorism 13/14	93.069	NYS DOH – HRI	C-1618-11	–	452,341
Total CFDA 93.069				–	803,809
Affordable Care Act Health Profession Opportunity Grant – SCHOOL	93.093	Federal Direct	N/A	–	1,172,051
Affordable Care Act Health Profession Opportunity Grant – Impact Study	93.093	Federal Direct	N/A	–	88,064
Total CFDA 93.093				–	1,260,115
Food & Drug Administrative Research-Food Program Standards 12/13	93.103	Federal Direct	1U18FD004660-01	–	18,542
Food & Drug Administrative Research-Food Program Standards 13/14	93.103	Federal Direct	1U18FD004660-02	–	36,286
Total CFDA 93.103				–	54,828
Injury Prevention and Control Research and State and Community Based Programs-Falls Prevention for Older Adults	93.136	NYS DOH – HRI	5U17CE00199702	–	13,107

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Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2013

Federal Grantor/ Pass-Through Grantor/Program Title (Note 6 for Clusters)	Federal CFDA Number	Federal/ Pass-Through Grantor – Note 7	Federal/ Pass-Through Grantor’s Number	2013 Amount Provided to Sub-Recipients Note 5	2013 Expenditures
<b>U.S. Department of Health and Human Services (continued)</b>					
Projects for Assistance in Transition from Homelessness – McKinney Homeless	93.150	NYS DOH – OMH	N/A	\$ 156,182	\$ 156,182
Projects for Assistance in Transition from Homelessness – Peer Advocacy	93.150	NYS DOH – OMH	N/A	112,000	112,000
Total CFDA 93.150				268,182	268,182
Family Planning Services – Reproductive Health Program 2013	93.217	NYS DOH	C027057	–	187,277
Immunization Cooperative Agreements – Immunization Action Plan 2012-2013	93.268	NYS DOH	C023273	–	56,050
Immunization Cooperative Agreements – Immunization Action Plan 2013-2014	93.268	NYS DOH	C028322	–	227,881
Immunization Cooperative Agreements – Linkage of Migrant Health Services 2012/2013	93.268	NYS DOH	C023005	–	252
Immunization Cooperative Agreements – Linkage of Migrant Health Services 2013/2014	93.268	NYS DOH	C023005	–	10,431
Total CFDA 93.268				–	294,614
Centers for Disease Control and Prevention Investigations and Technical Assistance – Community Dwelling for Older Adults	93.283	Federal Direct	2013-012306	–	15,000
Temporary Assistance for Needy Families – TANF	93.558	NYS OTDA	18000	198,366	91,578,779
Child Support Enforcement – Title IV D	93.563	NYS OTDA	18000	109,290	8,858,765
Refugee and Entrant Assistance -State Administered Programs – Refugee Health Assessment 12/13	93.566	NYS DOH	C026125	–	1,639
Refugee and Entrant Assistance -State Administered Programs – Refugee Health Assessment 13/14	93.566	NYS DOH	C026125	–	3,004
Total CFDA 93.566				–	4,643
Low Income Home Energy Assistance	93.568	NYS OTDA	18000	–	1,105,285
Low Income Home Energy Assistance (Note 4)	93.568	NYS OTDA	18000	–	16,735,635
Low Income Home Energy Assistance – Weatherization Referral & Packaging Pilot (WRAP)	93.568	NYS OA	N/A	42,388	45,300
Total CFDA 93.568				42,388	17,886,220
Child Care and Development Block Grant Voting Access for Individuals w/ Disabilities	93.575	NYS OCFS	18000	932,146	29,027,898
Grants to States	93.617	NYS BOE	C003085	–	9,775
Foster Care Title IV E	93.658	NYS OCFS	18000	–	14,644,390
Adoption Assistance Title IV E	93.659	NYS OCFS	18000	–	4,811,926
Social Services Block Grant Title XX	93.667	NYS OCFS	18000	2,017,826	6,957,668
Chafee Foster Care Independence Program	93.674	NYS OCFS	18000	273,094	294,241

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Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2013

Federal Grantor/ Pass-Through Grantor/Program Title (Note 6 for Clusters)	Federal CFDA Number	Federal/ Pass-Through Grantor – Note 7	Federal/ Pass-Through Grantor’s Number	2013 Amount Provided to Sub-Recipients Note 5	2013 Expenditures
<b>U.S. Department of Health and Human Services (continued)</b>					
Medical Assistance Program – Community Health Worker Program 2012-2013	93.778	NYS DOH	C021380	\$ –	\$ 236,197
Medical Assistance Program – Federal Medicaid Salary Sharing	93.778	NYS DOH – OMH	N/A	–	166,649
Medical Assistance Program – Federal Medicaid Salary Sharing	93.778	NYS DOH– OASAS	N/A	–	88,960
Medical Assistance Program – Maternal Infant Child Health Initiative Component A	93.778	NYS DOH	C028973	–	105,837
Medical Assistance Program- Title XIX	93.778	NYS DOH	18000	–	33,344,816
Total CFDA 93.778				–	33,942,459
Centers for Medicare & Medicaid Services Research, Demos & Evaluations Health Insurance Information & Counseling Assistance (HIICAP)	93.779	NYS OA	N/A	–	83,825
HIV Emergency Relief Project Grants – Ryan White Title I AIDS Dentistry Grants 2012	93.914	UWLI	W12072	–	127,604
HIV Emergency Relief Project Grants – Ryan White Title I AIDS Dentistry Grants 2013	93.914	UWLI	W13072	–	115,340
HIV Emergency Relief Project Grants – Ryan White HIV Medical Case Management Prerelease Services to Inmates 2012/2013	93.914	UWLI	W12726	1,562	9,854
HIV Emergency Relief Project Grants – Ryan White HIV Medical Case Management Prerelease Services to Inmates 2013/2014	93.914	UWLI	W13726	8,647	67,661
HIV Emergency Relief Project Grants- Ryan White Part A, Minority Aids Initiative 2012/2013	93.914	UWLI	12MAI7	5,009	8,963
HIV Emergency Relief Project Grants- Ryan White Part A, Minority Aids Initiative 2013/2014	93.914	UWLI	13MAI7	28,940	51,323
Total CFDA 93.914				44,158	380,745
Grants to Provide Outpatient Early Invention Services for HIV Disease – Ryan White Title III – HIV Early Intervention 12	93.918	Federal Direct	H76HA00036	–	(2,992)
Grants to Provide Outpatient Early Invention Services for HIV Disease – Ryan White Title III – HIV Early Intervention 13	93.918	Federal Direct	H76HA00036	–	388,911
Total CFDA 93.918				–	385,919
HIV Prevention Activities Health Department Based – CDC HIV Primary Care & Prevention Services 2012/2013	93.940	NYS DOH – HRI	4049-03	1,106	35,385
HIV Prevention Activities Health Department Based – CDC HIV Primary Care & Prevention Services 2013/2014	93.940	NYS DOH – HRI	4049-04	554	37,604
Total CFDA 93.940				1,660	72,989

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<b>U.S. Department of Health and Human Services (continued)</b>					
Block Grants for Community Mental Health Services – Adult Clinical Infrastructure – CMHS	93.958	NYS DOH – OMH	N/A	\$ 351,272	\$ 584,057
Block Grants for Community Mental Health Services – Child & Family Clinical Infrastructure Program- CMHS	93.958	NYS DOH – OMH	N/A	116,375	116,375
Block Grants for Community Mental Health Services – Child & Family Community Support Programs – CMHS	93.958	NYS DOH – OMH	N/A	319,292	321,184
Block Grants for Community Mental Health Services – Children & Family Emergency Services – CMHS	93.958	NYS DOH – OMH	N/A	225,000	225,000
Block Grants for Community Mental Health Services – Children & Family MICA Prevention Program	93.958	NYS DOH – OMH	N/A	375,851	375,851
Block Grants for Community Mental Health Services – Adult CSS (Advocacy/Support Program) – CMHS	93.958	NYS DOH – OMH	N/A	4,000	280,543
Block Grants for Community Mental Health Services – Mentally Ill Chemical Abuser Program	93.958	NYS DOH – OMH	N/A	62,609	62,609
Total CFDA 93.958				1,454,399	1,965,619
Block Grants for Prevention and Treatment of Substance Abuse – Community Residential	93.959	NYS DOH – OASAS	N/A	921,727	940,560
Block Grants for Prevention and Treatment of Substance Abuse – Medically Monitored Withdrawal – Crisis	93.959	NYS DOH – OASAS	N/A	1,599,076	1,599,076
Block Grants for Prevention and Treatment of Substance Abuse – Medically Supervised Outpatient	93.959	NYS DOH – OASAS	N/A	2,135,190	1,921,176
Block Grants for Prevention and Treatment of Substance Abuse – Vocational Rehabilitation	93.959	NYS DOH – OASAS	N/A	35,817	55,106
Block Grants for Prevention and Treatment of Substance Abuse – Primary Prevention Services	93.959	NYS DOH – OASAS	N/A	1,419,942	1,355,007
Block Grants for Prevention and Treatment of Substance Abuse – Methadone Maintenance Outpatient	93.959	NYS DOH – OASAS	N/A	–	674,767
Total CFDA 93.959				6,111,752	6,545,692
Preventive Health Services Sexually Transmitted Diseases Control Grants – Comprehensive STD Prevention Systems	93.977	NYS DOH	T028872	–	38,245
Preventative Health & Health Services Block Grant – Linkage of Migrant Health Services 2012/2013	93.991	NYS DOH	C023005	–	733
Preventative Health & Health Services Block Grant – Linkage of Migrant Health Services 2013/2014	93.991	NYS DOH	C023005	–	2,318
Total CFDA 93.991				–	3,051
Maternal and Child Health Services Block Grant to the States -Childhood Lead Poisoning Prevention 11/12	93.994	NYS DOH	C026539	–	(7,872)
Maternal and Child Health Services Block Grant to the States -Childhood Lead Poisoning Prevention 12/13	93.994	NYS DOH	C026539	–	169,592
Maternal and Child Health Services Block Grant to the States – Children with Special Health Care Needs 2012-2013	93.994	NYS DOH	C024645	–	59,409
Maternal and Child Health Services Block Grant to the States – Children with Special Health Care Needs 2013-2014	93.994	NYS DOH	C024645	–	35,076

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Schedule of Expenditures of Federal Awards (continued)

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<b>U.S. Department of Health and Human Services (continued)</b>					
Maternal and Child Health Services Block Grant to the States- Linkage of Migrant Health Services 2013/2014	93.994	NYS DOH	C023005	\$ –	\$ 16,227
Maternal and Child Health Services Block Grant to the States – Linkage of Migrant Health Services 2012/13	93.994	NYS DOH	C023005	–	1,305
Maternal and Child Health Services Block Grant to the States -Reproductive Health 2013	93.994	NYS DOH	C027057	–	121,730
Total CFDA 93.994				–	395,468
<b>Total – U.S. Department of Health and Human Services</b>				14,560,002	225,250,262
<b>U.S. Department of Social Security Administration</b>					
Supplemental Security Income – Social Security Administration Incentive Program	96.006	Federal Direct	N/A	–	79,000
<b>Total – U.S. Department of Social Security Administration</b>				–	79,000
<b>U.S. Department of Homeland Security</b>					
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR-NY-4085	–	9,535
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR-NY-4085	–	5,255
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR-NY-4085	–	2,990
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR-NY-4085	–	1,537
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR-NY-4085	–	72,053
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR-NY-4085	–	33,985
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR-NY-4085	–	27,498
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR-NY-4085	–	19,100
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR-NY-4085	–	21,650
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR-NY-4085	–	1,906
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR-NY-4085	–	976,702
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR-NY-4085	–	159,513
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR-NY-4085	–	373
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR-NY-4085	–	319,015
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR-NY-4085	–	467
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR-NY-4085	–	534,559

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<b>U.S. Department of Homeland Security (continued)</b>					
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR- NY-4085	\$ –	\$ 374,159
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR- NY-4085	–	119,814
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR- NY-4085	–	545,370
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR- NY-4085	–	123,173
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR- NY-4085	–	2,656,328
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR- NY-4085	–	149,981
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR- NY-4085	–	1,298,363
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR- NY-4085	–	70,944
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR- NY-4085	–	170,108
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR- NY-4085	–	319,862
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR- NY-4085	–	958
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR- NY-4085	–	578,398
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR- NY-4085	–	18,505,087
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR- NY-4085	–	336,742
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR- NY-1692	–	241,901
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR- NY-1692	–	427,829
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR- NY-1899	–	3,915
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR- NY-1899	–	204,409
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR- NY-1899	–	1,929
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR- NY-4111	–	2,652
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR- NY-4111	–	10,025
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR- NY-4111	–	35,181
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR- NY-4111	–	2,921
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR- NY-4111	–	23,422
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR- NY-4111	–	14,356
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR- NY-4111	–	53,872

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Federal Grantor/ Pass-Through Grantor/Program Title (Note 6 for Clusters)	Federal CFDA Number	Federal/ Pass-Through Grantor – Note 7	Federal/ Pass-Through Grantor’s Number	2013 Amount Provided to Sub-Recipients Note 5	2013 Expenditures
<b>U.S. Department of Homeland Security (continued)</b>					
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR- NY-4111	\$ –	\$ 442,601
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR- NY-4111	–	75,387
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR- NY-4111	–	21,370
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR- NY-4111	–	55,540
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR- NY-4111	–	25,313
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR- NY-4020	–	33,840
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR- NY-4020	–	56,211
Total CFDA 97.036				–	29,168,099
Emergency Management Performance Grants – Local Emergency Management Planning Grant (LEMPG) 2012	97.042	NYS DHSES	WM12193025	–	286,639
Emergency Management Performance Grants – Local Emergency Management Planning Grant (LEMPG) 2013	97.042	NYS DHSES	WM13193035	–	222,427
Total CFDA 97.042				–	509,066
Pre Disaster Mitigation 12	97.047	NYS DHSES	C000551	–	173,455
Port Security Grant Program – Port Security 2010	97.056	Federal Direct	2010-PU-T0-0132	74,958	290,587
Port Security Grant Program – Port Security 2010	97.056	Federal Direct	010PSCNA	–	2,173
Port Security Grant Program – Port Security 2012	97.056	Federal Direct	EMW-2012-PU- 00332	–	23,767
Port Security Grant Program – Port Security 2012	97.056	Federal Direct	EMW-2012-PU- 00417	–	374,623
Total CFDA 97.056				74,958	691,150
Homeland Security Grant Program – Urban Area Security Initiative 2008 (UASI)	97.067	NYS DHSES	C834083	–	244,065
Homeland Security Grant Program – Urban Area Security Initiative 2009 (UASI)	97.067	NYS DHSES	C834093	4,351	456,508
Homeland Security Grant Program – Urban Area Security Initiative 2010 (UASI)	97.067	NYS DHSES	C834003	–	1,422,413
Homeland Security Grant Program – Urban Area Security Initiative 2011 (UASI)	97.067	NYS DHSES	C973713	–	741,137
Homeland Security Grant Program – Urban Area Security Initiative 2012 (UASI)	97.067	NYS DHSES	C979723	–	148,606
Homeland Security Grant Program – State Homeland Security Program 2008 (SHSP)	97.067	NYS DHSES	WM08834080	–	286,765
Homeland Security Grant Program – State Homeland Security Program 2008 (SHSP)-Bomb Initiative	97.067	NYS DHSES	WM08834081	–	16,101
Homeland Security Grant Program – State Homeland Security Program 2009 (SHSP)	97.067	NYS DHSES	WM09834090	–	403,112
Homeland Security Grant Program – State Homeland Security Program 2009 (SHSP)-Bomb Initiative	97.067	NYS DHSES	WM09152891	–	53,449

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Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2013

Federal Grantor/ Pass-Through Grantor/Program Title (Note 6 for Clusters)	Federal CFDA Number	Federal/ Pass-Through Grantor – Note 7	Federal/ Pass-Through Grantor's Number	2013 Amount Provided to Sub-Recipients Note 5	2013 Expenditures
<b>U.S. Department of Homeland Security (continued)</b>					
Homeland Security Grant Program – State Homeland Security Program 2010 (SHSP)	97.067	NYS DHSES	WM09834000	\$ –	\$ 1,115,231
Homeland Security Grant Program – State Homeland Security Program 2010 (SHSP)-Bomb Initiative	97.067	NYS DHSES	WM10152801	–	100,000
Homeland Security Grant Program – State Homeland Security Program 2011 (SHSP)	97.067	NYS DHSES	C973710	–	463,437
Homeland Security Grant Program – State Homeland Security Program 2012 (SHSP)	97.067	NYS DHSES	C973720	–	97,037
Homeland Security Grant Program – Citizens Corp Council 2009	97.067	NYS DHSES	N/A	–	3,310
Homeland Security Grant Program – Citizens Corp Council 2010	97.067	NYS DHSES	T000476	–	34,345
Homeland Security Grant Program – Hazmat 2008	97.067	NYS DHSES	WM08884289	8,307	19,344
Homeland Security Grant Program – Hazmat 2009	97.067	NYS DHSES	WM09884299	17,748	88,665
Homeland Security Grant Program – Hazmat 2010	97.067	NYS DHSES	WM10193009	–	85,756
Homeland Security Grant Program – Technical Rescue (USAR) 2010	97.067	NYS DHSES	WM10152809	–	114,970
Homeland Security Grant Program – State Law Enforcement Terrorism Prevention Program 2008 (SLETPP)	97.067	NYS DHSES	WM08834082	–	97,180
Homeland Security Grant Program – State Law Enforcement Terrorism Prevention Program 2009 (SLETPP)	97.067	NYS DHSES	C-834092	–	89,338
Homeland Security Grant Program – State Law Enforcement Terrorism Prevention Program 2010 (SLETPP)	97.067	NYS DHSES	C834002	–	157,274
Homeland Security Grant Program – State Law Enforcement Terrorism Prevention Program 2011 (SLETPP)	97.067	NYS DHSES	WM11973712	–	105,435
Homeland Security Grant Program – Operation Shield 12	97.067	NYS DHSES	C193000	27,824	44,156
Homeland Security Grant Program – Operation Shield 13	97.067	NYS DHSES	C193010	60,400	110,991
Homeland Security Grant Program – Public Health Emergency Preparedness HRI Base (Bio Terr)	97.067	NYS DHSES	C-834094	–	(11,742)
Total CFDA 97.067				118,630	6,486,883
Staffing for Adequate Fire & Emergency Response (SAFER)	97.083	Federal Direct	EMW-2009-FF-00543	–	684,447
Securing the Cities – 2009	97.106	NYC Police	N/A	–	62,607
Securing the Cities – 2011	97.106	NYC Police	DHS-11-DNDO-106-001	–	58,120
Total CFDA 97.106				–	120,727
ARRA Port Security Program	97.116	Federal Direct	PU-R1-0379	–	6,645
<b>Total – U.S. Department of Homeland Security</b>				193,588	37,840,472
<b>Total – Expenditures of Federal Awards</b>				\$ 21,531,537	\$ 343,389,176

County of Suffolk, New York

Schedule of Expenditures of State Transportation Assistance Awards

Year Ended December 31, 2013

State Grantor Program Title	State Contract # or CP#	2013 Expenditures
<b>Suffolk County Department of Public Works</b>		
Federal Transit Capital and Operating Assistance Formula Grants – § 5307	K006799	\$ 304,469
		<u>304,469</u>
State Transportation Operating Assistance (STOA)	STOA	24,075,700
LIE/HOV Express Bus Demo Project	C005011	104,996
		<u>24,180,696</u>
CHIPS – Consolidated Street & Highway Improvement Program	N/A	6,061,101
		<u>6,061,101</u>
<b>NYS Department of Transportation: Highway Planning &amp; Construction</b>		
Closed Loop Traffic Signal System	D013802	46,804
Reconstruct CR11	D033481	698,916
Reconstruct CR17	D013549	8,062
CR 11 Pulaski Rd Reconstruct	D032605	35,052
Reconstruct CR67 Bridge	D011517	77,129
Reconstruct CR3	D011640	9,966
Reconstruct CR16	D010688	180,685
Reconstruct CR80	D010664	1,057
Reconstruct CR57	D010856	67,985
Feasibility Study CR39	D013585	373,296
FFY 12 Paving-CR111 & CR105	D033894	761,834
FFY 12 Paving-CR97 & CR19	D033893	74,177
		<u>2,334,963</u>
<b>Total Suffolk County Department of Public Works</b>		<u>32,881,229</u>
<b>Suffolk County Police Department</b>		
LIE HOV Lane Enforcement Program 12	C032055	709
LIE HOV Lane Enforcement Program 13	C032055	166,715
LIE HOV Construction	D033338	680,731
<b>Total Suffolk County Police Department</b>		<u>848,155</u>
<b>Suffolk County Department of Economic Development—Airport</b>		
NYS Aviation Division: Airport Improvement Project		
Rehab Runway 6-24 Phase II	K007029	4,578
Rehab Runway 6-24 Phase III	K007029	2,800
Rehab Runway 15-33 Phase I	143606411	97
		<u>7,475</u>
Aviation Utility Infrastructure Development	K006787	120,000
<b>Total Suffolk County Department of Economic Development—Airport</b>		<u>127,475</u>

County of Suffolk, New York

Schedule of Expenditures of State Transportation Assistance Awards (continued)

Year Ended December 31, 2013

<b>State Grantor Program Title</b>	<b>State Contract # or CP#</b>	<b>2013 Expenditures</b>
<b>Suffolk County Sheriff Department</b>		
LIE HOV Lane Enforcement Program 12	C-032055	<u>24,518</u>
<b>Total Suffolk County Sheriff Department</b>		<u>24,518</u>
<b>Total – Expenditures of State Transportation Assistance Awards</b>		<u><u>\$ 33,881,377</u></u>

*See accompanying notes.*

## Suffolk County, New York

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

Year Ended December 31, 2013

#### **1. Basis of Presentation**

The accompanying schedule of expenditures of federal and state transportation assistance awards presents the activity of federal and state transportation 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 schedules 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 OMB Circular A-133.

#### **2. Basis of Accounting**

The accompanying schedules of expenditures of federal and state transportation assistance awards of the County are presented on the accrual basis of accounting, other than expenditures for disaster relief and emergency assistance (CFDA #97.036) reimbursable under the Stafford Act, which are recorded as expenditures when the funds are approved and received. Disaster relief and emergency assistance expenditures included in the SEFA for the year ended December 31, 2013 that related to prior fiscal years was \$28,405,460.

The regulations and guidelines governing the preparation of federal and state financial reports vary by state and federal agency. Accordingly, the amounts reported in the federal and the state financial reports do not necessarily agree with the amounts reported in the accompanying schedule of expenditures of federal and state transportation assistance awards, which is prepared as explained above.

#### **3. Federal Nonmonetary and Loan Programs**

The County is also the recipient of three federal financial assistance programs that do not result in cash receipts or disbursements, termed “non-monetary programs.”

During the year ended December 31, 2013, the County distributed \$13,977,384 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).

Suffolk County, New York

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

**3. Federal Nonmonetary and Loan Programs (continued)**

During the year ended December 31, 2013, the U.S. Department of Justice purchased three vehicles totaling \$76,166 for use in the Regional Fugitive Task Force (CFDA #16.111)

During the year ended December 31, 2013, the County received \$672,500 worth of voting machines from the NYS Board of Elections as part of the Help America Vote Act (CFDA #90.401).

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

**4. Low-Income Home Energy Assistance Program**

The Low-Income Home Energy Assistance Program (HEAP) total includes \$16,735,635 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).

**5. Subrecipients**

For the year ended December 31, 2013, amounts provided to sub-recipients totaled \$21,531,537, and are listed by program on the schedule of expenditures of federal awards.

**6. Program Clusters**

The following tables detail program clusters referred to in the Schedule.

<b>Federal Agency</b>	<b>CFDA #</b>	<b>Name of Program</b>	<b>Expenditures</b>
<i>Child Nutrition Cluster</i>			
USDA	10.553	School Breakfast Program	\$ 37,652
	10.555	National School Lunch Program	58,441
		<b>Total Child Nutrition Cluster</b>	<b>\$ 96,093</b>
<i>SNAP Cluster</i>			
USDA	10.561	State Administrative Matching Grants for Supplemental Nutrition Program (Administrative Costs)	\$ 14,252,185
		<b>Total SNAP Cluster</b>	<b>\$ 14,252,185</b>

Suffolk County, New York

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

6. Program Clusters (continued)

Federal Agency	CFDA #	Name of Program	Expenditures
<i>CDBG—Entitlement Grants Cluster</i>			
HUD	14.218	Community Development Block and Entitlement Grants	\$ 4,434,899
		<b>Total CDBG-Entitlement Grants Cluster</b>	<b>\$ 4,434,899</b>
<i>CDBG—State Administered CDBG Cluster</i>			
HUD	14.228	Community Development Block Grants/State Program and Non-Entitlement Grants in Hawaii	\$ 119,708
		<b>Total CDBG—State Administered Cluster</b>	<b>\$ 119,708</b>
<i>JAG Program Cluster</i>			
DOJ	16.738	Edward Byrne Memorial Justice Assistance Grant Program	\$ 294,320
	16.804	ARRA—Edward Byrne Memorial JAG Program Grants to Units of Local Government	29,013
		<b>Total JAG Program Cluster</b>	<b>\$ 323,333</b>
<i>WIA Cluster</i>			
DOL	17.258	WIA Adult Program	\$ 2,216,728
	17.259	WIA Youth Activities	2,080,586
	17.278	WIA Dislocated Worker Formula Grants	3,153,192
		<b>Total WIA Cluster</b>	<b>\$ 7,450,506</b>
<i>Highway Planning and Construction Cluster</i>			
DOT	20.205	Highway Planning and Construction	\$ 19,557,132
		<b>Total Highway Planning and Construction Cluster</b>	<b>\$ 19,557,132</b>
<i>Federal Transit Cluster</i>			
DOT	20.500	Federal Transit Capital Investment Grants	\$ 371,103
	20.507	Federal Transit Formula Grants	3,250,988
		<b>Total Federal Transit Cluster</b>	<b>\$ 3,622,091</b>

Suffolk County, New York

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

6. Program Clusters (continued)

Federal Agency	CFDA #	Name of Program	Expenditures
<i>Highway Safety Cluster</i>			
DOT	20.600	State and Community Highway Safety	\$ 654,028
	20.602	Occupant Protection Incentive Grants	11,694
		<b>Total Highway Safety Cluster</b>	<b>\$ 665,722</b>
<i>Aging Cluster</i>			
HHS	93.044	Special Programs for the Aging—Grants for Supportive Services and Senior Centers (Title III-B)	\$ 1,026,674
	93.045	Special Programs for the Aging—Nutrition Services (Title III-C)	2,400,744
	93.053	Nutrition Services Incentive Program (NSIP)	429,672
		<b>Total Aging Cluster</b>	<b>\$ 3,857,090</b>
<i>TANF Cluster</i>			
HHS	93.558	Temporary Assistance for Needy Families (TANF)	\$ 91,578,779
		<b>Total TANF Cluster</b>	<b>\$ 91,578,779</b>
<i>CCDF Cluster</i>			
HHS	93.575	Child Care and Development Block Grant	\$ 29,027,898
		<b>Total CCDF Cluster</b>	<b>\$ 29,027,898</b>
<i>Medicaid Cluster</i>			
HHS	93.778	Medical Assistance Program	\$ 33,942,459
		<b>Total Medicaid Cluster</b>	<b>\$ 33,942,459</b>
<i>Disability Insurance/ SSI Cluster</i>			
SSA	96.006	Supplemental Security Income—Social Security Administration Incentive Program	\$ 79,000
		<b>Total Disability Insurance/SSI Cluster</b>	<b>\$ 79,000</b>

Suffolk County, New York

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

**7. Glossary of Pass-Through Grantors**

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

Acronym	Agency
NACCHO	National Association of County & City Health Officials
NYC Police	New York City Police Department
NYMTC	New York Metropolitan Transit Council
NYS BOE	New York State Board of Elections
NYS DCJS	New York State Division of Criminal Justice Services
NYS DHSES	New York State Division of Homeland Security & Emergency Services
NYS DOH	New York State Department of Health
NYS DOH – HRI	New York State Department of Health – Health Research, Inc.
NYS DOH – OASAS	New York State Department of Health – Office of Alcohol & Substance Abuse Services
NYS DOH – OMH	New York State Department of Health – Office of Mental Health
NYS DOL	New York State Department of Labor
NYS DOT	New York State Department of Transportation
NYS DOT – AB	New York State Department of Transportation Aviation Bureau
NYS EC	New York State Department of Environmental Conservation
NYS ED	New York State Department of Education
NYS EFC	New York State Environmental Facilities Corporation
NYS GTSC	New York State Governor’s Traffic Safety Committee
NYS HFA	New York State Housing Finance Agency
NYS OA	New York State Office of the Aging
NYS OCFS	New York State Office of Children and Family Services
NYS OTDA	New York State Office of Temporary and Disability Assistance
NYS Police	New York State Police Department
RPA	Regional Planning Association
UWLI	United Way of Long Island

## Report of Independent Auditors 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*

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

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Suffolk County, New York (“the County”), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements and have issued our report thereon dated June 27, 2014. Our report includes a reference to other auditors who audited the financial statements of the Suffolk County Community College, the Suffolk County Economic Development Corporation, the Suffolk County Regional Off-Track Betting 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 auditor’s testing of internal control over financial reporting or compliance and other matters that are reported on separately by those 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 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.

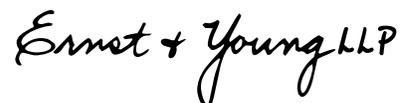
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **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 result of that testing, and not to provide an opinion on the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



*Ernst & Young LLP*

June 27, 2014

## Report of Independent Auditors on Compliance with Requirements for Each Major Federal and State Transportation Assistance Program and Report on Internal Control Over Compliance Required by OMB Circular A-133 and the Preliminary Draft Part 43 of the New York State Codification of Rules and Regulations

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

### **Report on Compliance for Each Major Federal and State Transportation Assistance Program**

We have audited Suffolk County, New York's ("the County") compliance with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *Preliminary Draft Part 43 of the New York State Codification of Rules and Regulations* ("NYCRR") that could have a direct and material effect on each of the County's major federal and state transportation assistance programs for the year ended December 31, 2013. The County's major federal and state transportation assistance programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. The County's basic financial statements include the operations of Suffolk County Community College ("the College"), a component unit, which received \$49,254,659 in federal awards which is not included in the schedule during the year ended December 31, 2013. 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 OMB Circular A-133.

#### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal and state transportation assistance programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the County's major federal and state transportation assistance 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Draft Part 43 of the NYCRR. Those standards, OMB Circular A-133 and Draft Part 43 of the NYCRR require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state transportation assistance program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state transportation assistance program. However, our audit does not provide a legal determination of the County's compliance.



***Opinion on Each Major Federal and State Transportation Assistance Program***

In our opinion, Suffolk County, New York 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 major federal and state transportation assistance programs for the year ended December 31, 2013.

**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 and state 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 federal and state transportation assistance program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Draft Part 43 of the NYCRR, 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 federal or state transportation assistance program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state 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 federal or state 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 OMB Circular A-133 and Draft Part 43 of the NYCRR. Accordingly, this report is not suitable for any other purpose.

September 23, 2014

Suffolk County, New York

Schedule of Findings and Questioned Costs

Year Ended December 31, 2013

**Part I – Summary of Auditor’s Results**

**Financial Statement Section**

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ Yes ✓ No

Significant deficiency(ies) identified? \_\_\_\_\_ Yes ✓ None Reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes ✓ No

**Federal Awards Section**

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ Yes ✓ No

Significant deficiency(ies) identified? \_\_\_\_\_ Yes ✓ None Reported

Type of auditor’s report issued on compliance for major programs: Unmodified

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



Suffolk County, New York

Schedule of Findings and Questioned Costs

Year Ended December 31, 2013

**Part I – Summary of Auditor’s Results (continued)**

**State Transportation Assistance Awards**

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ Yes   ✓   No

Significant deficiency(ies) identified? \_\_\_\_\_ Yes   ✓   None Reported

Type of auditor’s report issued on compliance for major programs: \_\_\_\_\_ Unmodified

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

<b>State Program Numbers</b>	<b>Name of State Program or Cluster</b>
STOA	State Transportation Operating Assistance
CHIPS	CHIPS—Consolidated Street and Highway Improvement Program
D013802, D033481, D013549, D032605, D011517, D011640, D010688, D010664, D010856, D013585, D033894, D033893	New York State Department of Transportation: Highway Planning & Construction (various programs)—Marchicelli/Bond Match for Federal Aid Highway Projects

Dollar threshold used to determine Type A programs: \_\_\_\_\_ \$1,016,441

Auditee qualified as low-risk auditee?   ✓   Yes \_\_\_\_\_ No

Suffolk County, New York

Schedule of Findings and Questioned Costs (continued)

Year Ended December 31, 2013

**Part II –Financial Statement Findings**

No findings noted required to be reported.

Suffolk County, New York

Schedule of Findings and Questioned Costs (continued)

Year Ended December 31, 2013

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

No findings noted required to be reported.

Suffolk County, New York

Summary Schedule of Prior Audit Findings

Years Ended December 31, 2012 and 2011

**Federal Award Findings**

<b>Reference Number</b>	<b>Program CFDA Number and Name</b>	<b>Summary of Finding</b>	<b>Status</b>
2011-01	CFDA 81.086 ARRA- Conservation Research and Development (passed through GLICCC)	<b>SEFA reporting requirements and special tests and provisions for awards with ARRA funding</b> –The County had not utilized the appropriate CFDA number for an ARRA program with expenditures totaling \$2,077,075.	Corrected
2011-02	CFDA 84.181 Special Education Grants for Infants and Families (passed through NYS DOH) and CFDA 97.067 (contract C-834094) Homeland Security Grant Program (passed through NYS DOH-HRI)	<b>SEFA reporting requirements</b> –The County had not included expenditures totaling \$301,267 for CFDA 84.141 on the SEFA. For CFDA 97.067, \$571,654 of expenditures mistakenly had been included twice on the SEFA.	Corrected

**State Transportation Award Findings**

There were no prior audit findings.