

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, 2012

JOSEPH SAWICKI, JR.
COMPTROLLER

Report No.: 2013-09 CPA

Suffolk County, New York

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

Year Ended December 31, 2012

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Report of Independent Auditors

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, 2012, 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 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, 2012, 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.

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.

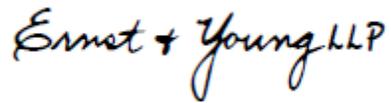
Supplementary and Other Information

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, 2013 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.

A handwritten signature in black ink that reads "Ernst + Young LLP". The signature is written in a cursive, flowing style.

June 27, 2013, except for the schedule of expenditures of federal and state transportation assistance awards for which the date is September 20, 2013

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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, 2012.

Financial Highlights

- The liabilities of Suffolk County exceeded its assets at the close of the most recent fiscal year by \$1,235,838,429 (deficit). This amount includes \$472,998,065 in restricted net position and is net of a deficit of \$3,090,386,749 in unrestricted net position. Also included as an offset is \$1,381,550,255 reported in net investment in capital assets.
- Suffolk County's total net position decreased by \$386,229,775.
- As of the close of the current fiscal year, Suffolk County's governmental funds reported combined fund balances of \$262,628,502, a decrease of \$138,517,224 in comparison with the prior year. Of this amount, a deficit of \$208,862 is classified within the spendable fund balance categories: restricted of \$468,187,344 and an unassigned deficit of \$468,396,206.
- At the end of the current fiscal year, the unassigned fund deficit for the general fund was \$401,710,506.
- Suffolk County's total bonded debt increased by \$59,376,532 (3.72 percent) during the current fiscal year. The largest contributing factors to this increase were issuance of general obligation bonds to finance the construction of a larger wastewater treatment plant to allow for growth in the service area of sewer district #18 in the amount of \$19 million and funding in the amount of \$17 million for major infrastructure projects including bridges and roadways which are scheduled to begin construction in early 2013. Approximately \$10 million of general obligation bonds were issued to finance energy efficiency upgrades at various County facilities which will enable the County to leverage financial and equipment incentives offered by LIPA, National Grid, NYSERDA, NYPA, and others. Additionally, bonds were issued to finance the completion of construction of the County's NYS mandated correctional facility in the amount of \$5 million.
- Suffolk County was struck by Super Storm Sandy in October of 2012, which had both a short-term and long-term impact on the County's financial activity. The impacts to the County in the short-term include additional operating costs, such as police overtime and debris removal, as well as sales tax revenue shortfalls and property tax delinquencies. However, the County has received confirmation that the Federal Emergency Management Agency's (FEMA) reimbursement ratio has been approved at 90%, which significantly decreased any negative financial impact. Long-term impacts include reductions in assessed values of damaged properties and increases to the County's capital plan for storm mitigation measures. The County will avail itself of grant funds available for this purpose to minimize the long-term impact felt by 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 liabilities, 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, the Suffolk Health Plan, 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), 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 20-22 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 32 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 31 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 23-30 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 Health Plan, 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 32-36 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 38-39 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 43-86 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 exceeded its assets by \$1,235,838,429 at the close of the most recent fiscal year.

A summary of the County's net position for 2012 is presented below, together with comparative 2011 information.

	Suffolk County's Net Position					
	Governmental Activities		Business-type Activities		Totals	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current and other assets	\$ 1,529,108,048	\$ 1,396,507,999	\$ (13,357,310)	\$ (9,996,405)	\$ 1,515,750,738	\$ 1,386,511,594
Capital assets	2,732,266,858	2,620,873,530	71,079,931	71,943,156	2,803,346,789	2,692,816,686
<u>Total assets</u>	<u>4,261,374,906</u>	<u>4,017,381,529</u>	<u>57,722,621</u>	<u>61,946,751</u>	<u>4,319,097,527</u>	<u>4,079,328,280</u>
Long term liabilities						
outstanding	4,265,282,389	3,870,799,307	61,454,365	57,658,106	4,326,736,754	3,928,457,413
Other liabilities	1,220,555,041	993,984,070	7,644,161	6,495,451	1,228,199,202	1,000,479,521
<u>Total liabilities</u>	<u>5,485,837,430</u>	<u>4,864,783,377</u>	<u>69,098,526</u>	<u>64,153,557</u>	<u>5,554,935,956</u>	<u>4,928,936,934</u>
<u>Net position:</u>						
Net investment in capital assets	1,332,062,107	1,374,169,740	49,488,148	48,096,862	1,381,550,255	1,422,266,602
Restricted	472,998,065	500,887,004	-	-	472,998,065	500,887,004
Unrestricted	(3,029,522,696)	(2,722,458,592)	(60,864,053)	(50,303,668)	(3,090,386,749)	(2,772,762,260)
<u>Total net position</u>	<u>\$ (1,224,462,524)</u>	<u>\$ (847,401,848)</u>	<u>\$ (11,375,905)</u>	<u>\$ (2,206,806)</u>	<u>\$ (1,235,838,429)</u>	<u>\$ (849,608,654)</u>

Net position includes \$1,381,550,255 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, \$472,998,065, 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 \$3,090,386,749 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

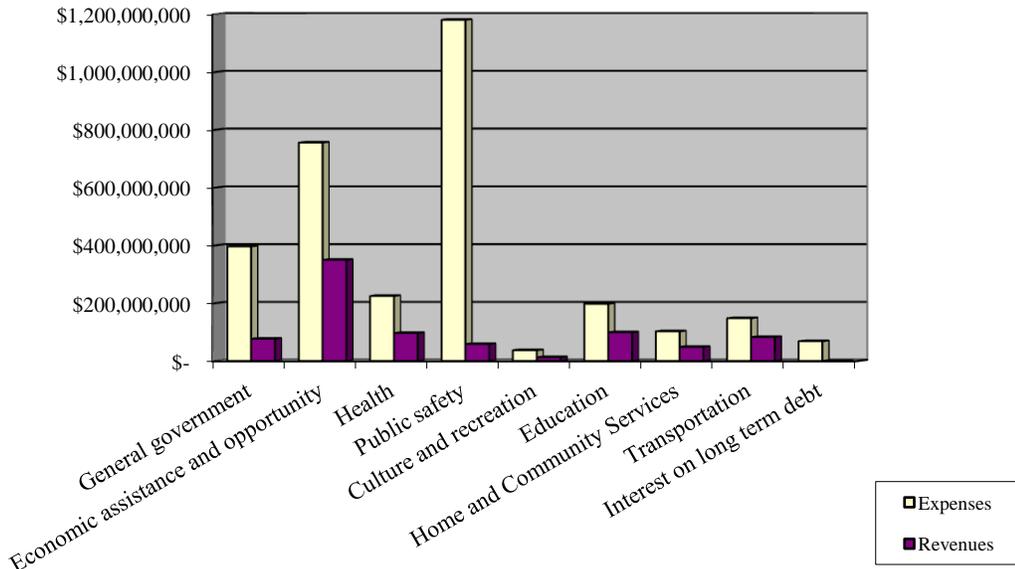
	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$221,656,075	\$223,809,739	\$23,104,173	\$26,082,495	\$244,760,248	\$249,892,234
Operating grants and contributions	558,074,757	593,543,874	4,782,160	9,452,802	562,856,917	602,996,676
Capital grants and contributions	44,615,925	61,997,193	1,558,668	3,254,568	46,174,593	65,251,761
General revenues:						
Property taxes	638,470,669	625,428,362	-	-	638,470,669	625,428,362
Sales and use tax	1,217,074,425	1,180,808,321	-	-	1,217,074,425	1,180,808,321
Other, net	49,883,514	50,176,780	354,726	1,665,444	50,238,240	51,842,224
Total revenues	2,729,775,365	2,735,764,269	29,799,727	40,455,309	2,759,575,092	2,776,219,578
Expenses:						
General government	396,417,746	377,718,452	-	-	396,417,746	377,718,452
Economic assistance and opportunity	755,506,395	743,587,751	-	-	755,506,395	743,587,751
Health	224,766,983	233,752,880	-	-	224,766,983	233,752,880
Public safety	1,180,521,367	1,159,846,934	-	-	1,180,521,367	1,159,846,934
Culture and recreation	36,979,177	41,536,539	-	-	36,979,177	41,536,539
Education	197,641,831	207,990,520	-	-	197,641,831	207,990,520
Home and community services	102,137,678	116,706,621	-	-	102,137,678	116,706,621
Transportation	147,735,971	148,492,495	-	-	147,735,971	148,492,495
Skilled nursing	-	-	32,994,121	32,530,670	32,994,121	32,530,670
Health plan	-	-	-	523	-	523
Ball park	-	-	832,030	600,949	832,030	600,949
Gabreski airport	-	-	2,279,045	1,865,313	2,279,045	1,865,313
Interest on long term debt	67,992,523	66,678,059	-	-	67,992,523	66,678,059
Total expenses	3,109,699,671	3,096,310,251	36,105,196	34,997,455	3,145,804,867	3,131,307,706
Change in net position						
before transfers	(379,924,306)	(360,545,982)	(6,305,469)	5,457,854	(386,229,775)	(355,088,128)
Transfers	2,863,630	10,831,146	(2,863,630)	(10,831,146)	-	-
Change in net position	(377,060,676)	(349,714,836)	(9,169,099)	(5,373,292)	(386,229,775)	(355,088,128)
Net position - beginning	(847,401,848)	(497,687,012)	(2,206,806)	3,166,486	(849,608,654)	(494,520,526)
Net position - ending	(\$1,224,462,524)	(\$847,401,848)	(\$11,375,905)	(\$2,206,806)	(\$1,235,838,429)	(\$849,608,654)

The County's net position decreased by \$386,229,775 during the current fiscal year. Key elements of the decrease are as follows:

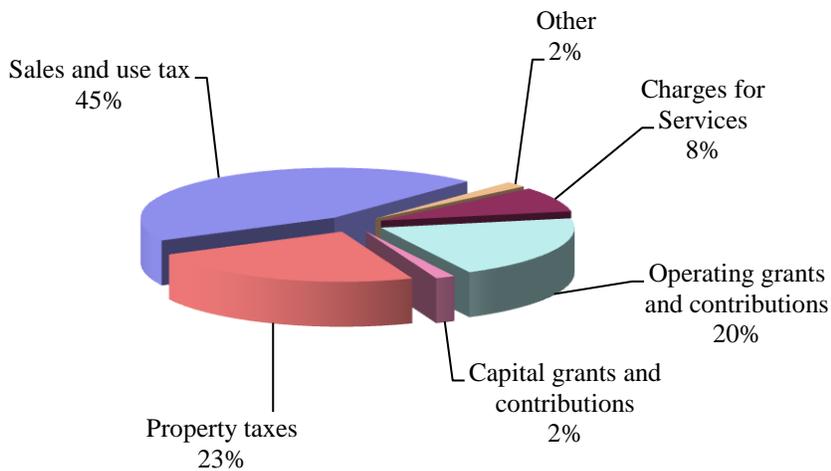
- The liability accrual for post employment benefits, required by GASB 45, increased by \$289 million in 2012.
- Long term obligations increased by approximately \$59 million during the year as a result of new debt issued to fund the following projects:
 - Construction of a larger wastewater treatment plant at sewer district #18 in the amount of \$19 million.
 - Improvements to County bridges and roadways in the amount of \$17 million.
 - Energy efficiency upgrades to various County facilities in the amount of \$10 million.
 - Final construction costs of the NYS mandated correctional facility in the amount of \$5 million.
- The amortized pension liability increased by \$43 million during 2012.

Governmental activities. Governmental activities decreased the County's net position by \$377,060,676. The decrease is attributable to the liability accrual of \$283 million for post employment benefits and an increase in long term obligations of \$59 million and the pension amortization liability of \$43 million.

Expenses and Program Revenues-Governmental Activities

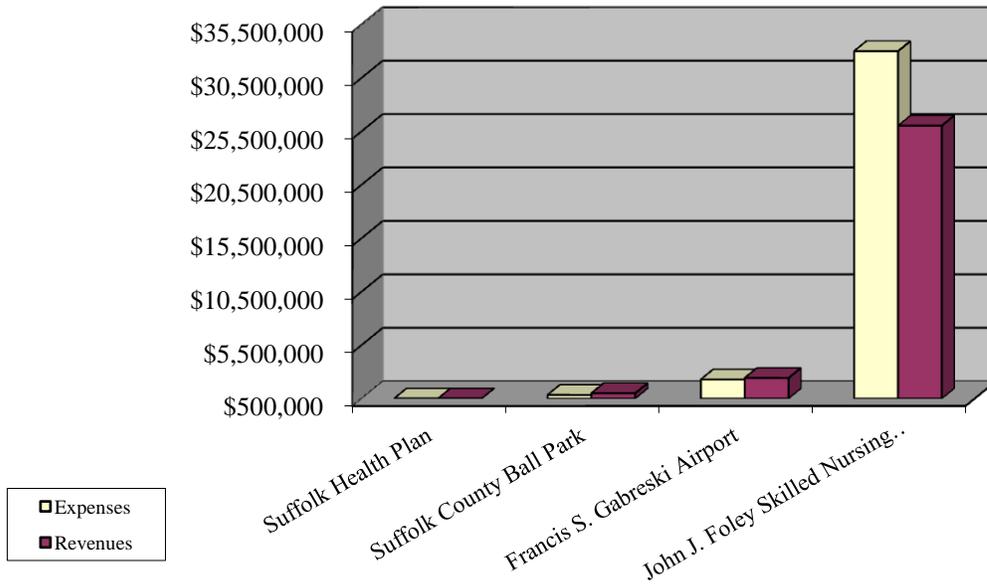


Revenues by Source-Governmental Activities

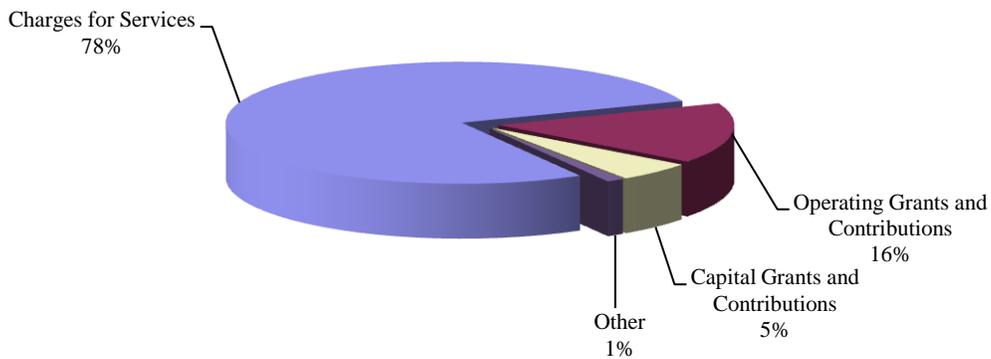


Business-type activities. Business-type activities decreased the County’s net position by \$9,169,099. The key factor of the decrease was the liability accrual of \$6 million for post employment benefits.

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 \$262,628,502, a decrease of \$138,517,224 in comparison with the prior year. The County categorizes this fund balance by spendable fund balance (deficit of \$208,862) and non-spendable fund balance (\$262,837,364). 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, \$468,187,344 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 (\$266,117,782), (2) Debt service (\$56,736,640), (3) Transportation (\$53,383,972), and (4) Environmental protection (\$26,947,407).

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 \$401,710,506 while total fund balance amounted to a deficit totaling \$325,202,026.

The fund balance of Suffolk County's general fund decreased by \$158,452,783. The decrease to the general fund balance is primarily attributable to the accounting for the sale of future tobacco settlement revenues to STASC, in accordance with GASB 48 which amounted to \$48.7 million. Other contributing factors include a decline in tax collections, continued increases in mandated expenses, costs resulting from an arbitrated award issued to the Corrections Officer's Labor Union.

The police district fund has a total fund deficit of \$56,483,125. The police district total fund deficit increased during the current year by \$5,135,559. The increase in fund deficit is primarily attributed to an increase in pension costs. The County paid the first installment of 2011 Employee Retirement System amortization in 2012.

The capital fund has a total fund balance of \$121,537,092. The capital fund total fund balance decreased during the current year by \$21,083,658. The decrease is the result of a decline in Federal Aid during 2012.

The Suffolk Tobacco Asset Securitization Corporation (STASC) is a blended component unit of the County and had a fund balance of \$243,850,557. The fund balance of STASC increased by \$31,885,726. The increase resulted from the purchase of Suffolk County's future rights to Tobacco Settlement Revenues (TSR) as accounted for 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 Health Plan, Suffolk County Ball Park, Francis S. Gabreski Airport, and John J. Foley Skilled Nursing Facility at the end of the year amounted to \$0, \$1,030,693, (\$4,388,179), and (\$57,506,567), respectively. The Suffolk Health Plan, which sold their membership roster during 2008, had no change in net position for the year, whereas the Suffolk County Ball Park had an increase of \$169,774, Francis S. Gabreski Airport had an increase of \$844,980, and John J. Foley Skilled Nursing Facility had a decrease of \$10,183,853.

General Fund Budgetary Basis Highlights

Differences between the original and final amended budget for expenditures resulted in a slight increase of .44 percent, (\$7.8 million increase in appropriations) and can be briefly summarized as follows:

- \$16.8 million decrease to general government support, as a result of budgeted labor contingency reserve which was transferred to public safety to fund a portion of the Correction Officers settlement.
- \$41.9 million increase to public safety expenditures, primarily relating to the sheriff's department. The increase resulted from the settlement of the Correction Officer's union labor contract.
- \$18.8 million decrease to education, attributable to a reduction in program costs for children with special needs.
- \$1.3 million increase to transportation, as a result of Super Storm Sandy.

During the year, revenues did not meet budgetary estimates, resulting in an actual decrease in fund balance. The variance between budgeted and actual fund balance was (\$99,237,647). The major variances resulting in this decrease were attributable to the following revenues not meeting budgetary estimates:

- Sale of a \$19.3 million land parcel.
- Property tax revenue in the amount of \$37 million.
- Sales tax revenue in the amount of \$17 million
- Tobacco revenue from 2006-2009 disputed payment in the amount of \$7.9 million.
- Red light camera revenue in the amount of \$13 million.

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, 2012, amounts to \$2,803,346,790 (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 4.10 percent (a 4.25 percent increase for governmental activities and a 1.20 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 has mandated the construction of a new correctional facility in Yaphank. The total cost of constructing the facility is estimated at \$303,655,270. Construction in progress as of the close of the fiscal year reached \$173,196,513. Of this amount, \$4,451,319 was spent in 2012. The new facility is scheduled to open in April 2013.
- Phase I and II of the civil court building and courthouse annex renovations are complete at the County Civil Court Complex in Riverhead. The total appropriation for renovations is \$47,495,000. Phase III renovations will include restoration/weatherproofing of three older court buildings. These renovations have enabled the Supreme Court to relocate to Riverhead from the Cohalan Court Complex in Islip and District Court judges in outlying courts to permanently relocate to Cohalan.
- Construction of the new 40,000 square foot Fourth Police Precinct is complete at the Hauppauge North County Complex. The total cost of construction was \$17,275,774. The building construction is in accordance with the Green Building Rating System known as Leadership in Energy and Environmental Design (LEED).
- Land was acquired during 2012 pursuant to various land preservation and protection programs at a cost of \$32.7 million. In addition, \$22.6 million was spent for the acquisition of farmland development rights.
- Various road construction projects to strengthen and expand the County's existing roadways began or continued in 2012. Construction in progress as of the close of the fiscal year reached \$147.6 million. In addition, \$39 million was transferred to infrastructure upon completion of the construction projects during 2012.

Suffolk County's Capital Assets

(net of depreciation)

	Governmental activities		Business-type activities		Totals	
	2012	2011	2012	2011	2012	2011
Land	\$849,498,104	\$816,768,858	\$22,092,831	\$22,092,831	\$871,590,935	\$838,861,689
Development rights	243,314,624	220,699,156	-	-	243,314,624	220,699,156
Historic buildings	4,607,607	4,607,607	-	-	4,607,607	4,607,607
Buildings	337,248,453	264,395,750	26,861,803	28,125,556	364,110,256	292,521,306
Improvements other than buildings	27,634,008	27,584,449	13,970,434	5,114,237	41,604,442	32,698,686
Vehicles and equipment	118,896,730	127,763,189	1,382,512	1,496,302	120,279,242	129,259,491
Infrastructure	610,506,254	552,133,033	-	-	610,506,254	552,133,033
Construction in progress	540,561,078	606,921,488	6,772,351	15,114,230	547,333,429	622,035,718
Total	\$2,732,266,858	\$2,620,873,530	\$71,079,931	\$71,943,156	\$2,803,346,789	\$2,692,816,686

Additional information on Suffolk County's capital assets can be found in note III.C., on pages 65-68 of this report.

Long-term debt. At the end of the current year, Suffolk County had total bonded debt outstanding of \$1,655,616,303. 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 are not backed by the full faith and credit of the County.

Suffolk County's Outstanding Debt

Bonds

	Governmental activities		Business-type activities		Totals	
	2012	2011	2012	2011	2012	2011
General obligation debt	\$1,161,661,018	\$1,198,073,217	\$10,456,293	\$11,673,713	\$1,172,117,311	\$1,209,746,930
Advance refunding debt	169,206,991	118,435,522	11,907,988	13,029,719	181,114,979	131,465,241
STASC	302,384,013	255,027,600	-	-	302,384,013	255,027,600
Total bonds payable	\$1,633,252,022	\$1,571,536,339	\$22,364,281	\$24,703,432	\$1,655,616,303	\$1,596,239,771

Suffolk County's total bonded debt increased by \$59,376,532 (3.72 percent) during the current fiscal year.

Suffolk County maintains an "A+" with a negative outlook rating from Standard & Poor's, an "A" with a negative outlook rating from Fitch and an "A2" with a negative outlook rating from Moody's for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7 percent of the average full valuation of taxable real estate of the County for the most recent five-year period. The current debt limitation for Suffolk County is \$19,463,980,747 which is significantly in excess of Suffolk County's outstanding general obligation debt. The County has \$477,057,000 in bonds authorized, but unissued.

Additional information on Suffolk County's long-term debt can be found in note III.H., on pages 73-79 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Suffolk County is currently 7.6 percent, which is a slight increase from a rate of 7.5 percent a year ago. This compares favorably to the state's average unemployment rate of 8.5 percent and the national average rate of 8.1 percent.
- The vacancy rate of office properties located in the County over the past three years is 20.3, 17.6, and 14.9 percent for years 2010, 2011, and 2012, respectively.
- During 2012, inflationary trends in the region were slightly lower than national indices. The annual 2012 NY metro area regional Consumer Price Index (CPI) was 2.0 percent, whereas the U.S. city annual CPI was 2.1 percent.

All of these factors were considered in preparing the County's budget for the 2013 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, 2012

	Primary Government			Component Units
	Governmental Activities	Business - Type Activities	Totals	
Assets				
Current assets:				
Cash and cash equivalents	\$ 647,737,177	\$ 2,875,294	\$ 650,612,471	\$ 74,008,398
Investments	49,917,340	332,229	50,249,569	12,605,260
Property tax receivable, net of allowance for estimated uncollectibles of \$ 14,438,079	231,177,998	-	231,177,998	-
Accounts receivable, net	-	-	-	5,129,972
Due from:				
New York State and federal sources:				
Programs of assistance	88,110,400	-	88,110,400	-
Grants-in-aid	152,800,686	5,234,285	158,034,971	-
Sales tax	141,267,846	-	141,267,846	-
Other	-	-	-	1,884,249
Towns	138,784,051	-	138,784,051	-
Component units	10,203,689	-	10,203,689	-
Internal balances	28,730,405	(28,730,405)	-	-
Other receivables	31,636,918	6,489,888	38,126,806	2,316,704
Prepays	4,822,478	-	4,822,478	-
Total current assets	<u>1,525,188,988</u>	<u>(13,798,709)</u>	<u>1,511,390,279</u>	<u>95,944,583</u>
Noncurrent assets:				
Restricted:				
Cash and cash equivalents	-	-	-	1,072,556
Investments	-	-	-	4,470,439
Other receivables	-	404,809	404,809	32,488
Deferred bond issuance cost	3,919,060	36,590	3,955,650	-
Capital assets:				
Nondepreciable	1,637,981,413	28,865,182	1,666,846,595	9,820,911
Depreciable, net	1,094,285,445	42,214,749	1,136,500,194	129,896,942
Other	-	-	-	142,746
Total noncurrent assets	<u>2,736,185,918</u>	<u>71,521,330</u>	<u>2,807,707,248</u>	<u>145,436,082</u>
Total assets	<u>4,261,374,906</u>	<u>57,722,621</u>	<u>4,319,097,527</u>	<u>241,380,665</u>

(Continued)

SUFFOLK COUNTY, NEW YORK

Statement of Net Position

December 31, 2012

	Primary Government			Component Units
	Governmental Activities	Business - Type Activities	Totals	
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 408,935,681	\$ 4,750,746	\$ 413,686,427	\$ 35,726,415
Contract retainage payable	4,885,442	39,293	4,924,735	-
Accrued interest payable	12,386,435	-	12,386,435	-
Notes payable	603,500,000	-	603,500,000	-
Due to:				
Component units	5,950	-	5,950	-
Primary government	-	-	-	1,928,985
Unearned revenue, restricted	15,386,405	-	15,386,405	25,745,558
Current portion of noncurrent liabilities:				
Accumulated vacation and sick leave	23,317,287	86,250	23,403,537	2,708,299
Estimated liability for claims	37,251,738	-	37,251,738	-
Obligations under capital leases	449,394	-	449,394	-
Mortgage payable	-	-	-	309,714
Long-term obligations	106,400,871	2,767,872	109,168,743	4,024,684
Due to NYS retirement system	8,035,838	-	8,035,838	3,622,146
Total current liabilities	1,220,555,041	7,644,161	1,228,199,202	74,065,801
Noncurrent liabilities:				
Funds held in trust	-	404,809	404,809	-
Accumulated vacation and sick leave	374,612,579	1,393,147	376,005,726	26,542,697
Estimated liability for claims	626,760,033	-	626,760,033	-
Obligations under capital leases	1,972,213	-	1,972,213	-
Mortgage payable	-	-	-	5,122,948
Long-term obligations	1,526,851,151	19,596,409	1,546,447,560	40,797,703
Due to NYS retirement system	54,276,413	-	54,276,413	632,938
Obligation for postemployment benefits other than pensions	1,680,810,000	40,060,000	1,720,870,000	164,998,191
Other long-term debt	-	-	-	189,456
Total noncurrent liabilities	4,265,282,389	61,454,365	4,326,736,754	238,283,933
Total liabilities	5,485,837,430	69,098,526	5,554,935,956	312,349,734
Net Position				
Net investment in capital assets	1,332,062,107	49,488,148	1,381,550,255	92,677,308
Restricted for:				
Capital projects	-	-	-	12,269,048
General government support	18,715,954	-	18,715,954	-
Economic assistance & opportunity	1,158,319	-	1,158,319	-
Health	602,702	-	602,702	-
Public Safety	20,924,880	-	20,924,880	-
Culture and recreation	6,999,039	-	6,999,039	-
Education	8,115,319	-	8,115,319	-
Home and community services	266,117,782	-	266,117,782	-
Transportation	53,383,972	-	53,383,972	-
General liability claims	4,970,896	-	4,970,896	-
Employee health claims	1,974,925	-	1,974,925	-
Debt service	56,736,640	-	56,736,640	-
Environmental protection	26,947,407	-	26,947,407	-
Retirement contribution	102	-	102	-
Tourism and recreation	1,539,407	-	1,539,407	-
Prepays	4,810,721	-	4,810,721	-
Unrestricted (deficit)	(3,029,522,696)	(60,864,053)	(3,090,386,749)	(175,915,425)
Total net position	\$ (1,224,462,524)	\$ (11,375,905)	\$ (1,235,838,429)	\$ (70,969,069)

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, 2012

Functions/Programs	Net (Expenses) Revenue and Changes in Net Position						Component Units
	Primary Government		Business-Type Activities		Total		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Primary Government:							
Governmental activities:							
General government support	\$ 396,417,746	\$ 54,262,859	\$ 21,639,377	\$ 820,297	\$ (319,695,213)	\$ -	\$ (319,695,213)
Economic assistance and opportunity	755,506,395	29,716,569	319,917,923	-	(405,871,903)	-	(405,871,903)
Health	224,766,983	26,410,454	69,905,187	23,161	(128,428,181)	-	(128,428,181)
Public safety	1,180,521,367	30,783,473	25,957,591	1,828,361	(1,121,951,942)	-	(1,121,951,942)
Culture and recreation	36,979,177	11,386,664	1,159,322	18,747	(24,414,444)	-	(24,414,444)
Education	197,641,831	12,961,310	83,236,179	2,824,396	(98,619,946)	-	(98,619,946)
Home and community services	102,137,678	37,040,424	6,219,318	5,644,470	(53,233,466)	-	(53,233,466)
Transportation	147,735,971	19,094,322	30,039,860	33,456,493	(65,145,296)	-	(65,145,296)
Interest on long-term debt	67,992,523	-	-	-	(67,992,523)	-	(67,992,523)
Total governmental activities	3,109,699,671	221,656,075	558,074,757	44,615,925	(2,285,352,914)	-	(2,285,352,914)
Business-type activities:							
John J. Foley Skilled Nursing Facility	32,994,121	21,244,889	4,782,160	-	-	(6,967,072)	(6,967,072)
Suffolk Health Plan	-	2,196	-	-	-	2,196	2,196
Suffolk County Ball Park	832,030	754,075	-	243,625	-	165,670	165,670
Francis S. Gabreski Airport	2,279,045	1,103,013	-	1,315,043	-	139,011	139,011
Total business-type activities	36,105,196	23,104,173	4,782,160	1,558,668	-	(6,660,195)	(6,660,195)
Total primary government	\$ 3,145,804,867	\$ 244,760,248	\$ 562,856,917	\$ 46,174,593	\$ (2,285,352,914)	\$ (6,660,195)	\$ (2,292,013,109)
Component units:							
Suffolk County Community College	\$ 235,965,092	\$ 86,822,853	\$ 6,296,655	\$ -	\$ -	\$ -	\$ (142,845,584)
Suffolk Regional Off-Track Betting Corp	31,200,586	27,275,983	-	-	-	-	(3,924,603)
Suffolk County Industrial Development	712,951	695,323	-	-	-	-	(17,628)
Suffolk County Economic Development	19,786	261,508	-	-	-	-	241,722
Total Component units	\$ 267,898,415	\$ 115,055,667	\$ 6,296,655	\$ -	\$ -	\$ -	\$ (146,546,093)
General Revenues:							
Taxes:							
Real property taxes					\$ 638,470,669	\$ -	\$ 638,470,669
Sales and use tax					1,217,074,425	-	1,217,074,425
Payment from primary government					-	-	-
Grants and contributions not restricted to specific programs					3,904,579	11,886	3,916,465
Interest on investments					45,978,935	342,840	46,321,775
Miscellaneous					2,863,630	(2,863,630)	-
Transfer					1,908,292,238	(2,508,904)	1,905,783,334
Total General revenues, special items, and transfers					(377,060,676)	(9,169,099)	(386,229,775)
Change in net position					(847,401,848)	(2,206,806)	(849,608,654)
Net position at beginning of year					\$ (1,224,462,524)	\$ (11,375,905)	\$ (1,235,838,429)
Net position at end of year							\$ (70,969,069)

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

SUFFOLK COUNTY, NEW YORK

Balance Sheet

Governmental Funds

December 31, 2012

	General	Police District	Capital	Suffolk Tobacco Asset Securitization Corp.	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 262,634,777	\$ 32,202	\$ 106,239,798	\$ 3,195,920	\$ 275,634,480	\$ 647,737,177
Investments	30,590,676	369,816	-	18,760,231	196,617	49,917,340
Property tax receivable, net of allowance for estimated uncollectibles of \$ 14,438,079	231,177,998	-	-	-	-	231,177,998
Due from:						
New York State and federal sources:						
Programs of assistance	79,196,082	-	-	-	8,914,318	88,110,400
Grants-in-aid	114,981,202	4,022,189	29,070,540	-	4,726,755	152,800,686
Sales tax	133,793,918	-	-	-	7,473,928	141,267,846
Towns	138,784,051	-	-	-	-	138,784,051
Other funds	97,564,683	21,413,562	38,763,081	221,912,564	191,845,772	571,499,662
Component units	10,203,689	-	-	-	-	10,203,689
Other receivables	25,004,657	507,247	-	-	6,052,881	31,564,785
Prepays	4,810,721	-	-	-	-	4,810,721
Total assets	\$ 1,128,742,454	\$ 26,345,016	\$ 174,073,419	\$ 243,868,715	\$ 494,844,751	\$ 2,067,874,355
Liabilities and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities	\$ 284,146,978	\$ 67,043,422	\$ 23,577,807	\$ 18,158	\$ 33,343,989	\$ 408,130,354
Contract retainage payable	8,948	-	3,106,506	-	1,769,988	4,885,442
Notes payable	600,000,000	-	3,500,000	-	-	603,500,000
Due to:						
Other funds	324,049,808	15,562,665	22,352,014	-	180,804,770	542,769,257
Component units	5,950	-	-	-	-	5,950
Deferred tax revenue	210,340,240	-	-	-	-	210,340,240
Other deferred revenue	35,392,556	222,054	-	-	-	35,614,610
Total liabilities	1,453,944,480	82,828,141	52,536,327	18,158	215,918,747	1,805,245,853
Fund balances (deficits):						
Nonspendable:						
Land held for sale	36,114,079	-	-	-	-	36,114,079
Deferred charges	-	-	-	221,912,564	-	221,912,564
Prepays	4,810,721	-	-	-	-	4,810,721
Restricted for:						
General government support	-	-	6,594,552	-	12,121,402	18,715,954
Economic assistance and opportunity	-	-	1,158,319	-	-	1,158,319
Health	-	-	602,702	-	-	602,702
Public safety	-	-	15,958,947	-	4,965,933	20,924,880
Culture and recreation	-	-	6,999,039	-	-	6,999,039
Education	-	-	8,115,319	-	-	8,115,319
Home and community services	547,081	-	28,724,242	-	236,846,459	266,117,782
Transportation	-	-	53,383,972	-	-	53,383,972
General liability claims	4,970,896	-	-	-	-	4,970,896
Employee Health Claims	1,974,925	-	-	-	-	1,974,925
Debt service	28,090,676	369,816	-	21,937,993	6,338,155	56,736,640
Environmental protection	-	-	-	-	26,947,407	26,947,407
Retirement contribution	102	-	-	-	-	102
Tourism and recreation	-	-	-	-	1,539,407	1,539,407
Unassigned	(401,710,506)	(56,852,941)	-	-	(9,832,759)	(468,396,206)
Total fund balances	(325,202,026)	(56,483,125)	121,537,092	243,850,557	278,926,004	262,628,502
Total liabilities and fund balances	\$ 1,128,742,454	\$ 26,345,016	\$ 174,073,419	\$ 243,868,715	\$ 494,844,751	\$ 2,067,874,355

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, 2012

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		\$ 262,628,502
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		2,732,266,858
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred.		3,919,060
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Accrued Liabilities	\$ (805,327)	
Accumulated vacation and sick leave	(397,929,866)	
Estimated liability for claims	(664,011,771)	
Obligations under capital leases-long term	(2,421,607)	
Interest Payables	(12,386,435)	
Long-term obligations	(1,636,416,383)	
Amortization of deferred amount	1,434,984	
Amortization of premium	1,729,377	
Due to NYS retirement system	(62,312,251)	
Obligation for postemployment benefits other than pensions	<u>(1,680,810,000)</u>	
Total long-term liabilities		(4,453,929,279)
Certain revenues are earned but not collected at year-end and therefore are reported as deferred revenue in the governmental funds balance sheets.		230,568,445
Certain expenditures are considered prepaid to match expenses with the period to which it relates.		11,757
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>\$ (1,224,462,524)</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, 2012

	General	Police District	Capital	Suffolk Tobacco Asset Securitization Corp.	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Real property taxes	\$ 64,234,585	\$ 477,375,066	\$ -	\$ -	\$ 72,509,284	\$ 614,118,935
Sales and use tax	1,050,849,386	82,271,437	-	-	83,953,602	1,217,074,425
New York State aid	237,810,381	813,700	10,968,894	-	36,258,559	285,851,534
Federal aid	225,571,565	4,391,409	26,760,378	-	36,369,876	293,093,228
Licenses, permits, fines, fees, etc.	159,831,546	1,550,700	-	-	51,617,968	213,000,214
Interest on investments	2,342,536	59,008	-	865,597	637,438	3,904,579
Miscellaneous	54,371,706	1,202,254	9,818,262	18,758,798	1,684,775	85,835,795
Total revenues	<u>1,795,011,705</u>	<u>567,663,574</u>	<u>47,547,534</u>	<u>19,624,395</u>	<u>283,031,502</u>	<u>2,712,878,710</u>
Expenditures						
Current:						
General government support	221,772,479	1,129,045	-	84,194	3,617,420	226,603,138
Economic assistance and opportunity	604,767,378	-	-	-	39,571,481	644,338,859
Health	151,131,926	-	-	-	1,453,979	152,585,905
Public safety	297,527,453	360,001,861	-	-	15,920,929	673,450,243
Culture and recreation	16,768,405	-	-	-	4,954,317	21,722,722
Education	197,641,831	-	-	-	-	197,641,831
Home and community services	7,676,160	-	-	-	51,320,292	58,996,452
Transportation	99,736,678	-	-	-	8,056,767	107,793,445
Employee benefits	453,472,876	89,768,333	-	-	18,995,434	562,236,643
Debt service:						
Principal	81,295,866	3,353,906	-	1,540,000	14,883,913	101,073,685
Interest and other charges	39,082,667	1,141,635	-	7,928,072	10,620,979	58,773,353
Capital outlay	-	-	164,796,863	-	37,261,385	202,058,248
Total expenditures	<u>2,170,873,719</u>	<u>455,394,780</u>	<u>164,796,863</u>	<u>9,552,266</u>	<u>206,656,896</u>	<u>3,007,274,524</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(375,862,014)</u>	<u>112,268,794</u>	<u>(117,249,329)</u>	<u>10,072,129</u>	<u>76,374,606</u>	<u>(294,395,814)</u>
Other financing sources (uses)						
Refunding bonds issued	82,763,747	-	-	-	-	82,763,747
Premium on refunding bonds issued	8,663,596	-	-	-	-	8,663,596
Payments to refunding bond escrow agent	(91,427,343)	-	-	-	-	(91,427,343)
General obligation bonds issued	6,038,461	-	83,521,203	-	23,112,915	112,672,579
STASC bonds issued	-	-	-	38,375,000	-	38,375,000
Premium on serial bonds issued	66,539	-	920,335	-	254,685	1,241,559
STASC premium on serial bonds issued	-	-	-	725,822	-	725,822
Transfers in	229,399,013	1,182,886	22,743,561	-	119,056,034	372,381,494
Transfers out	(18,094,782)	(118,587,239)	(11,019,428)	(17,287,225)	(204,529,190)	(369,517,864)
Total other financing sources (uses)	<u>217,409,231</u>	<u>(117,404,353)</u>	<u>96,165,671</u>	<u>21,813,597</u>	<u>(62,105,556)</u>	<u>155,878,590</u>
Net change in fund balances	(158,452,783)	(5,135,559)	(21,083,658)	31,885,726	14,269,050	(138,517,224)
Fund balances (deficits) at beginning of year	(166,749,243)	(51,347,566)	142,620,750	211,964,831	264,656,954	401,145,726
Fund balances (deficits) at end 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>

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, 2012

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	\$ (138,517,224)
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 (\$179,012,810) exceeded depreciation (\$55,516,656) in the current period.	123,496,154
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to decrease net position.	(12,102,826)
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.	(61,160,445)
Revenues reported in the governmental funds statements and not reported in the Statement of Activities.	28,226,557
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.	(317,002,892)
Change in net position of governmental activities	<u><u>\$ (377,060,676)</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget -</u>
				<u>Positive (Negative)</u>
Revenues				
Real property taxes	\$ 101,437,038	\$ 101,437,038	\$ 64,234,585	\$ (37,202,453)
Sales and use tax	1,067,849,494	1,067,849,494	1,050,849,386	(17,000,108)
New York State aid	249,865,777	255,641,156	237,810,381	(17,830,775)
Federal aid	234,262,627	246,093,313	225,483,202	(20,610,111)
Licenses, permits, fines, fees, etc.	182,761,594	182,761,594	156,124,701	(26,636,893)
Interest on investments	3,406,840	3,406,840	955,327	(2,451,513)
Miscellaneous	42,474,319	42,495,319	17,175,175	(25,320,144)
Total revenues	<u>1,882,057,689</u>	<u>1,899,684,754</u>	<u>1,752,632,757</u>	<u>(147,051,997)</u>
Expenditures				
Current:				
General government support:				
Audit and control	5,380,877	5,661,243	5,575,851	85,392
Board of elections	16,240,982	16,459,142	16,458,903	239
Civil service	4,894,925	4,944,501	4,642,010	302,491
County clerk	7,275,278	7,122,833	6,939,330	183,503
County ethics commission	238,866	238,866	82,727	156,139
County executive	4,051,759	4,624,659	4,262,940	361,719
District attorney	33,394,355	34,334,700	33,949,630	385,070
Finance and taxation	3,833,102	4,025,928	3,931,706	94,222
Information technology services	32,185	107,185	91,372	15,813
Law	10,642,687	10,975,870	10,963,252	12,618
Legal aid society	12,128,990	12,831,076	11,907,196	923,880
Legislative	9,441,361	9,441,361	9,160,186	281,175
Public administrator	421,793	447,352	447,205	147
Public works	76,773,342	82,273,089	80,742,507	1,530,582
Real property	1,382,425	1,470,072	1,390,403	79,669
Miscellaneous	49,105,302	23,446,679	8,973,062	14,473,617
Total general government support	<u>235,238,229</u>	<u>218,404,556</u>	<u>199,518,280</u>	<u>18,886,276</u>
Economic assistance and opportunity:				
County executive	13,588,544	14,209,057	13,248,935	960,122
Consumer affairs	2,008,802	1,947,409	1,920,197	27,212
Economic development and planning	710,169	1,267,089	1,097,909	169,180
Labor	5,996,723	7,076,579	6,934,979	141,600
Probation	9,129,588	10,794,419	10,706,379	88,040
Social services	583,518,888	574,986,035	570,858,979	4,127,056
Total economic assistance and opportunity	<u>614,952,714</u>	<u>610,280,588</u>	<u>604,767,378</u>	<u>5,513,210</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, 2012

	<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	162,331,296	162,978,555	151,131,926	11,846,629
Public safety:				
Fire rescue and emergency service	13,286,717	11,406,478	10,836,004	570,474
Police	75,632,263	79,833,093	77,536,906	2,296,187
Probation	33,997,245	34,481,867	31,910,254	2,571,613
Public works	45,000	45,000	42,830	2,170
Sheriff	139,162,540	178,221,589	177,201,459	1,020,130
Total public safety	<u>262,123,765</u>	<u>303,988,027</u>	<u>297,527,453</u>	<u>6,460,574</u>
Culture and recreation:				
County executive	5,934,908	5,934,908	5,202,379	732,529
Parks	12,062,189	11,912,191	11,566,026	346,165
Miscellaneous	5,000	5,000	-	5,000
Total culture and recreation	<u>18,002,097</u>	<u>17,852,099</u>	<u>16,768,405</u>	<u>1,083,694</u>
Education:				
Health services	161,727,745	142,310,071	142,189,705	120,366
Miscellaneous	54,072,157	54,711,799	54,709,973	1,826
Total education	<u>215,799,902</u>	<u>197,021,870</u>	<u>196,899,678</u>	<u>122,192</u>
Home and community services:				
County executive	565,060	565,060	417,637	147,423
Economic development and planning	3,395,459	3,903,703	3,891,462	12,241
Law	399,355	298,824	235,054	63,770
Public works	647,485	570,025	508,436	61,589
Soil and water conservation	280,463	308,489	307,410	1,079
Total home and community services	<u>5,287,822</u>	<u>5,646,101</u>	<u>5,359,999</u>	<u>286,102</u>
Transportation:				
Public works	84,054,823	85,365,999	85,180,092	185,907
Employee benefits	103,015,261	104,046,672	103,881,488	165,184
Debt service - principal	27,997,491	31,378,640	31,378,640	-
Debt service - interest	35,299,802	34,946,931	34,946,931	-
Total debt service	<u>63,297,293</u>	<u>66,325,571</u>	<u>66,325,571</u>	<u>-</u>
Total expenditures	<u>1,764,103,202</u>	<u>1,771,910,038</u>	<u>1,727,360,270</u>	<u>44,549,768</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, 2012

	<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	117,954,487	127,774,716	25,272,487	(102,502,229)
Other financing sources (uses)				
Refunding bonds issued	-	-	82,763,747	82,763,747
Premium on refunding bonds issued	-	-	8,663,596	8,663,596
Payments to refunding bond escrow agent	-	-	(91,427,343)	(91,427,343)
Transfers in	94,287,047	94,277,981	94,404,904	126,923
Transfers out	(224,203,313)	(217,586,669)	(214,449,010)	3,137,659
Total other financing sources (uses)	(129,916,266)	(123,308,688)	(120,044,106)	3,264,582
 Net change in fund balances (budgetary basis)	 (11,961,779)	 4,466,028	 (94,771,619)	 (99,237,647)
 Fund balances (deficits) at beginning of year (budgetary basis), as restated	 11,961,779	 (59,641,476)	 (59,641,476)	 -
 Fund balances (deficits) at end of year (budgetary basis)	 \$ -	 \$ (55,175,448)	 \$ (154,413,095)	 \$ (99,237,647)

Reconciliation between the budgetary basis of accounting and GAAP basis:

Fund balance at end of year (budgetary basis)	\$ (154,413,095)
Plus: General Fund Components:	
Town village code enforcement (GAAP basis)	299,818
Interdepartment operation & service (GAAP basis)	(1,941,301)
Self insurance fund (GAAP basis)	(894,189)
Employee medical health plan (GAAP basis)	1,974,925
Building sanitation administration (GAAP basis)	547,081
Tax stabilization reserve (GAAP basis)	49,043,896
Retirement contribution reserve (GAAP basis)	102
Less: accrued pension expense	(39,343,162)
Less: accounting for sale of future revenues to STASC	(180,476,101)
Fund balance at end of year (GAAP basis)	<u>\$ (325,202,026)</u>

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, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget -</u> <u>Positive (Negative)</u>
Revenues				
Real property taxes	\$ 478,286,676	\$ 478,286,676	\$ 477,375,066	\$ (911,610)
Sales and use tax	82,271,437	82,271,437	82,271,437	-
New York State aid	2,157,691	2,157,691	813,700	(1,343,991)
Federal aid	100,000	340,281	4,391,409	4,051,128
Licenses, permits, fines, fees, etc.	1,856,870	1,856,870	1,550,700	(306,170)
Interest on investments	85,400	85,400	10,686	(74,714)
Miscellaneous	2,073,225	2,073,225	1,236,461	(836,764)
Total revenues	<u>566,831,299</u>	<u>567,071,580</u>	<u>567,649,459</u>	<u>577,879</u>
Expenditures				
Current:				
General government support:				
Miscellaneous	1,104,089	1,129,046	1,129,045	1
Public safety:				
Police	356,195,025	360,246,943	360,001,861	245,082
Employee benefits	89,725,226	90,527,855	90,500,966	26,889
Debt Service:				
Principal	1,836,406	1,962,389	1,962,389	-
Interest and other charges	1,193,357	1,090,919	1,090,919	-
Total expenditures	<u>450,054,103</u>	<u>454,957,152</u>	<u>454,685,180</u>	<u>271,972</u>
Excess (deficiency) of revenues over (under) expenditures	<u>116,777,196</u>	<u>112,114,428</u>	<u>112,964,279</u>	<u>849,851</u>
Other financing sources (uses)				
Transfers in	1,115,858	1,115,858	1,018,920	(96,938)
Transfers out	(125,393,731)	(120,721,154)	(118,587,239)	2,133,915
Total other financing sources (uses)	<u>(124,277,873)</u>	<u>(119,605,296)</u>	<u>(117,568,319)</u>	<u>2,036,977</u>
Net change in fund balances (budgetary basis)	(7,500,677)	(7,490,868)	(4,604,040)	2,886,828
Fund balances (deficits) at beginning of year (budgetary basis)	<u>7,500,677</u>	<u>2,477,161</u>	<u>2,477,161</u>	<u>-</u>
Fund balances (deficits) at end of year (budgetary basis)	<u>\$ -</u>	<u>\$ (5,013,707)</u>	<u>\$ (2,126,879)</u>	<u>\$ 2,886,828</u>

Reconciliation between the budgetary basis of accounting and GAAP basis:

Fund balance at end of year (budgetary basis)	\$ (2,126,879)
Less: accrued pension expense	(47,339,492)
Less: accounting for sale of future revenues to STASC	(7,016,754)
Fund balance at end of year (GAAP basis)	<u>\$ (56,483,125)</u>

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

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SUFFOLK COUNTY, NEW YORK
Statement of Net Position
Enterprise Funds
December 31, 2012

	Suffolk Health Plan	Suffolk County Ball Park	Francis S. Gabreski Airport	John J. Foley Skilled Nursing Facility	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ -	\$ 1,016,789	\$ 898,161	\$ 960,344	\$ 2,875,294
Investments	-	-	109,719	222,510	332,229
Accounts receivable (net of allowance for doubtful accounts)	-	-	-	6,061,476	6,061,476
Due from New York State and federal source	-	243,625	208,500	4,782,160	5,234,285
Due from other funds	-	-	632,504	10,752	643,256
Other receivables	-	63,291	24,369	340,752	428,412
Total current assets	-	1,323,705	1,873,253	12,377,994	15,574,952
Noncurrent assets:					
Restricted:					
Other receivables	-	-	-	404,809	404,809
Deferred bond issuance cost	-	-	8,797	27,793	36,590
Capital assets:					
Nondepreciable	-	2,092,831	26,772,351	-	28,865,182
Depreciable, net	-	12,340,500	15,326,073	14,548,176	42,214,749
Total noncurrent assets	-	14,433,331	42,107,221	14,980,778	71,521,330
Total assets	-	15,757,036	43,980,474	27,358,772	87,096,282

(Continued)

SUFFOLK COUNTY, NEW YORK
Statement of Net Position
Enterprise Funds
December 31, 2012

	Suffolk Health Plan	Suffolk County Ball Park	Francis S. Gabreski Airport	John J. Foley Skilled Nursing Facility	Total
Liabilities					
Current liabilities:					
Accounts payable	-	270,695	361,873	4,088,446	4,721,014
Accrued liabilities	-	-	-	29,732	29,732
Contract retainage payable	-	-	39,293	-	39,293
Due to other funds	-	22,319	3,446,563	25,904,779	29,373,661
Accumulated vacation and sick leave	-	-	-	86,250	86,250
Current portion of long-term obligations	-	286,525	474,553	2,006,794	2,767,872
Total current liabilities	-	579,539	4,322,282	32,116,001	37,017,822
Noncurrent liabilities:					
Funds held in trust	-	-	-	404,809	404,809
Accumulated vacation and sick leave	-	-	-	1,393,147	1,393,147
Long-term obligations	-	1,308,749	7,390,721	10,896,939	19,596,409
Obligation for postemployment benefits other than pensions	-	-	1,650,000	38,410,000	40,060,000
Total noncurrent liabilities	-	1,308,749	9,040,721	51,104,895	61,454,365
Total liabilities	-	1,888,288	13,363,003	83,220,896	98,472,187
Net Position					
Net investment in capital assets	-	12,838,055	35,005,650	1,644,443	49,488,148
Unrestricted (deficit)	-	1,030,693	(4,388,179)	(57,506,567)	(60,864,053)
Total net position	-	\$ 13,868,748	\$ 30,617,471	\$ (55,862,124)	\$ (11,375,905)

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, 2012

	Suffolk Health Plan	Suffolk County Ball Park	Francis S. Gabreski Airport	John J. Foley Skilled Nursing Facility	Total
Operating revenues					
Managed care fees	\$ 2,196	-	-	-	\$ 2,196
Net patient revenues	-	-	-	21,244,889	21,244,889
Licenses, permits, fines, fees, etc.	-	754,075	1,103,013	-	1,857,088
Miscellaneous	14,940	-	6,621	321,279	342,840
Total operating revenues	17,136	754,075	1,109,634	21,566,168	23,447,013
Operating expenses					
Salaries and wages	-	-	558,722	11,341,936	11,900,658
Administrative expenses	-	-	532,603	9,314,697	9,847,300
Depreciation	-	457,056	437,249	1,722,980	2,617,285
Miscellaneous	-	287,108	-	-	287,108
Employee benefits	-	-	456,539	9,958,473	10,415,012
Debt service interest	-	87,866	293,932	656,035	1,037,833
Total operating expenses	-	832,030	2,279,045	32,994,121	36,105,196
Operating income (loss)	17,136	(77,955)	(1,169,411)	(11,427,953)	(12,658,183)
Nonoperating revenues (expenses)					
Revenue from other governments	-	-	-	4,782,160	4,782,160
Interest on investments	1,052	4,104	2,671	4,059	11,886
Total nonoperating revenues (expenses)	1,052	4,104	2,671	4,786,219	4,794,046
Income (loss) before contributions and transfers	18,188	(73,851)	(1,166,740)	(6,641,734)	(7,864,137)
Capital contributions - grants	-	243,625	1,315,043	-	1,558,668
Transfers in	-	-	991,021	4,145,609	5,136,630
Transfers out	(18,188)	-	(294,344)	(7,687,728)	(8,000,260)
Total other financing sources (uses)	(18,188)	243,625	2,011,720	(3,542,119)	(1,304,962)
Change in net position	-	169,774	844,980	(10,183,853)	(9,169,099)
Total net position at beginning of year	-	13,698,974	29,772,491	(45,678,271)	(2,206,806)
Total net position at end of year	-	\$ 13,868,748	\$ 30,617,471	\$ (55,862,124)	\$ (11,375,905)

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, 2012

	Suffolk Health Plan	Suffolk County Ball Park	Francis S. Gabreski Airport	John J. Foley Skilled Nursing Facility	Totals
Cash flows from operating activities					
Receipts from operations	\$ 2,196	\$ 944,312	\$ 1,186,516	\$ 21,824,958	\$ 23,957,982
Receipts from other revenue	-	-	71,848	4,987	76,835
Payments for medical expenses	(3,421)	-	-	-	(3,421)
Payments to suppliers	-	-	(246,532)	(8,386,566)	(8,633,098)
Payments for contractual services	-	-	(15,232)	-	(15,232)
Miscellaneous expenses	-	(26,379)	-	-	(26,379)
Payments to employees	-	-	(494,412)	(5,387,200)	(5,881,612)
Payments for employee benefits	-	-	(155,556)	(9,958,473)	(10,114,029)
Net cash provided (used) by operating activities	(1,225)	917,933	346,632	(1,902,294)	(638,954)
Cash flows from noncapital financing activities					
Payments from other governments	-	-	-	8,406,139	8,406,139
Transfer from other funds	-	23,963	491,698	4,112,527	4,628,188
Transfer to other funds	(239,683)	-	-	(7,687,728)	(7,927,411)
Net cash provided (used) by noncapital financing activities	(239,683)	23,963	491,698	4,830,938	5,106,916
Cash flows from capital and related financing activities					
Proceeds from capital debt	-	-	387,600	-	387,600
Capital grants	-	-	1,106,543	-	1,106,543
Purchase of capital assets	-	-	(1,059,812)	(647,935)	(1,707,747)
Principal paid on capital debt	-	(303,255)	(118,497)	(2,005,809)	(2,427,561)
Interest paid on capital debt	-	(87,866)	(291,228)	(670,221)	(1,049,315)
Net cash provided (used) by capital and related financing activities	-	(391,121)	24,606	(3,323,965)	(3,690,480)

(Continued)

SUFFOLK COUNTY, NEW YORK
Statement of Cash Flows
Enterprise Funds
For the Year Ended December 31, 2012

	Suffolk Health Plan	Suffolk County Ball Park	Francis S. Gabreski Airport	John J. Foley Skilled Nursing Facility	Totals
Cash flows from investing activities					
Interest on investments	1,052	4,103	2,358	363,070	370,583
Net cash provided (used) by investing activities	1,052	4,103	2,358	363,070	370,583
Net increase (decrease) in cash and cash equivalents	(239,856)	554,878	865,294	(32,251)	1,148,065
Cash and cash equivalents at beginning of year	239,856	461,911	32,867	992,595	1,727,229
Cash and cash equivalents at end of year	-	\$ 1,016,789	\$ 898,161	\$ 960,344	\$ 2,875,294
Reconciliation of operating income (loss) to net cash provided by operating activities					
Operating income (loss)	\$ 17,136	\$ (77,955)	\$ (1,169,411)	\$ (11,427,953)	\$ (12,658,183)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	-	457,056	437,249	1,722,980	2,617,285
Provision for doubtful accounts receivable	-	-	-	2,307,384	2,307,384
Other increase (decrease)	-	87,866	(291,228)	685,213	481,851
Change in assets and liabilities:					
Receivables, net	(14,940)	190,236	148,731	(1,785,321)	(1,461,294)
Due from/to Suffolk County	-	-	-	(316,292)	(316,292)
Accounts and other payables	(3,421)	260,730	1,221,291	6,911,695	8,390,295
Net cash provided (used) by operating activities	\$ (1,225)	\$ 917,933	\$ 346,632	\$ (1,902,294)	\$ (638,954)

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, 2012

	Private-Purpose Trusts	Agency Funds
Assets		
Cash and cash equivalents	\$ 279,526	\$ 48,696,913
Cash with fiscal agents	-	262
Investments	9,761,027	9,805,682
Total assets	10,040,553	58,502,857
Liabilities		
Accounts payable and accrued liabilities	10,036,517	1,395,366
Agency fund liabilities	-	57,107,491
Total liabilities	10,036,517	58,502,857
Net Position		
Held in trust	\$ 4,036	

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, 2012

	Private-Purpose Trusts
Additions	
Investment income:	
Interest	\$ 271
Transfer in	988,283
Other revenue	689,567
Total additions	1,678,121
Deductions	
Administrative and general expenses	1,677,850
Change in net position	271
Net position at beginning of year	3,765
Net position at end of year	\$ 4,036

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, 2012

With Suffolk County Community College as of August 31, 2012

	Suffolk County Community College	Suffolk Regional Off-Track Betting Corporation	Suffolk County Industrial Development Agency	Suffolk County Economic Development Corporation	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 66,607,510	\$ 2,744,897	\$ 4,285,890	\$ 370,101	\$ 74,008,398
Investments	12,605,260	-	-	-	12,605,260
Accounts receivable	1,841,830	115,301	4,750	-	1,961,881
Students accounts receivable, net	5,129,972	-	-	-	5,129,972
Due from other governments	1,305,628	578,621	-	-	1,884,249
Other assets	91,701	251,798	11,324	-	354,823
Total current assets	<u>87,581,901</u>	<u>3,690,617</u>	<u>4,301,964</u>	<u>370,101</u>	<u>95,944,583</u>
Noncurrent assets:					
Restricted:					
Cash and cash equivalents	-	1,072,556	-	-	1,072,556
Investments	4,470,439	-	-	-	4,470,439
Capital assets:					
Nondepreciable	7,762,569	2,058,342	-	-	9,820,911
Depreciable, net	121,800,868	8,089,274	6,800	-	129,896,942
Other receivables	32,488	-	-	-	32,488
Other	-	-	142,746	-	142,746
Total noncurrent assets	<u>134,066,364</u>	<u>11,220,172</u>	<u>149,546</u>	<u>-</u>	<u>145,436,082</u>
Total assets	<u>221,648,265</u>	<u>14,910,789</u>	<u>4,451,510</u>	<u>370,101</u>	<u>241,380,665</u>

(Continued)

SUFFOLK COUNTY, NEW YORK
Statement of Net Position

Component Units

December 31, 2012

With Suffolk County Community College as of August 31, 2012

	Suffolk County Community College	Suffolk Regional Off-Track Betting Corporation	Suffolk County Industrial Development Agency	Suffolk County Economic Development Corporation	Total
Liabilities					
Current liabilities:					
Accounts payable and accrued liabilities	22,164,528	12,736,832	9,696	-	34,911,056
Due to primary government	1,928,985	-	-	-	1,928,985
Due to NYS retirement system	-	3,622,146	-	-	3,622,146
Unearned revenue	25,745,558	-	-	-	25,745,558
Accumulated vacation and sick leave	2,708,299	-	-	-	2,708,299
Other liabilities	786,559	-	19,000	9,800	815,359
Mortgage payable	-	309,714	-	-	309,714
Bonds payable	4,024,684	-	-	-	4,024,684
Total current liabilities	<u>57,358,613</u>	<u>16,668,692</u>	<u>28,696</u>	<u>9,800</u>	<u>74,065,801</u>
Noncurrent liabilities:					
Accumulated vacation and sick leave	25,861,222	584,563	96,912	-	26,542,697
Due to NYS retirement system	-	632,938	-	-	632,938
Obligation for postemployment benefits other than pensions	152,588,000	12,410,191	-	-	164,998,191
Mortgage payable	-	5,122,948	-	-	5,122,948
Bonds payable	40,797,703	-	-	-	40,797,703
Other long-term debt	-	189,456	-	-	189,456
Total noncurrent liabilities	<u>219,246,925</u>	<u>18,940,096</u>	<u>96,912</u>	<u>-</u>	<u>238,283,933</u>
Total liabilities	<u>276,605,538</u>	<u>35,608,788</u>	<u>125,608</u>	<u>9,800</u>	<u>312,349,734</u>
Net Position					
Net investment in capital assets	87,955,554	4,714,954	6,800	-	92,677,308
Restricted for capital projects	12,269,048	-	-	-	12,269,048
Unrestricted (deficit)	(155,181,875)	(25,412,953)	4,319,102	360,301	(175,915,425)
Total 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>

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, 2012
 With Suffolk County Community College as of August 31, 2012

	Suffolk County Community College	Suffolk Regional Off-Track Betting Corporation	Suffolk County Industrial Development Agency	Suffolk County Economic Development Corporation	Total
Expenses:					
Program operations	\$ 220,317,962	\$ 16,940,538	\$ 706,381	\$ 19,786	\$ 237,984,667
Depreciation and amortization	7,072,562	366,392	6,570	-	7,445,524
Other expenses	6,888,848	13,893,656	-	-	20,782,504
Total expenses	<u>234,279,372</u>	<u>31,200,586</u>	<u>712,951</u>	<u>19,786</u>	<u>266,212,695</u>
Program revenues:					
Charges for Services	86,822,853	27,275,983	695,323	261,508	115,055,667
Operating Grants and Contributions	6,296,655	-	-	-	6,296,655
Total program revenues	<u>93,119,508</u>	<u>27,275,983</u>	<u>695,323</u>	<u>261,508</u>	<u>121,352,322</u>
Net program revenues (expenses)	<u>(141,159,864)</u>	<u>(3,924,603)</u>	<u>(17,628)</u>	<u>241,722</u>	<u>(144,860,373)</u>
General revenues (expenses):					
Payments from primary government grants and contributions	44,329,577	-	-	-	44,329,577
not restricted to specific programs	73,404,862	-	-	-	73,404,862
Interest on investments	1,770,223	-	16,638	634	1,787,495
Interest on long-term debt	(1,685,720)	-	-	-	(1,685,720)
Total general revenues	<u>117,818,942</u>	<u>-</u>	<u>16,638</u>	<u>634</u>	<u>117,836,214</u>
Change in net position	<u>(23,340,922)</u>	<u>(3,924,603)</u>	<u>(990)</u>	<u>242,356</u>	<u>(27,024,159)</u>
Net position at beginning of year	<u>(31,616,351)</u>	<u>(16,773,396)</u>	<u>4,326,892</u>	<u>117,945</u>	<u>(43,944,910)</u>
Net position at end of year	<u><u>\$ (54,957,273)</u></u>	<u><u>\$ (20,697,999)</u></u>	<u><u>\$ 4,325,902</u></u>	<u><u>\$ 360,301</u></u>	<u><u>\$ (70,969,069)</u></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 is considered an affiliated organization under GASB Statement No. 39 and, accordingly, 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

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

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2012

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 20 percent of the operating costs for the College. Bonds that are direct obligations and pledge the full faith and credit of the County are issued by the County for College capital program purposes. A fiscal year ending August 31st is mandated by State Law for the College. The College is included in the County's reporting entity as a component unit because the College is closely related to and financially integrated with the County. The County's financial statements would not be complete without the inclusion of the College.

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

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, 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

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2012

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.

Pursuant to Resolution No. 47-2011, adopted on March 4, 2011, the County issued a local law authorizing the County Executive to execute agreements for the sale of the John J. Foley Skilled Nursing Facility (Foley). The County entered into an asset purchase agreement and a land sale contract, which was terminated on May 15, 2011. Due to litigation blocking the sale, on March 18, 2013, New York State approved closure of Foley. The County projects that Foley will be closed by June 30, 2013.

The Suffolk Health Plan (SHP) fund account's for the activities of the County's Medicaid/managed care program. The SHP, beginning in May 1999, enrolled individuals eligible for Child Health Plus, a program sponsored by New York State offering health benefits to children under the age of 19. The SHP provides primary care services and inpatient services to the SHP members.

In October of 2008, the County sold the Suffolk Health Plan's assets which consisted primarily of its membership roster to a private party. The Plan's certificate of authority from NYSDOH limits its activities to those related to the payment of remaining liabilities and other close-out activities.

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.

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2012

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.

Suffolk County Community College agency is used for various purposes including federal and New York State and other source scholarship and grant monies.

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.

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

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2012

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, Suffolk Health Plan, 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 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, 2012 was \$49,043,896.

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2012

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, 2012 was \$171,486,812.

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, 2012 was \$1,649,729.

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, 2012 was \$102.

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, 2012 was \$256,023, prior to the reclassification of the environmental trust fund in the amount of \$5,045,328 and the assessment stabilization reserve fund in the amount of \$171,486,812.

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, 2012 was \$21,646,056.

D. Assets, liabilities, 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 revenue is recorded as a liability 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, 2012 and 2011 were approximately 96.1 and 95.9 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 tax revenues, 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 tax revenue on the County’s financial statements.

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The following is a summary of the County's property tax calendar for 2012:

Lien date	June 1, 2011
Levy date	December 1, 2011
Tax bills mailed	December 1, 2011
Property taxes recorded	January 1, 2012
First installment payment due	January 10, 2012
Second installment payment due	May 31, 2012
Taxes become overdue	June 1, 2012

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. Net capitalized interest included in the business-type assets was approximately \$1,486,003 during 2012.

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, as well as issuance costs, 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 reported as deferred charges and amortized over the term of the related debt.

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 financing 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. *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.

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

SUFFOLK COUNTY
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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.

9. 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, 2012 are as follows:

Major Funds

Capital fund	\$ 104,146,225
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Non-Major Funds

Capital Sewer fund	\$ 35,817,444
Capital Southwest Sewer fund	\$ 24,506,161

E. New Accounting Pronouncements

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

In November 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 is required to adopt GASB Statement No. 61 for its 2013 financial statements and should not have a significant impact in the County's 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 is required to adopt GASB Statement No. 65 for its 2013 financial statements. The County is currently evaluating the effect; adoption of GASB 65 will have on the County's 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 is required to implement this Statement for its 2013 financial statements and it is not anticipated that it will have a significant impact on the County's financial 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 68 will have on the County's financial statements.

F. Adoption of New Accounting Standards

In December 2009, the GASB issued Statement No. 57 "OPEB Measurement by Agent Employers and Agent Multiple-Employer Plans." This statement addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements of employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. The County provides OPEB for all of its employees through a single employer plan. The County has adopted GASB Statement No. 57 in 2012; however, the implementation of this statement did not affect the County's reporting of its OPEB obligations.

In November 2010, the GASB issued Statement No. 60 "Service Concession Arrangements." This statement addresses issues relating to service concession arrangements, (SCAs) which are agreements between governments and private entities to operate a capital asset that is part of the government. The County adopted GASB Statement No. 60 for its 2012 financial statements. The implementation of this statement did not have an impact on the financial position of the County.

In December 2010, the GASB issued Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements”. This statement will improve financial reporting by contributing to the GASB’s efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. The County has implemented GASB Statement No. 62 with no impact to its 2012 financial statements.

In June 2011, the GASB issued Statement No. 63 “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.” This statement will improve financial reporting by standardizing the presentation of deferred outflows and inflows of resources and their effects on a government’s net position. The county has implemented GASB Statement No. 63 with no significant impact to its 2012 financial statements.

In June 2011, the GASB issued Statement No. 64 “Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53.” The objective of this statement is to clarify the circumstances in which hedge accounting should continue to be applied after the replacement of a swap counterparty or a swap counterparty’s credit support provider. The County adopted GASB Statement No. 64 in 2012; however, it did not have an effect on the County’s financial position.

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

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Governmental funds with legally adopted annual budgets include:

General Fund	Sewer District # 10
Police District	Sewer District # 11
Tax Certiorari	Sewer District # 12
Public Safety Communications System E-911	Sewer District # 13
County Road	Sewer District # 14
Handicapped Parking Education	Sewer District # 15
MTA Payroll Tax	Sewer District # 18
District Court	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
Sewer District # 9	

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

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

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

- (i) Prior to September 19, the County Executive submits proposed operating budgets to the County Legislature for the general and budgeted special revenue funds for the fiscal year commencing on the following January 1. The operating budgets include proposed expenditures and the means of financing them.
- (ii) Public hearings are conducted at locations throughout the County to obtain taxpayer comments on the proposed budgets.
- (iii) The budgets are legally enacted either by (a) passage of a legislative resolution prior to November 10 or (b) automatically based on provisions in the County Charter if no resolution is passed by November 10.
- (iv) Total expenditures of each department within the general and special revenue funds may not legally exceed budgeted amounts for such departments after the adoption of the budget by the County Legislature unless approved by the County Legislature. Thus, the

SUFFOLK COUNTY
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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 2012, General Fund supplementary appropriations were authorized and aggregated approximately \$7,806,836.

B. Excess of expenditures over appropriations

For the year ended December 31, 2012, expenditures exceeded appropriations for the following category of expenditures within each of the respective funds:

Tax Certiorari:

· Debt service:	
Interest and other charges	\$ 10

C. Deficit fund equity

The following funds have deficit fund equity balances at December 31, 2012:

General Fund	\$ 325,202,026
Special Revenue Funds:	
· Police District	\$ 56,483,125
· Public Safety Communications System E-911	1,873,394
· County Road Fund	29,263
· Electrical Authority Fund	43,766
· Sewer District #6	182,779
· Workforce Investment Revenue	783,526
· Community Development	1,002,617
· Medicaid Compliance Fund	5,398,246
Proprietary Funds:	
· John J. Foley Skilled Nursing Facility	\$ 55,862,124

The County plans to eliminate the deficits listed above through prospective tax levies and other revenue generating or cost saving methods.

III. Detailed notes on all funds

A. Deposits and investments

At year end, Suffolk County's bank balance in all financial institutions was \$710,388,820. 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 investment consists of all securities maintained in a revocable trust. This trust consists primarily of United States Treasury securities, which are not subject to credit risk, held by the Trustee for the benefit of Suffolk County. The trust was funded from the proceeds of STASC 2008 and 2012 series bonds. At December 31, 2012 the fair value of this trust was \$31,489,339 and consisted of 2 Treasury Strips bearing 0.000 percent interest maturing from May 15, 2013 through August 15, 2013, and 11 Treasury Notes bearing interest ranging from 0.15 percent to 3.375 percent and maturing from January 31, 2013 through November 1, 2013.

The County's agency funds invested in cooperative investment programs totaled \$9,805,682 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.

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, 2012, STASC deposits balances with a financial institution were \$3,195,920. Of these balances, \$164,996 was insured by the Federal Deposit Insurance Corporation, \$3,245 consisted of uncollateralized cash held by the trustee, and \$3,027,679 consisted of an uncollateralized temporary investment in Dreyfus Treasury & Agency Cash Management, and is uncollateralized.

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 \$18,760,231 at December 31, 2012, 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 invested in U.S. government or U.S. Treasury securities, and repurchase agreements with Dreyfus Treasury & Agency Cash Management.

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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	\$ 9,761,027
Total investments	<u>\$ 9,761,027</u>

Component Units

At August 31, 2012, Suffolk County Community College's investment balances were as follows:

<u>Investment by Type</u>	<u>Fair Value</u>
Corporate securities	\$ 11,822,581
Government obligations	4,778,636
Mutual funds	474,482
Total investments	<u>\$ 17,075,699</u>

B. Receivables

Receivables at December 31, 2012 were as follows:

	<u>Governmental Funds</u>					Total Governmental Receivables
	General	Police District	Capital	STASC	Other Governmental	
Receivables:						
Property tax	\$ 245,616,077	\$ -	\$ -	\$ -	\$ -	\$ 245,616,077
Sales tax	133,793,918	-	-	-	7,473,928	141,267,846
Other funds	107,768,372	21,413,562	38,763,081	221,912,564	191,845,772	581,703,351
Intergovernmental accounts	332,961,335	4,022,189	29,070,540	-	13,641,073	379,695,137
Other	29,815,378	507,247	-	-	6,052,881	36,375,506
Total receivables	<u>849,955,080</u>	<u>25,942,998</u>	<u>67,833,621</u>	<u>221,912,564</u>	<u>219,013,654</u>	<u>1,384,657,917</u>
Allowance for doubtful accounts	(14,438,079)	-	-	-	-	(14,438,079)
Receivables, net	<u>\$ 835,517,001</u>	<u>\$ 25,942,998</u>	<u>\$ 67,833,621</u>	<u>\$ 221,912,564</u>	<u>\$ 219,013,654</u>	<u>\$ 1,370,219,838</u>

(Continued)

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	Enterprise Funds				
	Suffolk Health Plan	Suffolk County Ball Park	Francis S. Gabreski Airport	John J. Foley Skilled Nursing Facility	Total Enterprise Receivables
Receivables:					
Accounts	\$ -	\$ -	\$ -	\$ 10,008,476	\$ 10,008,476
Other	-	306,916	865,373	5,538,473	6,710,762
Total receivables	-	306,916	865,373	15,546,949	16,719,238
Allowance for doubtful accounts	-	-	-	(3,947,000)	(3,947,000)
Receivables, net	<u>\$ -</u>	<u>\$ 306,916</u>	<u>\$ 865,373</u>	<u>\$ 11,599,949</u>	<u>\$ 12,772,238</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent property taxes receivable (general fund)	\$ 210,340,240	\$ -
New York State Department of Health:		
Mental health and alcohol advances for County programs (general fund)	-	14,471,180
Federal and State government receivables (general fund)	20,228,174	-
Stop DWI (general and police district fund)	-	442,201
Hospital mortgages (general fund)	-	473,055
Total deferred/unearned revenue for governmental funds	<u>\$ 230,568,414</u>	<u>\$ 15,386,436</u>

SUFFOLK COUNTY
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C. Capital Assets

Capital asset activity for the year ended December 31, 2012 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being				
Land	\$ 816,768,858	\$ 32,729,246	\$ -	\$ 849,498,104
Development rights	220,699,156	22,615,468	-	243,314,624
Historic buildings	4,607,607	-	-	4,607,607
Construction in progress	606,921,488	98,196,291	(164,556,701)	540,561,078
Total capital assets, not being depreciated	1,648,997,109	153,541,005	(164,556,701)	1,637,981,413
Capital assets, being depreciated:				
Buildings	640,942,710	84,559,583	(121,760)	725,380,533
Improvements other than buildings	49,279,973	1,793,607	-	51,073,580
Vehicles and equipment	313,813,787	13,913,226	(12,022,589)	315,704,424
Infrastructure	967,153,706	78,432,188	-	1,045,585,894
Total capital assets, being depreciated	1,971,190,176	178,698,604	(12,144,349)	2,137,744,431
Less accumulated depreciation for:				
Buildings	(376,546,960)	(11,706,880)	121,760	(388,132,080)
Improvements other than buildings	(21,695,524)	(1,744,048)	-	(23,439,572)
Vehicles and equipment	(186,050,598)	(22,006,761)	11,249,665	(196,807,694)
Infrastructure	(415,020,673)	(20,058,967)	-	(435,079,640)
Total accumulated depreciation	(999,313,755)	(55,516,656)	11,371,425	(1,043,458,986)
Total capital assets, being depreciated, net	971,876,421	123,181,948	(772,924)	1,094,285,445
Governmental activities capital	\$ 2,620,873,530	\$ 276,722,953	\$ (165,329,625)	\$ 2,732,266,858

(Continued)

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Notes to the Financial Statements
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	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 22,092,831	\$ -	\$ -	\$ 22,092,831
Construction in progress	15,114,230	899,932	(9,241,811)	6,772,351
Total capital assets, not being depreciated	37,207,061	899,932	(9,241,811)	28,865,182
Capital assets, being depreciated:				
Buildings	58,527,472	590,032	-	59,117,504
Improvements other than buildings	6,973,781	9,241,811	-	16,215,592
Vehicles and equipment	5,243,627	264,096	-	5,507,723
Total capital assets, being depreciated	70,744,880	10,095,939	-	80,840,819
Less accumulated depreciation for:				
Buildings	(30,401,916)	(1,853,785)	-	(32,255,701)
Improvements other than buildings	(1,859,544)	(385,614)	-	(2,245,158)
Vehicles and equipment	(3,747,325)	(377,886)	-	(4,125,211)
Total accumulated depreciation	(36,008,785)	(2,617,285)	-	(38,626,070)
Total capital assets, being depreciated, net	34,736,095	7,478,654	-	42,214,749
Business-type activities capital assets, net	<u>\$ 71,943,156</u>	<u>\$ 8,378,586</u>	<u>\$ (9,241,811)</u>	<u>\$ 71,079,931</u>

Depreciation expense and amortization for the year ended December 31, 2012 was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government support	\$ 14,334,371
Economic assistance and opportunity	146,153
Health	1,799,037
Public safety	7,291,370
Culture and recreation	2,358,532
Home and community services	9,891,726
Transportation	14,728,728
Legislative	133,569
Judicial	4,833,170
Total depreciation expense-governmental activities	<u>\$ 55,516,656</u>
Business-type activities:	
Suffolk County Ball Park	\$ 457,056
Francis S. Gabreski Airport	437,249
John J. Foley Skilled Nursing Facility	1,722,980
Total depreciation expense-business-type activities	<u>\$ 2,617,285</u>

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2012

Construction commitments

The County has a number of active construction project commitments at December 31, 2012. Active projects for which amounts spent as of December 31, 2012 exceed \$10,000,000 include 33 projects. The total spent as of December 31, 2012 for these projects amounts to approximately \$1.1 billion. Remaining commitments for these projects amount to approximately \$217 million.

Discretely presented component units

Capital asset activity for Suffolk County Community College (College) for the year ended August 31, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Capital assets, not being depreciated:				
Land	\$ 4,948,118	\$ -	\$ -	\$ 4,948,118
Construction in progress	949,100	1,865,351	-	2,814,451
Total capital assets, not being depreciated	<u>5,897,218</u>	<u>1,865,351</u>	<u>-</u>	<u>7,762,569</u>
Capital assets, being depreciated:				
Buildings	165,488,560	5,364,075	-	170,852,635
Improvements other than buildings	12,066,364	95,594	-	12,161,958
Vehicles and equipment	22,280,423	1,880,285	(157,888)	24,002,820
Infrastructure	6,412,773	1,250,591	-	7,663,364
Total capital assets, being depreciated	<u>206,248,120</u>	<u>8,590,545</u>	<u>(157,888)</u>	<u>214,680,777</u>
Less accumulated depreciation for:				
Buildings	(66,229,380)	(3,786,238)	-	(70,015,618)
Improvements other than buildings	(5,402,819)	(465,599)	-	(5,868,418)
Vehicles and equipment	(12,527,835)	(2,504,836)	155,632	(14,877,039)
Infrastructure	(1,802,945)	(315,889)	-	(2,118,834)
Total accumulated depreciation	<u>(85,962,979)</u>	<u>(7,072,562)</u>	<u>155,632</u>	<u>(92,879,909)</u>
Total capital assets, being depreciated, net	<u>120,285,141</u>	<u>1,517,983</u>	<u>(2,256)</u>	<u>121,800,868</u>
College capital assets, net	<u>\$126,182,359</u>	<u>\$ 3,383,334</u>	<u>\$ (2,256)</u>	<u>\$129,563,437</u>

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2012

Capital asset activity for the Suffolk Regional Off-Track Betting Corporation (OTB) for the year ended December 31, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,058,342	\$ -	\$ -	\$ 2,058,342
Construction in progress	55,222	206,632	(261,854)	-
Total capital assets, not being depreciated	<u>2,113,564</u>	<u>206,632</u>	<u>(261,854)</u>	<u>2,058,342</u>
Capital assets, being depreciated:				
Building & leasehold improvements	12,288,887	26,311	-	12,315,198
Vehicles and equipment	<u>2,979,647</u>	<u>47,977</u>	<u>-</u>	<u>3,027,624</u>
Total capital assets, being depreciated	15,268,534	74,288	-	15,342,822
Less accumulated depreciation:	(6,887,156)	(366,392)	-	(7,253,548)
Total capital assets, being depreciated, net	<u>8,381,378</u>	<u>(292,104)</u>	<u>-</u>	<u>8,089,274</u>
OTB capital assets, net	<u>\$ 10,494,942</u>	<u>\$ (85,472)</u>	<u>\$ (261,854)</u>	<u>\$ 10,147,616</u>

Capital asset activity for the Suffolk County Industrial Development Agency (IDA) for the year ended December 31, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Vehicles and equipment	\$ 58,345	\$ 7,432	\$ (15,059)	\$ 50,718
Total capital assets, being depreciated	<u>58,345</u>	<u>7,432</u>	<u>(15,059)</u>	<u>50,718</u>
Less accumulated depreciation for:				
Vehicles and equipment	(55,741)	(3,236)	15,059	(43,918)
Total accumulated depreciation	<u>(55,741)</u>	<u>(3,236)</u>	<u>15,059</u>	<u>(43,918)</u>
Total capital assets, being depreciated, net	<u>2,604</u>	<u>4,196</u>	<u>-</u>	<u>6,800</u>
IDA capital assets, net	<u>\$ 2,604</u>	<u>\$ 4,196</u>	<u>\$ -</u>	<u>\$ 6,800</u>

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2012

D. Payables and accrued liabilities

Payables and accrued liabilities at December 31, 2012, were as follows:

	Other Governments	Salaries	Vouchers	Other	Total
Governmental activities:					
General	\$ 1,421,256	\$ 87,961,281	\$ 127,440,792	\$ 67,323,649	\$ 284,146,978
Police district	-	59,311,911	7,463,004	268,507	67,043,422
Capital	-	-	15,272,674	8,305,133	23,577,807
STASC	18,158	-	-	-	18,158
Other governmental	-	11,436,040	19,850,629	2,057,320	33,343,989
Total governmental activities	<u>\$ 1,439,414</u>	<u>\$ 158,709,232</u>	<u>\$ 170,027,099</u>	<u>\$ 77,954,609</u>	<u>\$ 408,130,354</u>
Business-type activities:					
Suffolk Health Plan	\$ -	\$ -	\$ -	\$ -	\$ -
Suffolk County Ball Park	-	-	270,695	-	270,695
Francis S. Grabeski Airport	-	84,858	277,015	-	361,873
John J. Foley Skilled Nursing Facility	-	266,209	3,732,457	119,512	4,118,178
Total business-type activities	<u>\$ -</u>	<u>\$ 351,067</u>	<u>\$ 4,280,167</u>	<u>\$ 119,512</u>	<u>\$ 4,750,746</u>

E. Interfund balances and transfers

The composition of interfund balances as of December 31, 2012 is as follows:

Due to general fund from:	
Police	\$ 8,131,195
Capital	10,308,408
Nonmajor gov't funds	52,725,542
Francis S. Gabreski Airport	1,962,844
John J. Foley Skilled Nursing Facility	24,414,375
Suffolk County Ball Park	22,319
Total due to general fund from other funds	<u>\$ 97,564,683</u>
Due to police fund from:	
General	\$ 20,394,641
Capital	3,063
Nonmajor gov't funds	1,015,858
Total due to police fund from other funds	<u>\$ 21,413,562</u>
Due to capital fund from:	
General	\$ 1,216,761
Police	10,982
Nonmajor Gov't Funds	37,535,338
Total due to capital fund from other funds	<u>\$ 38,763,081</u>

(Continued)

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2012

Due to STASC from:	
General	\$ 212,426,296
Police	7,386,568
Nonmajor gov't funds	191,557
Francis S. Gabreski Airport	417,814
John J. Foley Skilled Nursing Facility	1,490,329
Total due to STASC from other funds	<u>\$ 221,912,564</u>

Due to nonmajor governmental funds from:	
General	\$ 89,968,641
Police	33,920
Capital	11,451,508
Nonmajor gov't funds	89,325,723
Francis S. Gabreski Airport	1,065,905
John J. Foley Skilled Nursing Facility	75
Total due to nonmajor gov't funds from other funds	<u>\$ 191,845,772</u>

Due to John J. Foley Skilled Nursing Facility from:	
Nonmajor gov't funds	\$ 10,752
Total due to skilled nursing facility from other funds	<u>\$ 10,752</u>

Due to Francis S. Gabreski Airport from:	
General fund	\$ 43,469
Capital	589,035
Total due to airport from other funds	<u>\$ 632,504</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, with the exception of amounts reported as due to STASC. These interfund balances represent the deferral of revenues from the sale of Future Tobacco Settlement Revenues. The deferred revenues are being amortized to the maturity of the Tobacco Settlement Asset-Backed Bonds Series 2008 issued by STASC.

Individual fund transfers for the year ended December 31, 2012 were as follows:

Transfers to general fund from:	
Police fund	\$ 111,668,020
Capital fund	5,205,770
STASC	17,068,469
Nonmajor governmental funds	87,562,589
Suffolk Health Plan	18,188
Francis S. Gabreski Airport	188,249
John J. Foley Skilled Nursing Facility	7,687,728
Total transfers to general fund	<u>\$ 229,399,013</u>

Transfers to police fund from:	
Capital fund	\$ 3,063
STASC	163,966
Nonmajor governmental funds	1,015,857
Total transfers to police fund	<u>\$ 1,182,886</u>

(Continued)

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2012

Transfers to capital fund from:	
Nonmajor governmental funds	\$ 22,743,561
Total transfers to capital fund	<u>\$ 22,743,561</u>
Transfers to nonmajor governmental funds from:	
General fund	\$ 13,006,118
Police fund	6,919,219
Capital fund	5,810,595
STASC	6,824
Nonmajor governmental funds	93,207,183
Francis S. Gabreski Airport	106,095
Total transfers to nonmajor governmental funds	<u>\$ 119,056,034</u>
Transfers to Francis S. Gabreski Airport from:	
General fund	\$ 976,137
STASC	14,884
Total transfers to Francis S. Gabreski Airport	<u>\$ 991,021</u>
Transfers to John J. Foley Skilled Nursing Facility from:	
General fund	\$ 4,112,527
STASC	33,082
Total transfers to John J. Foley Skilled Nursing Facility	<u>\$ 4,145,609</u>

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

F. Sale of future tobacco settlement revenue

On March 1, 2012, the County entered into an agreement with STASC, a blended component unit (see Note I.A.), under which the County relinquished to STASC the remaining TSR's not previously pledged with the 2008 TSR purchase agreement. The County is receiving the benefit from the STASC lump-sum payment to a revocable trust of \$31,714,911 and a direct distribution to the County of \$2,500,000. The County has utilized the direct distribution to support current year expenditures and has revocably instructed the Trustee to utilize trust assets to service and extinguish specified general obligation debt of the County. The total TSR's sold, based on the projected payment schedule in the Master Settlement Agreement, adjusted for historical trends and a 4 percent consumption decline is estimated to be \$141,911,131 and approximates the planned authorization of debt service for STASC 2012 series bonds through 2037 less earnings on TSR's and debt service reserve. The estimated value of the TSR's sold, assuming a 3.5 percent interest rate at the time of the sale was \$92,184,344.

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2012

G. 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, 2012:

<u>Years Ending December 31</u>	<u>Amount</u>
2013	\$ 19,998,722
2014	19,603,296
2015	17,719,076
2016	16,817,930
2017	16,364,108
2018-2022	62,934,596
2023-2027	33,810,517
Thereafter	12,442,209
Total	<u>\$ 199,690,454</u>

Rent expenditures for the year ended December 31, 2012 approximated \$22,676,224.

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.

SUFFOLK COUNTY
Notes to the Financial Statements
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The future minimum lease obligations and the net present value of these minimum lease payments as of December 31 were as follows:

Years Ending December 31	Seventh Precinct
2013	\$ 492,900
2014	492,900
2015	492,900
2016	492,900
2017-2018	575,050
Total minimum lease payments	2,546,650
Less: Imputed interest	125,043
Present value of future minimum lease payments	\$ 2,421,607

Assets acquired from the aforementioned capital lease are recorded on the County's financial statements in the amount of \$5,112,000 which represents net book value as of December 31, 2012.

H. 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 \$2,712,986,612. During the year, general obligation bonds totaling \$114,301,736 were issued.

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

Purpose	Interest Rates	Amount
Governmental activities	0.50 - 9.0%	\$ 1,161,661,018
Governmental activities-refunding	2.75 - 6.0%	169,206,991
Business-type activities	2.50 - 5.5%	10,456,293
Business-type activities-refunding	3.00 - 5.0%	11,907,988
		\$ 1,353,232,290

As of December 31, 2012, approximately \$16,891 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

SUFFOLK COUNTY
Notes to the Financial Statements
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principal payments on such debt through a mortgage financing agreement between the hospitals and the County. During 2012, the County paid \$9,627 in interest and principal on this debt and received reimbursements of \$210,036. The County has recorded receivable and related deferred revenue of \$473,052, which represents future principal payments to be received from the hospitals at December 31, 2012.

Additionally, \$12,903,733 of general obligation bonds under business-type activities and business-type activities-refunding above relates to the construction and renovation of the John J. Foley Skilled Nursing Facility. The proceeds for such bonds were transferred to the Nursing Facility and accounted for as contributed capital to the enterprise fund. Also, \$9,460,548 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
2013	\$ 105,197,725	\$ 51,620,193	\$ 2,767,873	\$ 945,450
2014	103,683,377	46,800,832	2,558,870	833,301
2015	100,281,892	42,870,822	2,493,824	727,826
2016	100,369,245	39,001,958	2,488,202	611,614
2017	90,894,487	35,297,332	2,428,940	496,946
2018-2022	393,790,350	127,616,923	6,141,547	1,343,848
2023-2027	364,936,756	52,568,646	3,123,306	410,013
2028-2032	67,185,484	3,186,385	460,510	22,802
	<u>1,326,339,316</u>	<u>398,963,091</u>	<u>22,463,072</u>	<u>5,391,800</u>
Deferred charge on refunding:	(10,120,914)	-	(990,554)	-
Premium on refunding:	<u>14,649,607</u>	<u>-</u>	<u>891,763</u>	<u>-</u>
Total	<u>\$ 1,330,868,009</u>	<u>\$ 398,963,091</u>	<u>\$ 22,364,281</u>	<u>\$ 5,391,800</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 \$100,120,840. During the year, general obligation bonds totaling \$14,121,944 were issued.

The bonds are direct obligations, and pledge the full faith and credit, of the County. The bonds are issued as 10 to 30-year serial bonds with varying amounts of principal maturing each year. General obligation bonds currently outstanding amounted to \$44,753,587 at August 31, 2012 and such serial bonds were issued with interest rates that ranged from 2.0 percent to 5.25 percent.

SUFFOLK COUNTY
Notes to the Financial Statements
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Annual principal and interest requirements to service all College debt outstanding as of August 31, 2012 are as follows:

	General Obligations	Interest	Total
Year ending August 31:			
2013	\$ 4,024,684	\$ 1,787,330	\$ 5,812,014
2014	3,933,292	1,618,573	5,551,865
2015	3,968,033	1,448,878	5,416,911
2016	4,019,982	1,280,005	5,299,987
2017	4,060,524	1,110,426	5,170,950
2018-2022	15,187,008	3,339,466	18,526,474
2023-2027	8,185,822	988,796	9,174,618
2028-2030	1,374,242	64,772	1,439,014
	<u>44,753,587</u>	<u>\$ 11,638,246</u>	<u>\$ 56,391,833</u>
Less: Deferred Loss	(325,381)		
Plus: Unamortized Premium	394,181		
	<u>\$ 44,822,387</u>		

Advance refundings

On January 5, 2012, the County issued \$88,120,000 in general obligation refunding bonds (of which \$4,504,057 pertains to Suffolk County Community College, a discrete component unit) with an average interest rate of 4.35 percent to advance refund \$91,220,000 (of which \$4,883,212 pertains to Suffolk County Community College) of outstanding general obligation bonds with an average interest rate of 4.67 percent. The net proceeds of \$97,756,819 (after payment of \$488,437 in underwriting fees, insurance and other issuance costs) were used to purchase State and Local Government Series securities in the total amount of \$97,756,819. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the various refunded bonds. As a result, the various refunded bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net position.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$5,737,313 (exclusive of the portion related to Suffolk Community College). This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through 2023, using a method that approximates effective interest. The County completed the advance refunding to reduce its total debt service payments over the next 11 years by \$6,310,631 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$5,763,039.

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, 2012, \$87,540,000 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 2012 totaled \$8,785,715. 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. The STASC received sufficient TSRs to make the required debt service payment of \$7,515,569 and a Turbo Principal Payment of \$95,000 against its Series 2008 Bonds during 2012.

For the Series 2008 Bonds, pledged revenues consist of a portion of the TSRs equal to 36 percent of the annual payments through December 31, 2012, and 75 percent thereafter and like percentages of any lump sum payment made in lieu of such annual payments. Pledged revenue received in 2012 amounted to \$6,753,167, or 89 percent of total principal and interest payments made on the 2008 Series Bonds during the year.

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, 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, and 100 percent of all TSRs paid to STASC after all amounts due under the 2008 indenture have been paid, or otherwise provided for.

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.

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December 31, 2012

Bonds outstanding at December 31, 2012, 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	\$ 5,815,000
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	107,671,781
2008D	08/21/08	13,375,082	8.000%	6/1/2048	13,375,082
2012A	03/29/12	3,740,000	1.830 - 3.320%	6/1/13-6/1/16	3,740,000
2012B	03/29/12	34,635,000	4.000 - 5.000%	6/1/16-6/1/37	34,635,000
				Total	<u>\$ 265,056,863</u>

The following table summarizes the STASC's estimated future debt service requirements as of December 31, 2012 based on future projected TSRs:

	Principal	Interest	Total Principal and Interest
2013	\$ 1,330,000	\$ 17,242,234	\$ 18,572,234
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
2018-2022	10,315,000	83,328,375	93,643,375
2023-2027	8,685,000	81,326,363	90,011,363
2028-2032	46,040,000	70,100,766	116,140,766
2033-2037	8,435,000	66,937,637	75,372,637
2038-2042	-	65,823,719	65,823,719
2043-2047	107,671,781	67,452,285	175,124,066
2048	75,670,082	291,503,028	367,173,110
	<u>265,056,863</u>	<u>\$ 812,161,736</u>	<u>\$ 1,077,218,599</u>
Accreted Interest	40,081,024		
Premiums	704,191		
Unamortized Discount	(3,458,065)		
Total	<u>\$ 302,384,013</u>		

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December 31, 2012

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2012 was as follows:

Governmental activities	Beginning Balance	Additions	Reductions	Ending Balance	Due within one Year
Bonds payable:					
General obligation debt	\$ 1,198,073,217	\$ 113,914,138	\$ 150,326,337	\$ 1,161,661,018	\$ 79,196,186
Advanced refunding debt	116,538,137	82,763,747	34,623,586	164,678,298	26,584,475
Plus (minus) deferred amounts					
For unamortized Premium or					
Discounts on refundings	1,897,385	8,663,596	6,032,288	4,528,693	(582,936)
STASC bonds	228,221,863	38,375,000	1,540,000	265,056,863	1,330,000
Plus accreted interest	30,419,497	9,661,527	-	40,081,024	-
Plus premium	-	725,822	21,631	704,191	28,841
Less unamortized deferred discount	3,613,760	-	155,695	3,458,065	155,695
Total bonds payable	<u>1,571,536,339</u>	<u>254,103,830</u>	<u>192,388,147</u>	<u>1,633,252,022</u>	<u>106,400,871</u>
Compensated absences	414,990,369	12,976,337	30,036,840	397,929,866	23,317,287
Claims and judgements	626,988,239	70,521,958	33,498,426	664,011,771	37,251,738
Other postemployment					
benefits other than pensions	1,397,940,000	386,500,000	103,630,000	1,680,810,000	-
Capital leases	2,862,110	-	440,503	2,421,607	449,394
Due to NYS retirement system	<u>19,080,350</u>	<u>45,702,894</u>	<u>2,470,993</u>	<u>62,312,251</u>	<u>8,035,838</u>
Governmental activities					
Long-term liabilities	<u>\$ 4,033,397,407</u>	<u>\$ 769,805,019</u>	<u>\$ 362,464,909</u>	<u>\$ 4,440,737,517</u>	<u>\$ 175,455,128</u>
Business-type activities					
Bonds payable:					
Francis S. Gabreski Airport	\$ 7,907,901	\$ 1,040,702	\$ 1,083,329	\$ 7,865,274	\$ 474,553
John J. Foley Skilled					
Nursing Facility	14,898,645	422,353	2,417,265	12,903,733	2,006,794
Suffolk County Ball Park	<u>1,896,886</u>	<u>-</u>	<u>301,612</u>	<u>1,595,274</u>	<u>286,525</u>
Total bonds payable	<u>24,703,432</u>	<u>1,463,055</u>	<u>3,802,206</u>	<u>22,364,281</u>	<u>2,767,872</u>
Compensated absences	1,716,109	163,983	400,695	1,479,397	86,250
Other postemployment					
benefits other than pensions	<u>33,710,000</u>	<u>8,820,000</u>	<u>2,470,000</u>	<u>40,060,000</u>	<u>-</u>
Business-type activities					
Long-term liabilities	<u>\$ 60,129,541</u>	<u>\$ 10,447,038</u>	<u>\$ 6,672,901</u>	<u>\$ 63,903,678</u>	<u>\$ 2,854,122</u>

(Continued)

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2012

Component units	Beginning Balance	Additions	Reductions	Ending Balance	Due within one Year
County general obligation bonds (Comm. College)	\$ 42,167,169	\$ 14,121,944	\$ 11,466,726	\$ 44,822,387	\$ 4,024,684
Total bonds payable	42,167,169	14,121,944	11,466,726	44,822,387	4,024,684
Compensated absences	29,006,326	349,604	104,934	29,250,996	2,708,299
Other postemployment benefits other than pensions	133,988,746	49,000,800	17,991,355	164,998,191	-
Mortgage Payable	5,605,233	-	172,571	5,432,662	309,714
Due to NYS Retirement Sytem	2,957,345	1,297,739	-	4,255,084	3,622,146
Other long-term debt	-	189,456	-	189,456	-
Component units Long-term liabilities	<u>\$ 213,724,819</u>	<u>\$ 64,959,543</u>	<u>\$ 29,735,586</u>	<u>\$ 248,948,776</u>	<u>\$ 10,664,843</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.

I. Short-term debt

Short-term debt activity for the year ended December 31, 2012 was as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance
Tax anticipation notes	\$ 300,000,000	\$ 510,000,000	\$ 400,000,000	\$ 410,000,000
Delinquent tax anticipation notes	120,000,000	105,000,000	120,000,000	105,000,000
Revenue anticipation notes	-	85,000,000	-	85,000,000
Public improvement bond anticipation notes	5,126,000	3,500,000	5,126,000	3,500,000
Governmental activities short-term debt	<u>\$ 425,126,000</u>	<u>\$ 703,500,000</u>	<u>\$ 525,126,000</u>	<u>\$ 603,500,000</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 2012 in anticipation of 2012 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

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2012

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 12/31/2011	Year ended 12/31/2012
Unpaid claims, beginning of fiscal year	\$ 612,271,069	\$ 626,988,239
Incurred claims (including IBNRs)	55,928,735	56,898,761
Changes in the estimate for claims of prior years	(206,515)	13,623,197
Claim payments	(41,005,050)	(33,498,426)
Unpaid claims, end of fiscal year	<u>\$ 626,988,239</u>	<u>\$ 664,011,771</u>

B. Subsequent events

On April 9, 2013, New York State on behalf of Suffolk County placed \$15,502,077 with an escrow agent to defease \$14,495,459 of outstanding bonds previously issued to finance the John J. Foley Skilled Nursing Facility in connection with the receipt of a New York State Grant. Suffolk County contributed \$212,402 to the escrow account to defease County bonds unrelated to Foley. The remaining grant funding held by the escrow agent in the amount of \$1,006,618 was remitted on April 10, 2013 to the County to reimburse the County for a portion of the debt service related to the Foley bonds which was previously paid by the County.

On May 2, 2013, the County issued \$115,000,000 Revenue Anticipation Notes (RAN) and \$37,000,000 Bond Anticipation Notes (BAN). The RANS were issued in anticipation of the receipt of certain revenues expected to be received by the County from State aid and Federal aid. The interest rate on the RANs is 2 percent and mature on March 27, 2014. The BANs

were issued to finance the cost of an 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 18, 2013, Suffolk County issued \$62,320,000 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 3.25 to 4.00 percent. Bonds mature in varying amounts on June 15 of years 2014 through 2033.

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. Effective January 1, 2007 the County adopted the accounting provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement establishes guidelines for reporting costs associated with “other postemployment benefits” (OPEB). 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 (\$96.40 per month for 2012). 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 \$106.10 million for 2012.

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

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2012

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 period of thirty years. The County's 2012 OPEB obligation does not reflect any estimated or actual adjustments as a result of the Federal Affordable Care Act which was signed into law on March 23, 2010.

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	\$	418.79
Contributions Made		106.10
Increase in net OPEB		<u>312.69</u>
Interest on net OPEB obligation		64.42
Adjustment to annual required contribution		<u>(87.89)</u>
Net OPEB obligation - beginning of year		<u>1,431.65</u>
Net OPEB obligation - end of year	\$	<u><u>1,720.87</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost, contributed to the Plan, and the net OPEB obligation for 2010, 2011, and 2012 were as follows (dollar amounts in millions):

Fiscal Year <u>Ended</u>	Annual <u>OPEB Cost</u>	Percentage of Annual OPEB <u>Cost Contributed</u>	Net OPEB <u>Obligation</u>
12/31/2010	\$344.80	25.0%	\$1,149.24
12/31/2011	\$379.61	25.6%	\$1,431.65
12/31/2012	\$395.32	26.8%	\$1,720.87

Funded status and funding progress. As of December 31, 2012, actuarial accrued liability for benefits was \$4.651 billion and was equal to the unfunded actuarial accrued liability (UAAL). The covered payroll (annual payroll of active employees covered by the Plan) was \$878.99 million and the ratio of UAAL to the covered payroll was 529 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, 2012, 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 9.00 percent for medical and prescription drugs grading down to a rate of 4.5 after nine 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 requirements 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

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2012

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.

The County's Annual Pension Cost (APC), percentage of APC contributed, and Net Pension Asset (NPA) for the ERS and PFRS, on an accrual basis for the current year and each of the two preceding years were as follows (dollars in thousands):

ERS			
Fiscal Year Ending December 31,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset (NPA)
2012	\$ 60,407	100%	\$ -
2011	55,663	100%	-
2010	51,775	100%	-
PFRS			
Fiscal Year Ending December 31,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset (NPA)
2012	\$ 72,033	100%	\$ -
2011	69,670	100%	-
2010	56,613	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. The legislation also provided for a one-time financing of pension costs. Additionally, the legislation also allowed the County to bond, over five years, for outstanding early retirement incentive costs. As a result, the County sold \$22,950,000 in pension bonds on December 4, 2003. The bond proceeds coupled with 2003 budgeted appropriations was used to pay off the 2002 retirement incentive.

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, 2012 the fund balance of the retirement contribution reserve fund was \$102.

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 \$48,364,356 of the Employee Retirement System invoice and \$12,356,616 of the

Police and Fire Retirement System invoice for the period April 1, 2012 through March 31, 2013.

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 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 2012, 2011, and 2010 were \$4,623,000, \$3,776,000, and \$2,857,000, 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 2012, 2011 and 2010 were \$3,142,000, \$2,129,000, and \$1,377,000, respectively, and were equal to the required contributions for each year.

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2012

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 issue 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.

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 2012, 2011, and 2010 were \$5,169,000, \$5,297,000, and \$4,698,000, 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 2012, the County made contribution payments in the following amounts to the indicated Benefit Funds:

Suffolk County Municipal Employees Benefit Fund	\$ 11,492,138
Suffolk County Police Benevolent Association Benefit Fund	4,122,681
Suffolk County Police Benevolent Association Legal Fund	100
Suffolk County Police Superior Officers Association Benefit Fund	128,852
Total	<u>\$ 15,743,771</u>

REQUIRED SUPPLEMENTARY INFORMATION

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SUFFOLK COUNTY, NEW YORK

Schedule of Funding Progress

Post-Employment Retirement Healthcare Benefit Plan
(In Millions)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Level Dollar (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Accrued Percentage of Covered Payroll (b-a)/c
December 31, 2010	-	\$3,944.17	\$3,944.17	0%	\$903.29	437%
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%

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Supplemental Schedule

County of Suffolk, New York

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2012

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	2012 Amount Provided to Sub-Recipients	2012 Expenditures
U.S. Department of Agriculture					
School Breakfast Program	10.553	NYS ED	N/A	\$ –	\$ 43,546
National School Lunch Program	10.555	NYS ED	N/A	–	67,433
Special Supplemental Nutrition (Food) Program for Women, Infants and Children 2012 (WIC)	10.557	NYS DOH	C0125801	–	2,241,922
Special Supplemental Nutrition (Food) Program for Women, Infants and Children 2013 (WIC)	10.557	NYS DOH	C0125801	–	554,116
Special Supplemental Nutrition Program for Women, Infants and Children: Special Formula and Food Checks (Note 3)					
Non-Monetary Assist	10.557	NYS DOH	F012342	–	15,644,071
Total CFDA 10.557				–	18,440,109
State Administrative Matching Grants for Supplemental Nutrition Assistance Program (Administrative Costs) (Food Stamp Program)	10.561	NYS OTDA	18000	149,651	13,691,423
Environmental Quality Incentives Program – Natural Resource Conservation Service – Environmental Quality Incentives Program	10.912	Federal Direct	68-2C31-2-320	–	3,758
Farm and Ranch Lands Protection Program (Note 3)	10.913	Federal Direct	N/A	–	866,428
Total – U.S. Department of Agriculture				149,651	33,112,697
U.S. Department of Housing and Urban Development					
Community Development Block and Entitlement Grants	14.218	Federal Direct	N/A	3,149,948	3,373,753
NSP 1 – Neighborhood Stabilization Grant	14.218	Federal Direct	N/A	–	22,907
NSP 3 – Neighborhood Stabilization Grant	14.218	Federal Direct	N/A	–	35,440
Total CFDA 14.218				3,149,948	3,432,100
Community Development Block Grant / States Program & Non Entitlement Grants in Hawaii – Neighborhood Revitalization Program (NSP State)	14.228	NYS HFA	N/A	255,536	255,536
Emergency Shelter Grants Program	14.231	Federal Direct	N/A	158,779	179,553
Shelter Plus Care	14.238	NYS OTDA	18000	109,033	141,819
Home Investment Partnerships Program (Note 3)	14.239	Federal Direct	N/A	1,413,119	2,328,974
ARRA – Community Development Block Grant ARRA Entitlement Grants	14.253	Federal Direct	N/A	57,629	60,906
ARRA – Homelessness Prevention Grant and Rapid Re-Housing	14.257	Federal Direct	N/A	107,839	110,788
Sustainable Communities Regional Planning Grant	14.703	RPA	NY RIP-S0029-10	–	26,784
Total – U.S. Department of Housing and Urban Development				5,251,883	6,536,460
U.S. Department of the Interior					
Clean Vessel Assistance Program	15.616	NYS EFC	N/A	–	4,875
Total – U.S. Department of the Interior				–	4,875

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2012

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	2012 Amount Provided to Sub-Recipients	2012 Expenditures
U.S. Department of Justice					
DEA LI Task Force 2012	16.Unknown	Federal Direct	N/A	\$ –	\$ 80,372
DEA LI Task Force 2013	16.Unknown	Federal Direct	N/A	–	6,383
DA LI DEA Task Force 12	16.Unknown	Federal Direct	N/A	–	18,935
DA LI DEA Task Force 13	16.Unknown	Federal Direct	N/A	–	10,075
Organized Crime Drug Enforcement Task Force	16.Unknown	Federal Direct	N/A	–	10,207
Tactical Diversion Task Force 2012	16.Unknown	Federal Direct	N/A	–	10,174
Operation Northeast Shore Restore	16.Unknown	Federal Direct	N/A	–	10,000
FBI Joint Terrorism Task Force 2010	16.Unknown	Federal Direct	N/A	–	(59)
Long Island Joint Firearms Task Force 2012	16. 12NY-142-AFF	Federal Direct	12NY-142-AFF	–	4,707
FBI/Joint Terrorism Task Force 2012	16.66F-NY-266217-B	Federal Direct	66F-NY-266217-B	–	11,412
FBI Joint Terrorism Task Force 2013	16.66F-NY-266217-B	Federal Direct	66F-NY-266217-B	–	3,203
Total CFDA 16.66F-NY-266217-B				–	14,615
FBI/Long Island Cyber Crime Task Force 2012	16.62F-NY-C302997- LICCTF	Federal Direct	62F-NY-C302997- LICCTF	–	11,486
FBI/Long Island Cyber Crime Task Force 2013	16.62F-NY-C302997- LICCTF	Federal Direct	62F-NY-C302997- LICCTF	–	3,629
FBI Long Island Cyber Crime Task Force 2010	16. 62F-NY-C302997- LICCTF	Federal Direct	62F-NY-C302997- LICCTF	–	(3,980)
Total CFDA 16. 62F-NY-C302997-LICCTF				–	11,135
FBI/Safe Streets Task Force 2012	16.281D-NY-C285260	Federal Direct	281D-NY-C285260	–	48,948
FBI/Safe Streets Task Force 2013	16.281D-NY-C285260	Federal Direct	281D-NY-C285260	–	4,289
Total CFDA 16.281D-NY-C285260				–	53,237
FBI LI Gang Task Force 2011/2012	16.281D-NY-C285869	Federal Direct	281D-NY-C285869	–	(8,521)
FBI LI Gang Task Force 2012/2013	16.281D-NY-C285869	Federal Direct	281D-NY-C285869	–	4,301
Total CFDA 16.281D-NY-C285869				–	(4,220)
Joint Law Enforcement Operations (JLEO):					
US Marshals/Regional Fugitive Task Force 2012	16.111	Federal Direct	JLEO-12-0035	–	9,495
US Marshals/Regional Fugitive Task Force 2012	16.111	Federal Direct	JLEO-12-0034	–	7,231
US Marshals/Regional Fugitive Task Force 2013	16.111	Federal Direct	JLEO-13-0034	–	2,343
US Marshals/Regional Fugitive Task Force 2012	16.111	Federal Direct	JLEO-12-0028	–	11,596
US Marshals/Regional Fugitive Task Force 2013	16.111	Federal Direct	JLEO-13-0028	–	4,329
US Marshals/Regional Fugitive Task Force 2012	16.111	Federal Direct	JLEO-12-0041	–	12,551
US Marshals/Regional Fugitive Task Force 2013	16.111	Federal Direct	JLEO-13-0041	–	6,060
Total CFDA 16.111				–	53,605

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Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2012

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	2012 Amount Provided to Sub-Recipients	2012 Expenditures
U.S. Department of Justice (continued)					
Comprehensive Approaches to Sex Offender Management Discretionary Grant-Sex Offender Court	16.203	NYS UCS	2006-WP-BX-0006	\$ –	\$ (10,500)
Services for Tracking Victims – Human Trafficking Task Force 2010	16.320	Federal Direct	VT-BX-0018	–	242
Violence Against Women Formula Grant – STOP Violence Against Women 10	16.588	NYS DCJS	VW09543645	–	2,408
Violence Against Women Formula Grant – STOP Violence Against Women 11	16.588	NYS DCJS	VW11543646	126,065	130,914
Total CFDA 16.588				<u>126,065</u>	<u>133,322</u>
Community Defined Solutions to Violence Against Women Grant Program – SCOPE 05	16.590	Federal Direct	2005-WE-AX0016	–	(56,855)
Community Defined Solutions to Violence Against Women Grant Program – SCOPE 10	16.590	Federal Direct	WEAX0061	236,344	338,460
Total CFDA 16.590				<u>236,344</u>	<u>281,605</u>
State Criminal Alien Assistance Program – Incarceration of Illegal Aliens	16.606	Federal Direct	APBX1112	–	1,396,098
Bullet Proof Vest 08	16.607	Federal Direct	BOBX08041746	–	31,324
Bullet Proof Vest 10	16.607	Federal Direct	BOBX10053125	–	188,822
Bullet Proof Vest 12	16.607	Federal Direct	BOBX12062834	–	25,411
Total CFDA 16.607				<u>–</u>	<u>245,557</u>
Public Safety Partnership & Community Policing Grants – COPS 09 Child Sexual Predator Program	16.710	Federal Direct	2009CSWX0018	1,952	56,893
Edward Byrne Memorial Justice Asst Grant Program – Edward Byrne JAG 08	16.738	Federal Direct	DJ-BX-0316	–	59,044
Edward Byrne Memorial Justice Asst Grant Program – Edward Byrne JAG 09	16.738	Federal Direct	DJ-BX-0405	–	55,839
Edward Byrne Memorial Justice Asst Grant Program – Edward Byrne JAG 10	16.738	Federal Direct	DJ-BX-1559	–	78,047
Edward Byrne Memorial Justice Asst Grant Program – Edward Byrne JAG 11	16.738	Federal Direct	DJ-BX-2788	–	145,396
Edward Byrne Memorial Justice Asst Grant Program – Edward Byrne JAG 12	16.738	Federal Direct	DJ-BX-0670	–	21,255
Edward Byrne Memorial Justice Asst Grant Program – Firearm Backlog Reduction Initiative	16.738	NYS DCJS	C-632347	–	64,974
Edward Byrne Memorial Justice Asst Grant Program – DNA Burglary Backlog Reduction Initiative	16.738	NYS DCJS	C-632321	–	21,485
Edward Byrne Memorial Justice Asst Grant Program – Legal Aid Society Sex Offender Program 2011	16.738	NYS DCJS	C-632507	40,043	40,043
Edward Byrne Memorial Justice Asst Grant Program – Legal Aid Society Sex Offender Program 2012	16.738	NYS DCJS	C-632650	29,592	29,592
Total CFDA 16.738				<u>69,635</u>	<u>515,675</u>

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2012

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	2012 Amount Provided to Sub-Recipients	2012 Expenditures
U.S. Department of Justice (continued)					
Forensic DNA Backlog Reduction Program – DNA Forensic Backlog Reduction 2009	16.741	Federal Direct	DN-BX-K072	\$ –	\$ 29,127
Forensic DNA Backlog Reduction Program – DNA Forensic Backlog Reduction 2010	16.741	Federal Direct	DN-BX-K084	–	69,252
Forensic DNA Backlog Reduction Program – DNA Forensic Backlog Reduction 2011	16.741	Federal Direct	DN-BX-K458	–	104,193
Total CFDA 16.741				–	202,572
Paul Coverdale NFSI Improvement -Crime Lab Improvement 2011	16.742	Federal Direct	2011-CD-BX-0097	–	173,895
Paul Coverdale NFSI Grant Program – Tox Lab Improvement 2010	16.742	NYS DCJS	C-108147	–	1,687
Paul Coverdale NFSI Grant Program – Tox Lab Improvement 2011	16.742	NYS DCJS	C-118150	–	59,269
Paul Coverdale NFSI Grant Program -Crime Lab Improvement 2010	16.742	NYS DCJS	C-108148	–	2,771
Paul Coverdale NFSI Grant Program -Crime Lab Improvement 2011	16.742	NYS DCJS	C-118117	–	45,822
Total CFDA 16.742				–	283,444
Economic High Tech & Cyber Crime Prevention – Intellectual Property 11	16.752	Federal Direct	BE-BX-0010	–	124,778
Congressionally Selected Award Program – Illegal Firearms Prevention Program	16.753	Federal Direct	DI-BX-0149	–	21,799
Congressionally Selected Award Program – Internet Safety in Suffolk	16.753	Federal Direct	DD-BX-0481	–	102,987
Total CFDA 16.753				–	124,786
ARRA Internet Crimes Against Children Task Force – Computer Crimes ICAC	16.800	NYS Police	SM-B9-K023	–	2,163
ARRA Edward Byrne Memorial JAG Program Grants of States & Territories – Drug Diversion Program	16.803	NYS DCJS	BR09632337	–	100,000
ARRA Edward Byrne Memorial JAG Program Grants to Units of Local Government – Recovery Act 09	16.804	Federal Direct	SB-B9-0782	–	342,450
Second Chance Act Prisoner Reentry Program	16.812	Federal Direct	RW-BX-0020	–	211,111
Equitable Sharing Program Federal Forfeiture Funds (Police)	16.922	Federal Direct	N/A	–	1,116,042
Equitable Sharing Program Federal Forfeiture Funds (District Attorney)	16.922	Federal Direct	N/A	389,752	990,396
Equitable Sharing Program Federal Forfeiture Funds (Sheriff)	16.922	Federal Direct	N/A	35,203	295,822
Total CFDA 16.922				424,955	2,402,260
Total – U.S. Department of Justice				858,951	6,691,622

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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	2012 Amount Provided to Sub-Recipients	2012 Expenditures
U.S. Department of Labor					
Trade Adjustment Assistance Program	17.245	NYS DOL	N/A	\$ –	\$ 72,304
WIA – Adult Program – Admin	17.258	NYS DOL	N/A	–	220,921
WIA – Adult Program	17.258	NYS DOL	N/A	–	2,541,585
Total CFDA 17.258				–	2,762,506
WIA – Youth Activities	17.259	NYS DOL	N/A	–	2,352,798
WIA – Youth Activities- Admin	17.259	NYS DOL	N/A	–	231,730
Total CFDA 17.259				–	2,584,528
ARRA – WIA – Dislocated Worker OJT NEG Grant	17.260	NYS DOL	N/A	–	10,144
Workforce Investment Act National Emergency Grant – NEG Hurricane Sandy	17.277	NYS DOL	N/A	–	428,016
WIA – Dislocated Worker	17.278	NYS DOL	N/A	–	3,110,378
WIA – Dislocated Worker-Admin	17.278	NYS DOL	N/A	–	274,295
Total CFDA 17.278				–	3,384,673
Total – U.S. Department of Labor				–	9,242,171
U.S. Department of Transportation					
Airport Improvement Program – Phase II	20.106	NYS DOT AB	AIP 3-36-0122-1309	–	702,656
Airport Improvement Program – Phase III	20.106	NYS DOT AB	AIP 3-36-0122-1510	–	90,252
Total CFDA 20.106				–	792,908
Highway Planning and Construction	20.205	NYS DOT	Various	–	23,593,861
Highway Planning and Construction – Sub Regional Transportation Planning	20.205	NYS DOT	C033471	–	206,195
Highway Planning and Construction – LIE/HOV Express Bus Demo Project	20.205	NYS DOT	C005011	–	419,323
Highway Planning and Construction – LIE HOV Lane Enforcement Program	20.205	NYS DOT	C032055-SA#2	–	670,433
Highway Planning and Construction – LIE HOV Lane Enforcement Program	20.205	NYS DOT	C032055-A#2	–	120,072
Total CFDA 20.205				–	25,009,884
National Motor Carrier Safety – MCSAP High Priority 11	20.218	Federal Direct	FM-MHP-0046-11-01-00	–	232,094
Federal Transit Capital Investment Grants	20.500	Federal Direct	N/A	–	576,000
Federal Transit Capital Investment Grants	20.500	Federal Direct	N/A	–	24,000
Federal Transit Capital Investment Grants- Transportation Planning Study	20.500	NYS DOT	D033791	–	35,810
Total CFDA 20.500				–	635,810
Federal Transit Formula Grants	20.507	Federal Direct	N/A	–	502,428
Federal Transit Formula Grants	20.507	Federal Direct	N/A	–	1,856,421
Total CFDA 20.507				–	2,358,849

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Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2012

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	2012 Amount Provided to Sub-Recipients	2012 Expenditures
U.S. Department of Transportation (continued)					
State and Community Highway Safety – Motorcycle Safety Enforcement 2012	20.600	NYS GSTC	SCPD-0083-(052)	\$ –	\$ 21,420
State and Community Highway Safety – Selective Traffic Enforcement Program STEP 2012	20.600	NYS GSTC	SCPD-00122-(052)	–	62,790
State and Community Highway Safety – Selective Traffic Enforcement Program STEP 2012	20.600	NYS GSTC	SO-00024-(052)	–	21,170
State and Community Highway Safety – Helmet Distribution Program 12	20.600	NYS GSTC	SO-00007-(052)	–	4,000
State and Community Highway Safety – STOP DWI High Visibility Road Check Patrols	20.600	NYS GSTC	HSI-00229-(088)	–	50,221
State & Community Highway Safety – Ignition Interlock Device Monitoring Program 12	20.600	NYS GSTC	C523587	–	196,183
State & Community Highway Safety – Ignition Interlock Device Monitoring Program 13	20.600	NYS GSTC	C523696	–	57,750
State & Community Highway Safety – Medical Examiner Toxicology DWI/DUID	20.600	NYS GSTC	C002074-3700393	–	5,284
Total CFDA 20.600				–	418,818
Occupant Protection Incentive Grants – Child Passenger Safety	20.602	NYS GSTC	SO-00023-(052)	–	11,869
Safety Incentive Grants for Use of Seatbelts – Buckle Up New York 2012	20.604	NYS GSTC	SCPD00114-(052)	–	46,501
Safety Incentive Grants for Use of Seatbelts – Buckle Up New York 2012	20.604	NYS GSTC	SO-00020-(052)	–	4,176
Total CFDA 20.604				–	50,677
Total – U.S. Department of Transportation				–	29,510,909
U.S. Department of Treasury					
Federal Forfeiture Funds (Police)	21.000	Federal Direct	N/A	–	148,940
Federal Forfeiture Funds (District Attorney)	21.000	Federal Direct	N/A	–	138,894
Federal Forfeiture Funds (Sheriff)	21.000	Federal Direct	N/A	–	32,786
Total CFDA 21.000				–	320,620
Suffolk Treasury Enhanced Prosecution Program 2012	21.unknown	Federal Direct	N/A	–	48,691
Suffolk Treasury Enhanced Prosecution Program 2013	21.unknown	Federal Direct	N/A	–	8,184
Total – U.S. Department of Treasury				–	377,495
U.S. Environmental Protection Agency					
National Estuary Program FY 04	66.456	Federal Direct	CE992002-12	–	(10,071)
National Estuary Program FY 05	66.456	Federal Direct	CE992002-13	57,141	8,002
National Estuary Program FY 06	66.456	Federal Direct	CE992002-14	70,429	124,102
National Estuary Program FY 07	66.456	Federal Direct	CE992002-15	23,465	103,325
National Estuary Program FY 08	66.456	Federal Direct	CE992002-16	11,791	230,423
National Estuary Program FY 09	66.456	Federal Direct	CE992002-17	59,113	158,690
National Estuary Program FY 10	66.456	Federal Direct	CE992002-17-1	133,365	240,827
National Estuary Program FY 11	66.456	Federal Direct	CE992002-17-2	–	35,306
Total CFDA 66.456				355,304	890,604

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Schedule of Expenditures of Federal Awards (continued)

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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	2012 Amount Provided to Sub-Recipients	2012 Expenditures
U.S. Environmental Protection Agency (continued)					
Water Quality Cooperative Agreements – Peconic Estuary Pathogen TMDL Support Program	66.463	Federal Direct	CP98293200	\$ –	\$ 35,655
Beach Monitoring & Notification Program Implementation Grants – Bath Beach Water Quality Monitoring 2011/ 2012	66.472	NYS DOH	C024972	–	49,524
Beach Monitoring & Notification Program Implementation Grants – Bath Beach Water Quality Monitoring 2012/ 2013	66.472	NYS DOH	C024972	–	4,836
Total CFDA 66.472				–	54,360
Performance Partnership Grants – Water Quality Management Planning 2011	66.605	NYS EC	C008468	–	51,596
Performance Partnership Grants – Water Quality Management Planning 2012	66.605	NYS EC	C008468	–	117,865
Total CFDA 66.605				–	169,461
Research, Development, Monitoring, Public Education, Training, Demonstrations, and Studies – Curbing Pesticide – Homeowners How-To	66.716	Federal Direct	X8-97281300	–	(37,497)
Total – U.S. Environmental Protection Agency				355,304	1,112,583
U.S. Department of Energy					
ARRA – Conservation Research & Development Grant-Clean Cities Petroleum Reduction Technologies Projects for the Transportation Sector	81.086	GLICCC	N/A	–	223,496
ARRA – Energy Efficiency & Conservation Block Grant	81.128	Federal Direct	N/A	–	199,539
Total – U.S. Department of Energy				–	423,035
U.S. Department of Education					
Special Education Grants for Infants & Families – Child Find 2012	84.181	NYS DOH	C027511	–	105,421
Special Education Grants for Infants & Families – Early Intervention Admin 2012	84.181	NYS DOH	C021824	–	171,158
Special Education Grants for Infants & Families – Child Find 2011	84.181	NYS DOH	C027511	–	265,024
Special Education Grants for Infants & Families – Early Intervention Admin 2011	84.181	NYS DOH	C027511	–	481,224
Total CFDA 84.181				–	1,022,827
Total – U.S. Department of Education				–	1,022,827
U.S. Election Assistance Commission					
Help America Vote Act Requirement Payments Voter Education / Poll Worker Training	90.401	NYS BOE	C-002573	–	1,761
Help America Vote Act Requirement Payments Shoe Box Grant	90.401	NYS BOE	C-003246	–	161,696
Help America Vote Act Requirement Payments (Note 3) Non-Monetary Assistance	90.401	NYS BOE	N/A	–	128,216
Total CFDA 90.401				–	291,673
Total – U.S. Election Assistance Commission				–	291,673

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U.S. Department of Health and Human Services					
Mammography Inspection 2011	93.C022670	NYS DOH	C022670	\$ –	\$ 54,139
Special Programs for the Aging Long Term Care Ombudsman Services for Older Individuals (Title VII)	93.042	NYS OA	N/A	63,053	63,053
Special Programs for the Aging Disease Prevention and Health Promotion Services (Title IIID)	93.043	NYS OA	N/A	31,053	31,387
Special Programs for the Aging Grants for Supportive Services and Senior Centers (Title IIIB)	93.044	NYS OA	N/A	382,383	1,123,211
Special Programs for the Aging Nutritional Services for the Elderly , Part C-1 (Title IIIC-1)	93.045	NYS OA	N/A	1,247,669	1,442,127
Special Programs for the Aging Nutritional Services for the Elderly, Part C-2 (Title IIIC-2)	93.045	NYS OA	N/A	677,144	834,966
Total CFDA 93.045				<u>1,924,813</u>	<u>2,277,093</u>
National Family Caregiver Support – Care Giver Training (Title IIIE)	93.052	NYS OA	N/A	78,151	597,822
Nutrition Services Incentive Program (NSIP)	93.053	NYS OA	N/A	572,643	578,429
Public Health Emergency Preparedness – HRI Bioterrorism	93.069	NYS DOH – HRI	C001618-11	–	305,633
Centers for Disease Control & Prevention Investigation & Technical Assistance – Public Health Emergency Preparedness HRI-CRI (Bio Terr)	93.069	NYS DOH – HRI	C-1618-10	–	413,983
Total CFDA 93.069				<u>–</u>	<u>719,616</u>
Medicare Enrollment Assistance Program – Medicare Improvements for Patients & Providers Act (MIPPA)	93.071	NYS OA	N/A	–	14,381
Affordable Care Act Health Profession Opportunity Grant – SCHOOL	93.093	Federal Direct	N/A	–	955,157
Food & Drug Administrative Research-Food Program Standards	93.103	Federal Direct	1U18D004660-01	–	2,450
Injury Prevention and Control Research and State and Community Based Programs-Falls Prevention for Older Adults	93.136	NYS DOH – HRI	4415-01	–	7,400
Projects for Assistance in Transition from Homelessness – McKinney Homeless	93.150	NYS DOH – OMH	N/A	161,953	161,953
Projects for Assistance in Transition from Homelessness – Peer Advocacy	93.150	NYS DOH – OMH	N/A	112,000	112,000
Total CFDA 93.150				<u>273,953</u>	<u>273,953</u>

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U.S. Department of Health and Human Services (continued)					
Family Planning Services – Reproductive Health Program 2011	93.217	NYS DOH	C027057	\$ –	\$ (144,107)
Family Planning Services – Reproductive Health Program 2012	93.217	NYS DOH	C027057	–	240,323
Total CFDA 93.217				–	96,216
Immunization Cooperative Agreements – Immunization Action Plan 2012-2013	93.268	NYS DOH	C023273	–	230,713
Immunization Cooperative Agreements – Immunization Action Plan 2011-2012	93.268	NYS DOH	C023273	–	53,676
Immunization Cooperative Agreements – Linkage of Migrant Health Services 2011/12	93.268	NYS DOH	C023005	–	331
Immunization Cooperative Agreements – Linkage of Migrant Health Services 2012/13	93.268	NYS DOH	C023005	–	3,376
Total CFDA 93.268				–	288,096
Temporary Assistance for Needy Families – TANF	93.558	NYS OTDA	18000	379,705	88,061,864
ARRA Child Support Enforcement – Title IV D	93.563	NYS OTDA	18000	–	1,646,578
Child Support Enforcement – Title IV D	93.563	NYS OTDA	18000	108,911	7,935,876
Total CFDA 93.563				108,911	9,582,454
Refugee and Entrant Assistance -State Administered Programs – Refugee Health Assessment 12/13	93.566	NYS DOH	C026125	–	1,529
Refugee and Entrant Assistance -State Administered Programs – Refugee Health Assessment 11/12	93.566	NYS DOH	C026125	–	356
Total CFDA 93.566				–	1,885
Low Income Home Energy Assistance	93.568	NYS OTDA	18000	–	1,077,223
Low Income Home Energy Assistance (Note 4)	93.568	NYS OTDA	18000	–	19,679,478
Low Income Home Energy Assistance – Weatherization Referral & Packaging Pilot (WRAP)	93.568	NYS OA	N/A	63,933	120,373
Total CFDA 93.568				63,933	20,877,074
Child Care and Development Block Grant	93.575	NYS OCFS	18000	967,572	28,497,629
Voting Access for Individuals w/ Disabilities Grants to States	93.617	NYS BOE	C003085	–	4,528
ARRA Foster Care Title IV E	93.658	NYS OCFS	18000	–	73,944
Foster Care Title IV E	93.658	NYS OCFS	18000	–	11,353,835
Total CFDA 93.658				–	11,427,779
ARRA Adoption Assistance Title IV E	93.659	NYS OCFS	18000	–	108,839
Adoption Assistance Title IV E	93.659	NYS OCFS	18000	–	5,036,264
Total CFDA 93.659				–	5,145,103

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U.S. Department of Health and Human Services (continued)					
Social Services Block Grant Title XX	93.667	NYS OCFS	18000	\$ 2,247,107	\$ 8,916,487
Chafee Foster Care Independence Program	93.674	NYS OCFS	18000	271,176	232,536
ARRA Communities Putting Prevention to Work Chronic Disease Self Management Program	93.725	NYS OA	N/A	13,160	13,160
Medical Assistance Program – Community Health Worker Program 2011-2012	93.778	NYS DOH	C021380	–	150,102
Medical Assistance Program – Community Health Worker Program 2012-2013	93.778	NYS DOH	C021380	–	87,062
Medical Assistance Program – Federal Medicaid Salary Sharing	93.778	NYS DOH – OMH	N/A	–	233,108
Medical Assistance Program – Federal Medicaid Salary Sharing	93.778	NYS OASAS – OMH	N/A	–	96,942
Medical Assistance Program- Title XIX	93.778	NYS DOH	18000	–	31,473,763
Total CFDA 93.778				–	32,040,977
Centers for Medicare & Medicaid Services Research, Demos & Evaluations Health Insurance Information & Counseling Assistance (HIICAP)	93.779	NYS OA	N/A	–	37,941
Specially Selected Health Projects- Electronic Medical Record Implementation -Family Health Center Network	93.888	Federal Direct	D18RH20374	–	135,248
HIV Emergency Relief Project Grants – Ryan White Title I AIDS Dentistry Grants 2012	93.914	UWLI	W12072	–	61,774
HIV Emergency Relief Project Grants – Ryan White Title I AIDS Dentistry Grants 2011	93.914	UWLI	W11072	–	42,637
HIV Emergency Relief Project Grants – Ryan White HIV Medical Case Mangement Prerelease Services to Inmates 2011/12	93.914	UWLI	W11726	4,416	14,473
HIV Emergency Relief Project Grants – Ryan White HIV Medical Case Management Prerelease Services to Inmates 2012/13	93.914	UWLI	W12726	13,788	71,714
HIV Emergency Relief Project Grants- Ryan White Part A , Minority Aids Initiative 2011/12	93.914	UWLI	11MAI7	4,079	14,668
HIV Emergency Relief Project Grants- Ryan White Part A , Minority Aids Initiative 2012/13	93.914	UWLI	12MAI7	17,235	50,892
Total CFDA 93.914				39,518	256,158
Grants to Provide Outpatient Early Invention Services for HIV Disease – Ryan White Title III – HIV Early Intervention	93.918	Federal Direct	H76HA0036	235,154	404,231
HIV Prevention Activities Health Department Based – CDC HIV Primary Care & Prevention Services 2011/12	93.940	NYS DOH – HRI	4049-02	15,933	35,715
HIV Prevention Activities Health Department Based – CDC HIV Primary Care & Prevention Services 2012/13	93.940	NYS DOH – HRI	4049-03	5,033	67,531
Total CFDA 93.940				20,966	103,246

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U.S. Department of Health and Human Services (continued)					
Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) & Human Immunodeficiency Virus (HIV) Infection in Selected Pop Groups	93.943	NYS DOH – HRI	4135-01	\$ –	\$ (5,706)
Block Grants for Community Mental Health Services – Adult Clinical Infrastructure – CMHS	93.958	NYS DOH – OMH	N/A	350,939	511,798
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	258,005	258,005
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	373,312	373,312
Block Grants for Community Mental Health Services – Adult CSS (Advocacy/Support Program) – CMHS	93.958	NYS DOH – OMH	N/A	4,000	453,291
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				<u>1,390,240</u>	<u>2,000,390</u>
Block Grants for Prevention and Treatment of Substance Abuse – Community Residential	93.959	NYS DOH – OASAS	N/A	772,652	783,181
Block Grants for Prevention and Treatment of Substance Abuse – Medically Monitored Withdrawal – Crisis	93.959	NYS DOH – OASAS	N/A	1,590,576	1,590,576
Block Grants for Prevention and Treatment of Substance Abuse – Medically Supervised Outpatient	93.959	NYS DOH – OASAS	N/A	2,108,679	2,327,651
Block Grants for Prevention and Treatment of Substance Abuse – Vocational Rehabilitation	93.959	NYS DOH – OASAS	N/A	35,817	81,990
Block Grants for Prevention and Treatment of Substance Abuse – Primary Prevention Services	93.959	NYS DOH – OASAS	N/A	1,201,493	1,232,751
Block Grants for Prevention and Treatment of Substance Abuse – Methadone Maintenance Outpatient	93.959	NYS DOH – OASAS	N/A	–	730,202
Total CFDA 93.959				<u>5,709,217</u>	<u>6,746,351</u>
Preventative Health & Health Services Block Grant – Linkage of Migrant Health Services 2011/12	93.991	NYS DOH	C023005	–	1,865
Preventative Health & Health Services Block Grant – Linkage of Migrant Health Services 2012/13	93.991	NYS DOH	C023005	–	10,893
Total CFDA 93.991				<u>–</u>	<u>12,758</u>

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2012

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	2012 Amount Provided to Sub-Recipients	2012 Expenditures
U.S. Department of Health and Human Services (continued)					
Maternal and Child Health Services Block Grant to the States -Childhood Lead Poisoning Prevention	93.994	NYS DOH	C026539	\$ –	\$ 131,026
Maternal and Child Health Services Block Grant to the States – Children with Special Health Care Needs 2011-2012	93.994	NYS DOH	C024645	–	80,097
Maternal and Child Health Services Block Grant to the States – Children with Special Health Care Needs 2012-2013	93.994	NYS DOH	C024645	–	31,914
Maternal and Child Health Services Block Grant to the States- Linkage of Migrant Health Services 2011/12	93.994	NYS DOH	C023005	–	812
Maternal and Child Health Services Block Grant to the States – Linkage of Migrant Health Services 2012/13	93.994	NYS DOH	C023005	–	17,496
Maternal and Child Health Services Block Grant to the States -Reproductive Health 2012	93.994	NYS DOH	C027057	–	114,440
Total CFDA 93.994				–	375,785
Total – U.S. Department of Health and Human Services				14,772,708	221,950,281
U.S. Department of Social Security Administration					
Supplemental Security Income – Social Security Administration Incentive Program	96.006	Federal Direct	NY0170	–	60,400
Total – U.S. Department of Social Security Administration				–	60,400
U.S. Department of Homeland Security					
EL Dorado – Joint Terrorism Task Force 2012	97.Unknown	Federal Direct	N/A	–	21,432
EL Dorado – Joint Terrorism Task Force 2013	97.Unknown	Federal Direct	N/A	–	1,835
ICE – Joint Operations Task Force – US Customs – SLOT-12	97.112-NY-1548	Federal Direct	112-NY-1548	–	7,345
ICE – Joint Operations Task Force – US Customs – SLOT-13	97.113-NY-1548	Federal Direct	113-NY-1548	–	20,933
Interoperable Emergency Communications Grant Program 2009	97.001	NYS DHSES	C-884295	–	754
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm #DR-NY-1869	–	17,891
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm #DR-NY-1692	–	2,223,714
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm #DR-4020 Hurricane Irene	–	2,751
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm #DR-NY-4020 Hurricane Irene	–	20,574
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm #EMNY-3328 Hurricane Irene	–	2,044
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm #DR-4020 Hurricane Irene	–	30,000

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2012

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	2012 Amount Provided to Sub-Recipients	2012 Expenditures
U.S. Department of Homeland Security (continued)					
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm #DR- 4020 Hurricane Irene	\$ –	\$ 64,351
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm #DR- 4020 Hurricane Irene	–	277,699
Total CFDA 97.036				–	2,639,024
Emergency Management Preparedness Grants – Local Emergency Management Planning Grant (LEMPG) 2012	97.042	NYS DHSES	N/A	–	213,620
Port Security Grant Program – Port Security 2008	97.056	Federal Direct	GB-T8-0051	–	907
Port Security Grant Program – Port Security 2009	97.056	Federal Direct	PU-T9-0152	–	3,346
Port Security Grant Program – Port Security 2010	97.056	Federal Direct	PU-T0-0132	–	844,022
Port Security Grant Program – Port Security 2011	97.056	Federal Direct	EMW-2011- PU-0132	–	196,432
Total CFDA 97.056				–	1,044,707
Homeland Security Grant Program – Urban Area Security Initiative 2007 (UASI)	97.067	NYS DHSES	C834073	–	174,560
Homeland Security Grant Program – Urban Area Security Initiative 2008 (UASI)	97.067	NYS DHSES	C834083	778	81,945
Homeland Security Grant Program – Urban Area Security Initiative 2009 (UASI)	97.067	NYS DHSES	C834093	15,268	383,222
Homeland Security Grant Program – Urban Area Security Initiative 2010 (UASI)	97.067	NYS DHSES	C834003	1,602	643,378
Homeland Security Grant Program – Urban Area Security Initiative 2011 (UASI)	97.067	NYS DHSES	C973713	–	4,500
Homeland Security Grant Program – State Homeland Security Planning 2007 (SHSP)	97.067	NYS DHSES	WM07834070	–	5,771
Homeland Security Grant Program – State Homeland Security Planning 2008 (SHSP)	97.067	NYS DHSES	WM08834080	–	109,495
Homeland Security Grant Program – State Homeland Security Planning 2008 (SHSP)- Bomb Initiative	97.067	NYS DHSES	WM08834081	–	1,050
Homeland Security Grant Program – State Homeland Security Planning 2009 (SHSP)	97.067	NYS DHSES	WM09834090	–	553,945
Homeland Security Grant Program – State Homeland Security Planning 2010 (SHSP)	97.067	NYS DHSES	WM09834000	–	299,240
Homeland Security Grant Program – State Homeland Security Planning 2011 (SHSP)	97.067	NYS DHSES	C973710	–	47,765
Homeland Security Grant Program – Citizens Corp Council 2009	97.067	NYS DHSES	N/A	3,150	6,427
Homeland Security Grant Program – Hazmat 2008	97.067	NYS DHSES	WM08884289	–	13,598
Homeland Security Grant Program – Hazmat 2009	97.067	NYS DHSES	WM09884299	–	10,970
Homeland Security Grant Program – Hazmat 2010	97.067	NYS DHSES	WM10193009	–	190

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2012

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	2012 Amount Provided to Sub-Recipients	2012 Expenditures
U.S. Department of Homeland Security (continued)					
Homeland Security Grant Program – Technical Rescue (USAR) 2010	97.067	NYS DHSES	WM10152809	\$ –	\$ 25,551
Homeland Security Grant Program – Law Enforcement Terrorism Prevention 2009-Bomb Initiative	97.067	NYS DHSES	WM09152891	–	79,482
Homeland Security Grant Program – State Law Enforcement Terrorism Prevention Program 2008 (SLETPP)	97.067	NYS DHSES	WM08834082	33,309	–
Homeland Security Grant Program – State Law Enforcement Terrorism Prevention Program 2009 (SLETPP)	97.067	NYS DHSES	C-834092	–	118,571
Homeland Security Grant Program – State Law Enforcement Terrorism Prevention Program 2010 (SLETPP)	97.067	NYS DHSES	C834002	–	330,170
Homeland Security Grant Program – State Law Enforcement Terrorism Prevention Program 2011 (SLETPP)	97.067	NYS DHSES	WM11973712	–	219,719
Homeland Security Grant Program – Explosive Detection Canine 2010	97.067	NYS DHSES	CP10-1016-E00	–	39,505
Homeland Security Grant Program – Operation Shield 11	97.067	NYS DHSES	C193090	65,320	69,632
Homeland Security Grant Program – Operation Shield 12	97.067	NYS DHSES	C193000	35,531	66,344
Homeland Security Grant Program – Law Enforcement Terrorism Prevention 2007 (LETPP)	97.067	NYS DHSES	WM07834072	–	99,217
Homeland Security Grant Program – Law Enforcement Terrorism Prevention 2007 (LETPP) Bomb Squad	97.067	NYS DHSES	WM07834071	–	44,377
Homeland Security Grant Program – Public Health Emergency Preparedness HRI Base (Bio Terr)	97.067	NYS DHSES	C-834094	–	96,991
Homeland Security Grant Program – Alpha Omega Tabletop	97.067	NYS DHSES	WM09152890	–	5,929
Total CFDA 97.067				154,958	3,531,544
Buffer Zone Protection Program – (BZPP) 2007	97.078	NYS DHSES	WM07152876	–	288,676
Buffer Zone Protection Program – (BZPP) 2009	97.078	NYS DHSES	WM09152896	–	194,000
Total CFDA 97.078				–	482,676
Staffing for Adequate Fire & Emergency Response (SAFER)	97.083	FEMA	EMW-2009-FF-00543	–	979,433
Staffing for Adequate Fire & Emergency Response (SAFER)	97.083	FEMA	EMW-2009-FF-00543	–	11,000
Total CFDA 97.083				–	990,433
Securing the Cities – 2009	97.106	NYC Police	N/A	–	46,444
ARRA Port Security Program	97.116	Federal Direct	PU-R1-0379	–	116,232
Total – U.S. Department of Homeland Security				154,958	9,116,979
Total – Expenditures of Federal Awards				\$ 21,543,455	\$ 319,454,007

County of Suffolk, New York

Schedule of Expenditures of State Transportation Assistance Awards

Year Ended December 31, 2012

State Grantor Program Title	State Contract # or CP#	2012 Expenditures
Suffolk County Department of Public Works		
Federal Transit Capital and Operating Assistance Formula Grants – § 5307	K006799	\$ 369,430
		<u>369,430</u>
State Transportation Operating Assistance (STOA)	STOA	22,100,900
LIE/HOV Express Bus Demo Project	C005011	104,831
		<u>22,205,731</u>
CHIPS – Consolidated Street & Highway Improvement Program	N/A	5,615,144
		<u>5,615,144</u>
NYS Department of Transportation: Highway Planning & Construction		
Closed Loop Traffic Signal System	D013802	63,965
Reconstruct CR67 Bridge	D011517	673,855
Reconstruct CR16	D010688	162,683
Reconstruct CR80	D010664	20,812
Reconstruct CR57	D010856	1,446,657
Feasibility Study CR39	D0135585	279,729
		<u>2,647,701</u>
Total Suffolk County Department of Public Works		<u>30,838,006</u>
Suffolk County Police Department		
LIE HOV Lane Enforcement Program	C032055	23,668
LIE HOV Construction	D033338	533,927
Total Suffolk County Police Department		<u>557,595</u>
Suffolk County Department of Economic Development—Airport		
NYS Aviation Division: Airport Improvement Project		
Rehab Runway 6-24 Phase II	K007029	18,491
Rehab Runway 6-24 Phase III	K007029	1,332
		<u>19,823</u>
Noise Berm	K006883	421
Installation of Camera System and Surveillance System	K007004	344,009
Total Suffolk County Department of Economic Development—Airport		<u>364,253</u>
Suffolk County Sheriff Department		
LIE HOV Lane Enforcement Program	C-032055	153,905
Total Suffolk County Sheriff Department		<u>153,905</u>
Total – Expenditures of State Transportation Assistance Awards		<u>\$ 31,913,759</u>

See accompanying notes.

Suffolk County, New York

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

Year Ended December 31, 2012

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 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, 2012 that related to prior fiscal years was \$2,639,024.

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, 2012 the County distributed \$15,644,071 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, 2012 the County received \$128,216 worth of voting machines from the NYS Board of Elections as part of the Help America Vote Act (CFDA # 90.401).

During the year ended December 31, 2012, the US Department of Agriculture assisted Suffolk County in the purchase of Development Rights (Shelter Island Farm). Funding in the amount of \$866,428 was paid directly to the seller (CFDA #10.913).

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 \$19,679,478 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, 2012, amounts provided to sub-recipients totaled \$21,543,455, 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.

Federal Agency	CFDA #	Name of Program	Expenditures
<i>Child Nutrition Cluster</i>			
USDA	10.553	School Breakfast Program	\$ 43,546
	10.555	National School Lunch Program	67,433
		Total Child Nutrition Cluster	\$ 110,979
<i>SNAP Cluster</i>			
USDA	10.561	State Administrative Matching Grants for Supplemental Nutrition Program (Administrative Costs)	\$ 13,691,423
		Total SNAP Cluster	\$ 13,691,423

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	\$ 3,432,100
	14.253	ARRA—Community Development Block Grants Entitlement Grants	60,906
		Total CDBG-Entitlement Grants Cluster	\$ 3,493,006
<i>CDBG—State Administered CDBG Cluster</i>			
HUD	14.228	Community Development Block Grants/State Program and Non-Entitlement Grants in Hawaii	\$ 255,536
		Total CDBG—State Administered Cluster	\$ 255,536
<i>JAG Program Cluster</i>			
DOJ	16.738	Edward Byrne Memorial Justice Assistance Grant Program	\$ 515,675
	16.803	ARRA—Edward Byrne Memorial JAG Program Grants to States and Territories	100,000
	16.804	ARRA—Edward Byrne Memorial JAG Program Grants to Units of Local Government	342,450
		Total JAG Program Cluster	\$ 958,125
<i>WIA Cluster</i>			
DOL	17.258	WIA Adult Program	\$ 2,762,506
	17.259	WIA Youth Activities	2,584,528
	17.278	WIA Dislocated Worker Formula Grants	3,384,673
		Total WIA Cluster	\$ 8,731,707
<i>Highway Planning and Construction Cluster</i>			
DOT	20.205	Highway Planning and Construction	\$ 25,009,884
		Total Highway Planning and Construction Cluster	\$ 25,009,884
<i>Federal Transit Cluster</i>			
DOT	20.500	Federal Transit Capital Investment Grants	\$ 635,810
	20.507	Federal Transit Formula Grants	2,358,849
		Total Federal Transit Cluster	\$ 2,994,659

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	\$ 418,818
	20.602	Occupant Protection Incentive Grants	11,869
		Total Highway Safety Cluster	\$ 430,687
<i>Early Intervention Services (IDEA) Cluster</i>			
ED	84.181	Special Education Grants for Infants & Families	\$ 1,022,827
		Total IDEA Cluster	\$ 1,022,827
<i>Aging Cluster</i>			
HHS	93.044	Special Programs for the Aging—Grants for Supportive Services and Senior Centers (Title III-B)	\$ 1,123,211
	93.045	Special Programs for the Aging—Nutrition Services (Title III-C)	2,277,093
	93.053	Nutrition Services Incentive Program (NSIP)	578,429
		Total Aging Cluster	\$ 3,978,733
<i>Immunization Cluster</i>			
HHS	93.268	Immunization Grants	\$ 288,096
		Total Immunization Cluster	\$ 288,096
<i>TANF Cluster</i>			
HHS	93.558	Temporary Assistance for Needy Families (TANF)	\$ 88,061,864
		Total TANF Cluster	\$ 88,061,864
<i>CCDF Cluster</i>			
HHS	93.575	Child Care and Development Block Grant	\$ 28,497,629
		Total CCDF Cluster	\$ 28,497,629
<i>Medicaid Cluster</i>			
HHS	93.778	Medical Assistance Program	\$ 32,040,977
		Total Medicaid Cluster	\$ 32,040,977
<i>Disability Insurance/ SSI Cluster</i>			
SSA	96.006	Supplemental Security Income—Social Security Administration Incentive Program	\$ 60,400
		Total Disability Insurance/SSI Cluster	\$ 60,400

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
GLICCC	Greater Long Island Clean Cities Coalition
NYC Police	New York City Police Department
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.
	New York State Department of Health – Office of Alcohol & Substance Abuse Services
NYS DOH – OASAS	
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
NYS UCS	New York State Unified Court System
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*

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, 2012, 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, 2013. 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.

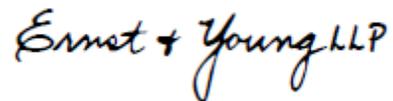
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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.

The image shows a handwritten signature in black ink that reads "Ernst + Young LLP". The signature is written in a cursive, flowing style.

June 27, 2013

Report of Independent Auditors on Compliance
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

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 of 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, 2012. 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 \$52,920,838 in federal awards which is not included in the schedule during the year ended December 31, 2012. 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, 2012.

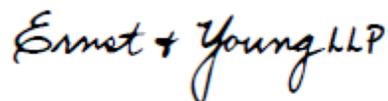
Report on Internal Control Over Compliance

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 20, 2013

Suffolk County, New York

Schedule of Findings and Questioned Costs

Year Ended December 31, 2012

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 (continued)

Year Ended December 31, 2012

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

Federal Awards Section (continued)

Identification of major programs:

CFDA No./ Grant No.	Funding Source	Program
10.557	U.S. Department of Agriculture	Special Supplemental Nutrition Program for Women, Infants and Children (WIC)
16.738, 16.803, 16.804	U.S. Department of Justice	JAG Program Cluster
16.922	U.S. Department of Justice	Equitable Sharing Program
21.000	U.S. Department of the Treasury	Federal Forfeiture Funds
84.181	U.S. Department of Education	Early Intervention Services (IDEA) Cluster
93.044, 93.045, 93.053	U.S. Department of Health and Human Services	Aging Cluster
93.558	U.S. Department of Health and Human Services	TANF Cluster
93.563	U.S. Department of Health and Human Services	Child Support Enforcement Title IV D, ARRA-Child Support Enforcement Title IV D
93.658	U.S. Department of Health and Human Services	Foster Care Title IV E, ARRA-Foster Care Title IV E
93.659	U.S. Department of Health and Human Services	Adoption Assistance Title IV E, ARRA-Adoption Assistance Title IV E
93.778	U.S. Department of Health and Human Services	Medicaid Cluster
93.959	U.S. Department of Health and Human Services	Block Grants for Prevention and Treatment of Substance Abuse
97.067	U.S. Department of Homeland Security	Homeland Security Grant Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$3,000,000

Auditee qualified as low-risk auditee?

Yes No

Suffolk County, New York

Schedule of Findings and Questioned Costs (continued)

Year Ended December 31, 2012

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

State Program Numbers	Name of State Program or Cluster
STOA	State Transportation Operating Assistance

Dollar threshold used to determine Type A programs: _____ \$957,412

Auditee qualified as low-risk auditee? ✓ Yes _____ No

Suffolk County, New York

Schedule of Findings and Questioned Costs (continued)

Year Ended December 31, 2012

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, 2012

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, 2011 and 2010

Federal Award Findings

Reference Number	Program CFDA Number and Name	Summary of Finding	Status
2011-01	CFDA 81.086 ARRA- Conservation Research and Development (passed through GLICCC)	SEFA reporting requirements and special tests and provisions for awards with ARRA funding –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)	SEFA reporting requirements –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.