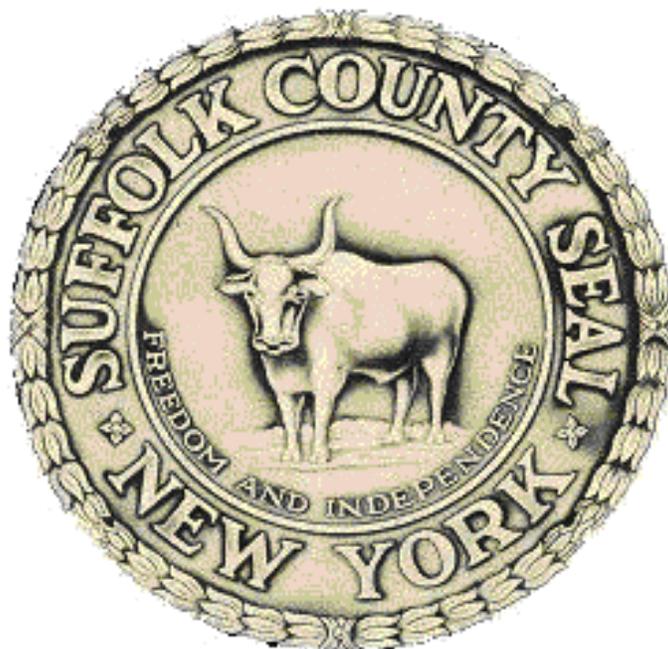


SUFFOLK COUNTY

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, 2014

JOHN M. KENNEDY, JR.
COMPTROLLER

Report No.: 2015-06 CPA

Suffolk County, New York

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

Year Ended December 31, 2014

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Report of Independent Auditors

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Suffolk County, New York (“the County”), as of and for the year ended December 31, 2014, 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 represents 100% of the County’s discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for such component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Suffolk County, New York, as of December 31, 2014, 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, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2015 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Ernst + Young LLP

June 29, 2015, except for the schedule of expenditures of federal and state transportation assistance awards for which the date is September 14, 2015

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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, 2014.

Financial Highlights

- The liabilities of Suffolk County exceeded its assets at the close of the most recent fiscal year by \$1,725,073,293 (deficit). This amount includes \$471,571,049 in restricted net position and is net of a deficit of \$3,822,114,751 in unrestricted net position. Also included as an offset is \$1,625,470,409 reported in net investment in capital assets.
- Suffolk County's total net position decreased by \$362,294,207.
- As of the close of the current fiscal year, Suffolk County's governmental funds reported combined fund balances of \$393,525,532, a decrease of \$10,061,592 in comparison with the prior year. Of this amount, a fund balance of \$140,317,933 is classified within the spendable fund balance categories: restricted of \$471,571,049 and an unassigned deficit of \$331,253,116.
- At the end of the current fiscal year, the unassigned fund deficit for the general fund was \$255,683,799.
- Suffolk County's total bonded debt increased by \$2,368,901 (.14 percent) during the current fiscal year.

Overview of the Financial Statements

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

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

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

The statement of net position presents information on all of Suffolk County's assets and deferred outflows of resources, and liabilities, and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Suffolk County is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash

flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

Both of the government-wide financial statements distinguish functions of Suffolk County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Suffolk County include general government support, economic assistance and opportunity, public safety, culture and recreation, health, education, home and community services and transportation. The business-type activities of Suffolk County include the John J. Foley Skilled Nursing Facility, Francis S. Gabreski Airport, and the Suffolk County Ball Park.

The government-wide financial statements include not only Suffolk County itself (known as the primary government), but also a legally separate community college (Suffolk County Community College), a legally separate off-track betting public benefit corporation (Suffolk Regional Off-Track Betting Corporation), a legally separate industrial development public benefit corporation (Suffolk County Industrial Development Agency), and a legally separate not-for-profit local development corporation (Suffolk County Economic Development Corporation) for which Suffolk County is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The Suffolk Tobacco Asset Securitization Corp. (STASC), the Judicial Facilities Agency and the Suffolk County Landbank Corp. although also legally separate, function for all practical purposes, as a department of Suffolk County, and therefore, has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 18-21 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Suffolk County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Suffolk County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spending resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances

provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Suffolk County reports 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 non-major governmental funds are combined into a single aggregated presentation. Individual fund data for each of these 48 non-major governmental funds is provided in the form of combining statements, which is included with the Combining and Individual Fund Statements and Schedules.

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

The basic governmental fund financial statements can be found on pages 22-29 of this report.

Proprietary funds. Suffolk County maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Suffolk County uses enterprise funds to account for the Suffolk County Ball Park, Francis S. Gabreski Airport, and the John J. Foley Skilled Nursing Facility.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 30-32 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 34-35 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 39-83 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As the following table demonstrates, the County's liabilities and deferred inflows exceeded its assets and deferred outflows by \$1,725,073,293 at the close of the most recent fiscal year.

A summary of the County's net position for 2014 is presented below, together with comparative 2013 information.

	Suffolk County's Net Position					
	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 1,666,689,398	\$ 1,576,446,933	\$ 3,367,284	\$ 1,275,440	\$ 1,670,056,682	\$ 1,577,722,373
Capital assets	2,924,076,813	2,855,226,434	54,121,324	55,102,993	2,978,198,137	2,910,329,427
<u>Total assets</u>	<u>4,590,766,211</u>	<u>4,431,673,367</u>	<u>57,488,608</u>	<u>56,378,433</u>	<u>4,648,254,819</u>	<u>4,488,051,800</u>
Total deferred outflows of resources	-	-	3,957	5,203	3,957	5,203
Long term liabilities outstanding	5,099,263,948	4,690,263,125	10,600,266	10,922,166	5,109,864,214	4,701,185,291
Other liabilities	1,256,772,733	1,142,438,428	1,717,999	3,212,101	1,258,490,732	1,145,650,529
<u>Total liabilities</u>	<u>6,356,036,681</u>	<u>5,832,701,553</u>	<u>12,318,265</u>	<u>14,134,267</u>	<u>6,368,354,946</u>	<u>5,846,835,820</u>
Total deferred inflows of resources	4,926,011	3,945,762	51,112	54,507	4,977,123	4,000,269
<u>Net position:</u>						
Net investment in capital assets	1,579,036,425	1,503,032,198	46,433,984	46,797,929	1,625,470,409	1,549,830,127
Restricted	471,571,049	462,727,570	-	-	471,571,049	462,727,570
Unrestricted	(3,820,803,955)	(3,370,733,716)	(1,310,796)	(4,603,067)	(3,822,114,751)	(3,375,336,783)
<u>Total net position</u>	<u>\$ (1,770,196,481)</u>	<u>\$ (1,404,973,948)</u>	<u>\$ 45,123,188</u>	<u>\$ 42,194,862</u>	<u>\$ (1,725,073,293)</u>	<u>\$ (1,362,779,086)</u>

Net position includes \$1,625,470,409 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, \$471,571,049, 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 \$3,822,114,751 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	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$280,063,902	\$290,463,342	\$3,110,918	\$11,580,177	\$283,174,820	\$302,043,519
Operating grants and contributions	546,968,181	564,849,534	1,898,025	8,219,668	548,866,206	573,069,202
Capital grants and contributions	55,509,137	44,581,352	691,644	16,369,538	56,200,781	60,950,890
General revenues:						
Property taxes	671,896,463	657,848,237	-	-	671,896,463	657,848,237
Sales and use tax	1,317,106,569	1,298,083,810	-	-	1,317,106,569	1,298,083,810
Other, net	43,229,148	42,140,032	206,106	135,622	43,435,254	42,275,654
Total revenues	2,914,773,400	2,897,966,307	5,906,693	36,305,005	2,920,680,093	2,934,271,312
Expenses:						
General government	429,319,670	257,684,485	-	-	429,319,670	257,684,485
Economic assistance and opportunity	798,167,276	775,432,592	-	-	798,167,276	775,432,592
Health	217,766,707	222,041,117	-	-	217,766,707	222,041,117
Public safety	1,293,726,055	1,233,514,068	-	-	1,293,726,055	1,233,514,068
Culture and recreation	40,590,952	38,589,173	-	-	40,590,952	38,589,173
Education	174,812,588	179,615,133	-	-	174,812,588	179,615,133
Home and community services	103,211,560	103,907,713	-	-	103,211,560	103,907,713
Transportation	149,154,935	157,877,940	-	-	149,154,935	157,877,940
Skilled nursing	-	-	2,254,283	15,852,897	2,254,283	15,852,897
Ball park	-	-	577,665	864,693	577,665	864,693
Gabreski airport	-	-	2,901,549	2,676,990	2,901,549	2,676,990
Interest on long term debt	70,491,060	69,180,057	-	-	70,491,060	69,180,057
Total expenses	3,277,240,803	3,037,842,278	5,733,497	19,394,580	3,282,974,300	3,057,236,858
Change in net position						
before transfers	(362,467,403)	(139,875,971)	173,196	16,910,425	(362,294,207)	(122,965,546)
Transfers	(2,755,130)	(36,716,393)	2,755,130	36,716,393	-	-
Change in net position	(365,222,533)	(176,592,364)	2,928,326	53,626,818	(362,294,207)	(122,965,546)
Net position - beginning	(1,404,973,948)	(1,228,381,584)	42,194,862	(11,431,956)	(1,362,779,086)	(1,239,813,540)
Net position - ending	(\$1,770,196,481)	(\$1,404,973,948)	\$45,123,188	\$42,194,862	(\$1,725,073,293)	(\$1,362,779,086)

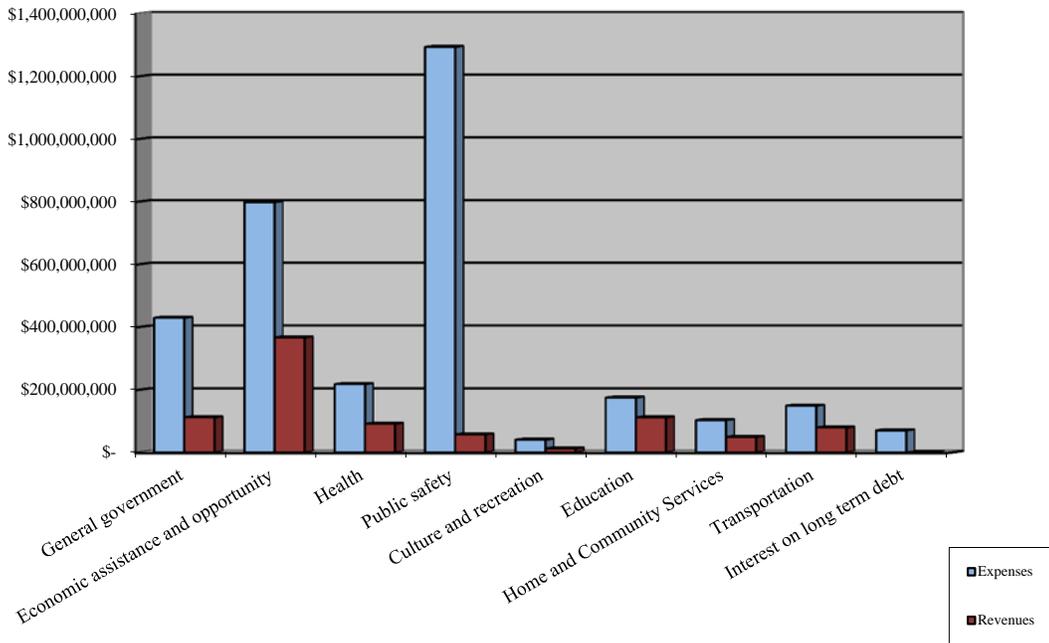
The County's net position decreased by \$362,294,207 during the current fiscal year. Key elements of the decrease are as follows:

- The liability accrual for other post-employment benefits (OPEB), required by GASB 45, increased by \$304 million in 2014.
- The liability accrual for NYS Retirement System increased by \$72 million which is attributable to the County's participated in the NYS contribution stabilization program. In 2014 the County amortized \$87 million in pension costs under this program and repaid amortization amounts from prior year participation in the amount of \$15 million.
- Property taxes increased \$14.1 million as a result of the increase in the 2014 Police District tax warrant.

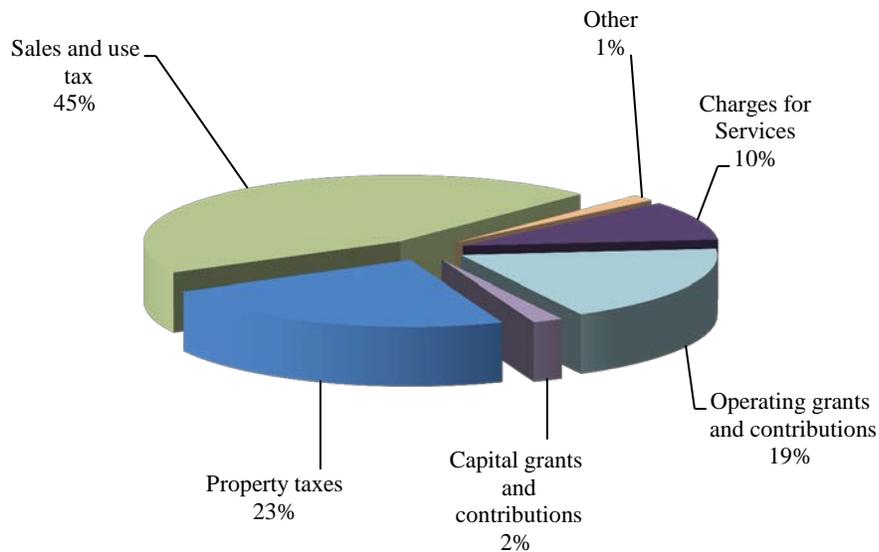
Governmental activities. Governmental activities decreased the County's net position by \$365,222,533. The key factors of the decrease were the liability accrual of \$303.2 million for OPEB and the liability accrual for the NYS contribution stabilization program in the amount

of \$72 million. The increases in expenditures were offset by an increase in property tax revenue of \$14.1 million.

Expenses and Program Revenues-Governmental Activities

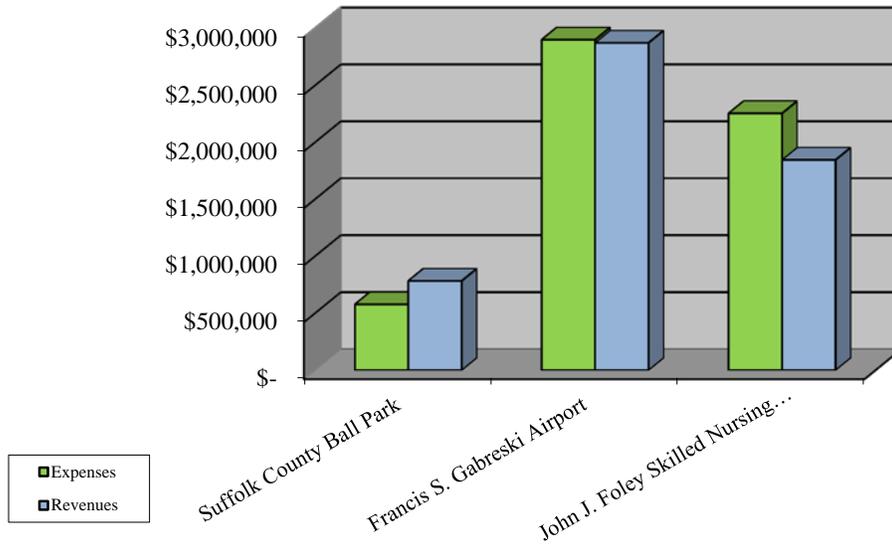


Revenues by Source-Governmental Activities

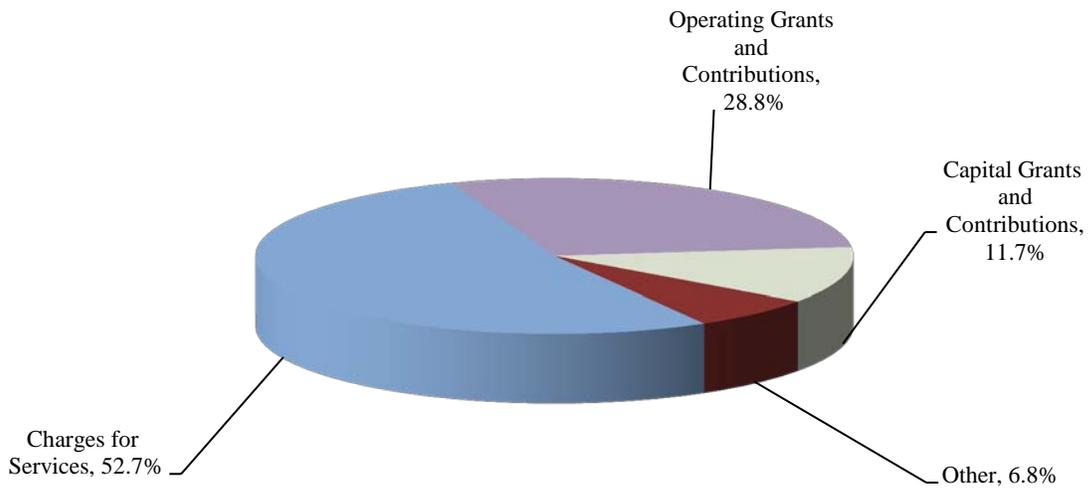


Business-type activities. Business-type activities increased the County’s net position by \$2,928,326. The increase resulted from a post-closure NYS Health Department Medicaid distribution to the John J. Foley Skilled Nursing Facility (Foley).

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 \$393,525,532, a decrease of \$10,061,592 in comparison with the prior year. The County categorizes this fund balance by spendable fund balance of (\$140,317,933) and non-spendable fund balance (\$253,207,599). 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, \$471,571,049 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 (\$310,602,800), (2) Transportation (\$53,812,451), (3) Environmental protection (\$22,475,998), and (4) Debt service (\$22,178,945).

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 \$255,683,799 while total fund balance amounted to a deficit totaling \$212,859,828.

The fund balance of Suffolk County's general fund decreased by \$19,040,146. The decline is driven by under-performing sales tax revenues, in the amount of \$27 million from budget projections, as a result of weather conditions in the last quarter of 2014, offset by a decrease in probation costs related to retroactive rate reductions for juvenile offenders housed in NYS facilities.

The police district fund has a total fund deficit of \$59,487,443. The police district total fund deficit increased slightly during the current year by \$129,607.

The capital fund has a total fund balance of \$112,291,062. The capital fund total fund balance increased during the current year by \$14,927,411. The increase is mainly attributable to the receipt of Federal funding for a number of ongoing County road improvement projects.

The Suffolk Tobacco Asset Securitization Corporation (STASC) is a blended component unit of the County and had a fund balance of \$230,218,494. The fund balance of STASC decreased by \$7,375,657. The decrease is attributed to the annual amortization of the deferred outflows of resources; to account for the purchase of Suffolk County's future rights to Tobacco Settlement Revenues (TSR) in compliance with GASB 48.

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

Unrestricted net position/ (deficit) of the Suffolk County Ball Park, Francis S. Gabreski Airport, and John J. Foley Skilled Nursing Facility at the end of the year amounted to \$1,793,118, (\$3,103,914), and \$0 respectively. The Suffolk County Ball Park had an increase of \$411,449, Francis S. Gabreski Airport had an increase of \$636,183 and John J. Foley Skilled Nursing Facility had an increase of \$2,244,639.

General Fund Budgetary Basis Highlights

Differences between the original and final amended budget for expenditures resulted in a slight decrease of .95 percent, (\$17.1 million decrease in appropriations) and can be briefly summarized as follows:

- \$8.8 million decrease to education as a result of decreased costs in the County's mandated Children with Special Needs program. Although enrollment in the program remained constant over 2013, savings were realized as a result of a new payment system implemented by NYS Department of Health, which allows the County to be the secondary reimburse after Medicaid and third party insurance plans. Additional savings in this program were recognized from rebidding transportation contracts and rezoning and reducing bus routes for program participants.
- \$5.4 million decrease in general government support primarily relating to 2014 indigent legal services cases which are being budgeted as a three year plan.
- \$4.4 million decrease in public safety resulting from a decline in probation and fire rescue and emergency services. Savings were realized in fire rescue and emergency services by entering into a contract with the Suffolk County Vocational Education and Extension Board to provide firefighter training programs and eliminating the budget for ten full-time positions. Probation also reduced budgetary costs related to contractual services in 2014.
- \$1.7 million increase to employee benefits related to an increase in the pension payment on a budgetary basis.

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 (\$21,261,342). The major variances resulting in this increase were attributable to the following:

- Revenues under budget:
 - Sales tax in the amount of \$27 million, driven by a decline in consumer spending because of the harsh 2014 fall and winter.
 - Federal and New York State Aid of \$15 million combined.
- Expenditures under budget:
 - Expenditures in the Children with Special Needs program were reported \$8 million lower than budgeted as a result of a change in the County's status as the primary cost reimbursement to a secondary reimbursement and reduced transportation costs.

- Probation costs related to economic assistance (\$6.4 million) related to a retroactive rate adjustment for Counties placing youthful offenders in NYS Office for Children and Families facilities.
- Payroll costs for the Sheriff's Department of \$5.9 million expected to be paid as a result of the Correction Officer's labor union contract. However, the recently settled contract includes terms which allow the retroactive salary increases to be paid to employees at separation.

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, 2014, amounts to \$2,978,198,137 (net of accumulated depreciation). This investment in capital assets includes land, development rights, buildings, improvements, vehicles and equipment, roads, bridges, and sewer facilities. The total net increase in the County's investment in capital assets for the current fiscal year was 2.33 percent (a 2.41 percent increase for governmental activities and a 1.78 percent decrease for business-type activities).

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

- Phases I and II of the new civil court building addition, courthouse annex renovations, and three other court building renovations at the County Civil Court Complex in Riverhead were completed in 2012 for a total cost of \$44,941,369. The total cost of renovations is estimated at \$50,095,000. Phase III exterior renovations of three older court buildings are projected to be completed in 2015. Construction in progress for Phase III as of the close of the fiscal year reached \$6,658,541. A total of \$1,584,934 was spent in 2014. Energy savings and prolonged life are anticipated within the renovated sections of the Court Complex.
- Land and farmland development rights were acquired during 2014 pursuant to various land preservation and protection programs at a cost of \$8.8 million (\$4.1 million and \$4.7 million, respectively).
- Various road construction projects to strengthen and expand the County's existing roadways began or continued in 2014. Construction in progress as of the close of the fiscal year reached \$50.3 million. A total of \$27.9 million was spent in 2014. In addition, \$110.0 million was transferred to road infrastructure upon completion of the construction projects during 2014.
- Various sewer system construction projects began or continued in 2014. Construction in progress as of the close of the fiscal year reached \$129.4 million. A total of \$35.2 million was spent in 2014.

Suffolk County's Capital Assets

(net of depreciation)

	Governmental		Business-type		Totals	
	activities		activities			
	2014	2013	2014	2013	2014	2013
Land	\$ 865,736,920	\$ 861,623,565	\$ 22,092,831	\$ 22,092,831	\$ 887,829,751	\$ 883,716,396
Development rights	248,030,770	243,314,624	-	-	248,030,770	243,314,624
Historic buildings	4,607,607	4,607,607	-	-	4,607,607	4,607,607
Buildings	644,076,046	654,058,987	12,405,062	12,886,557	656,481,108	666,945,544
Improvements other than buildings	35,534,371	29,723,295	18,768,906	16,091,378	54,303,277	45,814,673
Vehicles and equipment	120,849,430	116,119,855	318,243	362,736	121,167,673	116,482,591
Infrastructure	752,280,857	655,954,253	-	-	752,280,857	655,954,253
Construction in progress	252,960,812	289,824,248	536,282	3,669,491	253,497,094	293,493,739
Total	\$ 2,924,076,813	\$ 2,855,226,434	\$ 54,121,324	\$ 55,102,993	\$ 2,978,198,137	\$ 2,910,329,427

Additional information on Suffolk County's capital assets can be found in note III.C., on pages 62-65 of this report.

Long-term debt. At the end of the current year, Suffolk County had total bonded debt outstanding of \$1,754,916,521. The general obligation bonds are backed by the full faith and credit of the County. STASC series 2008 and 2012 asset-backed bonds issued by the Corporation as well as JFA series 2013 lease revenue bonds are not backed by the full faith and credit of the County.

**Suffolk County's Outstanding Debt
Bonds**

	Governmental		Business-type		Totals	
	activities		activities			
	2014	2013	2014	2013	2014	2013
General obligation debt	\$ 1,200,484,121	\$ 1,232,081,056	\$ 7,335,930	\$ 8,075,377	\$ 1,207,820,051	\$ 1,240,156,433
Advance refunding debt	174,459,238	138,078,935	1,790,250	1,603,861	176,249,488	139,682,796
STASC	303,022,560	302,718,163	-	-	303,022,560	302,718,163
Lease revenue bonds	67,824,422	69,990,228	-	-	67,824,422	69,990,228
Total bonds payable	\$ 1,745,790,341	\$ 1,742,868,382	\$ 9,126,180	\$ 9,679,238	\$ 1,754,916,521	\$ 1,752,547,620

Suffolk County's total bonded debt increased during the current fiscal year by \$2,368,901 (.14 percent).

Suffolk County maintains an "A+" with a negative outlook rating from Standard & Poor's, an "A" with a stable outlook rating from Fitch and an "A3" with a stable outlook rating from Moody's for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7 percent of the average full valuation of taxable real estate of the County for the most recent five-year period. The current debt limitation for Suffolk County is \$18,207,009,197 which is significantly in excess of Suffolk County's outstanding general obligation debt. The County has \$471,824,000 in bonds authorized, but unissued.

Additional information on Suffolk County's long-term debt can be found in note III.G., on pages 69-76 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Suffolk County is currently 5.3 percent, which is a decrease from a rate of 6.5 percent a year ago. This compares favorably to the state's average unemployment rate of 6.3 percent and the national average rate of 6.2 percent.
- The vacancy rate of office properties located in the County over the past three years is 14.9, 16.3 and 18.8 percent for years 2012, 2013 and 2014, respectively.
- During 2014, inflationary trends in the region were slightly higher than national indices. The annual 2014 NY metro area regional Consumer Price Index (CPI) was 1.3 percent, whereas the U.S. city annual CPI was 1.6 percent.

All of these factors were considered in preparing the County's budget for the 2015 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.

BASIC FINANCIAL STATEMENTS

SUFFOLK COUNTY, NEW YORK

Statement of Net Position

December 31, 2014

	Primary Government			Component Units
	Governmental Activities	Business - Type Activities	Totals	
Assets				
Current assets:				
Cash and cash equivalents	\$ 822,738,906	\$ 4,354,739	\$ 827,093,645	\$ 74,733,680
Investments	16,436,338	-	16,436,338	15,520,103
Property tax receivable, net of allowance for estimated uncollectibles of \$ 14,710,391	238,337,428	-	238,337,428	-
Accounts receivable, net	-	-	-	4,398,146
Due from:				
New York State and federal sources:				
Programs of assistance	109,952,977	-	109,952,977	-
Grants-in-aid	131,354,657	1,031,496	132,386,153	-
Sales tax	141,135,952	-	141,135,952	-
Other	-	-	-	10,729,272
Towns	149,120,119	-	149,120,119	-
Component units	7,794,604	-	7,794,604	-
Internal balances	13,638,035	(13,638,035)	-	-
Other receivables	36,164,153	81,768	36,245,921	2,532,600
Prepays	16,229	-	16,229	-
Total current assets	<u>1,666,689,398</u>	<u>(8,170,032)</u>	<u>1,658,519,366</u>	<u>107,913,801</u>
Noncurrent assets:				
Restricted:				
Cash and cash equivalents	-	-	-	599,886
Investments	-	-	-	3,113,581
Other receivables	-	37,316	37,316	-
Assets held for sale	-	11,500,000	11,500,000	-
Capital assets:				
Nondepreciable	1,371,336,109	22,629,113	1,393,965,222	43,381,711
Depreciable, net	1,552,740,704	31,492,211	1,584,232,915	136,176,758
Other	-	-	-	144,317
Total noncurrent assets	<u>2,924,076,813</u>	<u>65,658,640</u>	<u>2,989,735,453</u>	<u>183,416,253</u>
Total assets	<u>4,590,766,211</u>	<u>57,488,608</u>	<u>4,648,254,819</u>	<u>291,330,054</u>
Deferred outflows of resources				
Deferred charge on refundings	-	3,957	3,957	275,321
Total deferred outflows of resources	<u>-</u>	<u>3,957</u>	<u>3,957</u>	<u>275,321</u>

(Continued)

SUFFOLK COUNTY, NEW YORK

Statement of Net Position

December 31, 2014

	Primary Government			Component Units
	Governmental Activities	Business - Type Activities	Totals	
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 419,714,392	\$ 880,566	\$ 420,594,958	\$ 30,641,305
Contract retainage payable	5,040,352	986	5,041,338	-
Accrued interest payable	12,683,771	-	12,683,771	-
Notes payable	595,000,000	-	595,000,000	-
Due to:				
Component units	12,766	-	12,766	-
Primary government	-	-	-	9,026,651
Unearned tax revenue	-	13,217	13,217	-
Unearned revenue, restricted	10,832,407	-	10,832,407	20,238,689
Current portion of noncurrent liabilities:				
Accumulated vacation and sick leave	22,156,659	-	22,156,659	3,018,248
Estimated liability for claims	39,928,102	-	39,928,102	-
Obligations under capital leases	467,718	-	467,718	-
Mortgage payable	-	-	-	160,017
Long-term obligations	126,630,284	823,230	127,453,514	4,875,157
Due to NYS retirement system	24,306,282	-	24,306,282	1,260,592
Total current liabilities	<u>1,256,772,733</u>	<u>1,717,999</u>	<u>1,258,490,732</u>	<u>69,220,659</u>
Noncurrent liabilities:				
Funds held in trust	-	37,316	37,316	-
Accumulated vacation and sick leave	428,000,713	-	428,000,713	27,663,735
Estimated liability for claims	567,298,534	-	567,298,534	-
Building loan	-	-	-	11,614,779
Prepetition claims	-	-	-	13,955,905
Obligations under capital leases	1,046,031	-	1,046,031	-
Mortgage payable	-	-	-	3,149,069
Long-term obligations	1,619,160,057	8,302,950	1,627,463,007	55,305,474
Due to NYS retirement system	162,638,613	-	162,638,613	-
Obligation for postemployment benefits other than pensions	2,321,120,000	2,260,000	2,323,380,000	240,764,537
Other long-term debt	-	-	-	300,209
Total noncurrent liabilities	<u>5,099,263,948</u>	<u>10,600,266</u>	<u>5,109,864,214</u>	<u>352,753,708</u>
Total liabilities	<u>6,356,036,681</u>	<u>12,318,265</u>	<u>6,368,354,946</u>	<u>421,974,367</u>
Deferred inflows of resources				
Deferred gain on refundings	4,926,011	51,112	4,977,123	-
Deferred amounts on NYS TAP	-	-	-	5,817,291
Total deferred inflows of resources	<u>4,926,011</u>	<u>51,112</u>	<u>4,977,123</u>	<u>5,817,291</u>

(Continued)

SUFFOLK COUNTY, NEW YORK

Statement of Net Position

December 31, 2014

	Primary Government			Component Units
	Governmental Activities	Business - Type Activities	Totals	
Net Position				
Net investment in capital assets	\$ 1,579,036,425	\$ 46,433,984	\$ 1,625,470,409	\$ 117,864,665
Restricted for:				
Capital projects	-	-	-	15,082,877
General government support	20,704,651	-	20,704,651	-
Economic assistance & opportunity	2,262,635	-	2,262,635	-
Health	121,775	-	121,775	-
Public Safety	20,594,567	-	20,594,567	-
Culture and recreation	7,248,724	-	7,248,724	-
Education	10,428,165	-	10,428,165	-
Home and community services	310,602,800	-	310,602,800	-
Transportation	53,812,451	-	53,812,451	-
Employee health claims	194,814	-	194,814	-
Debt service	22,178,945	-	22,178,945	-
Environmental protection	22,475,998	-	22,475,998	-
Retirement contribution	208	-	208	-
Tourism and recreation	945,316	-	945,316	-
Unrestricted (deficit)	(3,820,803,955)	(1,310,796)	(3,822,114,751)	(269,133,825)
Total net position	<u>\$ (1,770,196,481)</u>	<u>\$ 45,123,188</u>	<u>\$ (1,725,073,293)</u>	<u>\$ (136,186,283)</u>

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

SUFFOLK COUNTY, NEW YORK
Statement of Activities
For the Year Ended December 31, 2014

Functions/Programs	Net (Expenses) Revenue and Changes in Net Position						Component Units
	Program Revenues		Primary Government		Total		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities		
Primary Government:							
Governmental activities:							
General government support	\$ 429,319,670	\$ 10,380,545	\$ -	\$ (317,055,874)	\$ -	\$ (317,055,874)	\$ -
Economic assistance and opportunity	798,167,276	332,556,880	-	(431,238,426)	-	(431,238,426)	-
Health	217,766,707	64,858,488	-	(126,385,421)	-	(126,385,421)	-
Public safety	1,293,726,055	21,069,287	3,526,867	(1,235,981,152)	-	(1,235,981,152)	-
Culture and recreation	40,590,952	1,589,366	343,843	(27,385,681)	-	(27,385,681)	-
Education	174,812,588	76,271,752	20,128,704	(63,029,811)	-	(63,029,811)	-
Home and community services	103,211,560	6,654,118	6,452,313	(53,428,846)	-	(53,428,846)	-
Transportation	149,154,935	33,587,745	25,057,410	(69,703,312)	-	(69,703,312)	-
Interest on long-term debt	70,491,060	-	-	(70,491,060)	-	(70,491,060)	-
Total governmental activities	3,277,240,803	546,968,181	55,509,137	(2,394,699,583)	-	(2,394,699,583)	-
Business-type activities:							
John J. Foley Skilled Nursing Facility	2,254,283	1,898,025	-	-	(210,576)	(210,576)	-
Suffolk County Ball Park	577,665	-	-	-	205,699	205,699	-
Francis S. Gabreski Airport	2,901,549	-	691,644	-	(28,033)	(28,033)	-
Total business-type activities	5,733,497	1,898,025	691,644	-	(32,910)	(32,910)	-
Total primary government	\$ 3,282,974,300	\$ 548,866,206	\$ 56,200,781	\$ (2,394,699,583)	\$ (32,910)	\$ (2,394,732,493)	\$ -
Component units:							
Suffolk County Community College	\$ 251,826,627	\$ 4,983,709	\$ -	\$ -	\$ -	\$ -	\$ (159,894,218)
Suffolk Regional Off-Track Betting Corp	32,939,026	-	-	-	-	-	(5,468,798)
Suffolk County Industrial Development	1,323,857	-	-	-	-	-	(723,371)
Suffolk County Economic Development	26,611	-	-	-	-	-	575,419
Total Component units	\$ 286,116,121	\$ 4,983,709	\$ -	\$ -	\$ -	\$ -	\$ (165,510,968)
General Revenues:							
Taxes:							
Real property taxes				\$ 671,896,463	\$ -	\$ 671,896,463	\$ -
Sales and use tax				1,317,106,569	-	1,317,106,569	-
Payment from primary government				-	-	-	45,593,635
Grants and contributions not restricted to specific programs				-	-	-	85,218,594
Interest on investments				4,752,842	17,655	4,770,497	2,888,926
Miscellaneous				38,476,306	188,451	38,664,757	-
Transfers				(2,755,130)	2,755,130	-	-
Total General revenues, special items, and transfers				2,029,477,050	2,961,236	2,032,438,286	133,701,155
Change in net position				(365,222,533)	2,928,326	(362,294,207)	(31,809,813)
Net position at beginning of year as previously reported				(1,404,973,948)	42,194,862	(1,362,779,086)	(104,376,470)
Net position at end of year				\$ (1,770,196,481)	\$ 45,123,188	\$ (1,725,073,293)	\$ (136,186,283)

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

SUFFOLK COUNTY, NEW YORK

Balance Sheet

Governmental Funds

December 31, 2014

	General	Police District	Capital	Suffolk Tobacco Asset Securitization Corp.	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 262,847,810	\$ 32,586	\$ 114,176,107	\$ 3,209,506	\$ 442,472,897	\$ 822,738,906
Investments	-	-	-	16,436,338	-	16,436,338
Property tax receivable, net of allowance for estimated uncollectibles of \$ 14,710,391	238,337,428	-	-	-	-	238,337,428
Due from:						
New York State and federal sources:						
Programs of assistance	92,896,389	-	-	-	17,056,588	109,952,977
Grants-in-aid	86,341,077	1,094,273	36,414,951	-	7,504,356	131,354,657
Sales tax	133,545,379	-	-	-	7,590,573	141,135,952
Towns	149,120,119	-	-	-	-	149,120,119
Other funds	199,454,037	35,739,630	42,835,497	-	145,135,572	423,164,736
Component units	7,794,604	-	-	-	-	7,794,604
Other receivables	29,233,386	202,240	329,608	-	6,335,721	36,100,955
Total assets	<u>1,199,570,229</u>	<u>37,068,729</u>	<u>193,756,163</u>	<u>19,645,844</u>	<u>626,095,707</u>	<u>2,076,136,672</u>
Deferred outflows of resources						
Purchase of future tobacco revenues	-	-	-	210,578,650	-	210,578,650
Total deferred outflows of resources	-	-	-	<u>210,578,650</u>	-	<u>210,578,650</u>
Total assets and deferred outflows of resources	<u>\$ 1,199,570,229</u>	<u>\$ 37,068,729</u>	<u>\$ 193,756,163</u>	<u>\$ 230,224,494</u>	<u>\$ 626,095,707</u>	<u>\$ 2,286,715,322</u>
Liabilities						
Accounts payable and accrued liabilities	\$ 276,811,067	\$ 75,199,361	\$ 31,347,531	\$ 6,000	\$ 35,756,650	\$ 419,120,609
Contract retainage payable	5,919	-	2,983,705	-	2,050,728	5,040,352
Notes payable	595,000,000	-	-	-	-	595,000,000
Due to:						
Other funds	89,299,528	14,100,254	43,208,792	-	264,723,370	411,331,944
Component units	12,766	-	-	-	-	12,766
Unearned revenue	13,417,984	222,053	3,925,073	-	24,765	17,589,875
Total liabilities	<u>974,547,264</u>	<u>89,521,668</u>	<u>81,465,101</u>	<u>6,000</u>	<u>302,555,513</u>	<u>1,448,095,546</u>
Deferred inflows of resources						
Unavailable revenue - property taxes	222,296,193	-	-	-	-	222,296,193
Unavailable revenue - government receivables	14,024,643	-	-	-	-	14,024,643
Sale of future tobacco revenues	201,561,957	7,034,504	-	-	176,947	208,773,408
Total deferred inflows of resources	<u>437,882,793</u>	<u>7,034,504</u>	<u>-</u>	<u>-</u>	<u>176,947</u>	<u>445,094,244</u>
Fund balances (deficits)						
Nonspendable:						
Land held for sale	42,628,949	-	-	-	-	42,628,949
Deferred charges	-	-	-	210,578,650	-	210,578,650
Prepays	-	-	-	-	-	-
Restricted for:						
General government support	-	-	10,070,827	-	10,633,824	20,704,651
Economic assistance and opportunity	-	-	2,262,635	-	-	2,262,635
Health	-	-	121,775	-	-	121,775
Public safety	-	-	10,110,713	-	10,483,854	20,594,567
Culture and recreation	-	-	7,248,724	-	-	7,248,724
Education	-	-	10,428,165	-	-	10,428,165
Home and community services	-	-	18,235,772	-	292,367,028	310,602,800
Transportation	-	-	53,812,451	-	-	53,812,451
Employee Health Claims	194,814	-	-	-	-	194,814
Debt service	-	-	-	19,639,844	2,539,101	22,178,945
Environmental protection	-	-	-	-	22,475,998	22,475,998
Retirement contribution	208	-	-	-	-	208
Tourism and recreation	-	-	-	-	945,316	945,316
Unassigned	(255,683,799)	(59,487,443)	-	-	(16,081,874)	(331,253,116)
Total fund balances	<u>(212,859,828)</u>	<u>(59,487,443)</u>	<u>112,291,062</u>	<u>230,218,494</u>	<u>323,363,247</u>	<u>393,525,532</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,199,570,229</u>	<u>\$ 37,068,729</u>	<u>\$ 193,756,163</u>	<u>\$ 230,224,494</u>	<u>\$ 626,095,707</u>	<u>\$ 2,286,715,322</u>

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

SUFFOLK COUNTY, NEW YORK
Reconciliation of the Balance Sheet
To the Statement of Net Position
December 31, 2014

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		\$ 393,525,532
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		2,924,076,813
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Accrued Liabilities	\$ (593,783)	
Accumulated vacation and sick leave	(450,157,372)	
Estimated liability for claims	(607,226,636)	
Obligations under capital leases-long term	(1,513,749)	
Interest Payables	(12,683,771)	
Long-term obligations	(1,745,790,341)	
Amortization of deferred amount	11,331,257	
Amortization of premium	(16,257,268)	
Due to NYS retirement system	(186,944,895)	
Obligation for postemployment benefits other than pensions	<u>(2,321,120,000)</u>	
Total long-term liabilities		(5,330,956,558)
Certain revenues are earned but not collected at year-end and therefore are reported as deferred inflows of resources in the governmental funds balance sheets.		243,078,304
Certain expenditures are considered prepaid to match expenses with the period to which it relates.		16,229
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		63,199
Net position of governmental activities		<u><u>\$ (1,770,196,481)</u></u>

SUFFOLK COUNTY, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2014

	General	Police District	Capital	Suffolk Tobacco Asset Securitization Corp.	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Real property taxes	\$ 86,391,557	\$ 501,409,359	\$ -	\$ -	\$ 75,612,415	\$ 663,413,331
Sales and use tax	1,135,902,230	90,650,994	-	-	90,553,345	1,317,106,569
New York State aid	240,011,489	1,491,923	27,082,135	-	37,211,179	305,796,726
Federal aid	221,187,408	1,567,396	21,645,191	-	39,458,880	283,858,875
Licenses, permits, fines, fees, etc.	142,047,312	1,784,338	-	-	110,774,415	254,606,065
Interest on investments	3,254,697	7,446	-	823,187	667,512	4,752,842
Miscellaneous	67,863,282	742,236	13,885,549	21,209,208	409,175	104,109,450
Total revenues	<u>1,896,657,975</u>	<u>597,653,692</u>	<u>62,612,875</u>	<u>22,032,395</u>	<u>354,686,921</u>	<u>2,933,643,858</u>
Expenditures						
Current:						
General government support	229,552,183	1,138,851	-	95,756	19,317,024	250,103,814
Economic assistance and opportunity	616,707,931	-	-	-	38,880,613	655,588,544
Health	142,381,036	-	-	-	1,145,339	143,526,375
Public safety	265,210,107	361,548,484	-	-	16,453,351	643,211,942
Culture and recreation	16,712,572	-	-	-	5,549,437	22,262,009
Education	174,812,588	-	-	-	-	174,812,588
Home and community services	8,339,602	-	-	-	50,847,589	59,187,191
Transportation	107,576,489	-	-	-	9,499,996	117,076,485
Employee benefits	509,310,445	96,772,462	-	-	21,458,552	627,541,459
Debt service:						
Principal	91,795,806	2,735,600	-	1,485,000	18,827,368	114,843,774
Interest and other charges	37,053,381	1,149,347	-	17,204,766	14,019,093	69,426,587
Capital outlay	-	-	140,846,275	-	39,842,728	180,689,003
Total expenditures	<u>2,199,452,140</u>	<u>463,344,744</u>	<u>140,846,275</u>	<u>18,785,522</u>	<u>235,841,090</u>	<u>3,058,269,771</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(302,794,165)</u>	<u>134,308,948</u>	<u>(78,233,400)</u>	<u>3,246,873</u>	<u>118,845,831</u>	<u>(124,625,913)</u>
Other financing sources (uses)						
Refunding bonds issued	66,158,890	-	-	-	-	66,158,890
Premium on refunding bonds issued	6,260,357	-	-	-	-	6,260,357
Payments to refunding bond escrow agent	(72,419,247)	-	-	-	-	(72,419,247)
General obligation bonds issued	5,424,324	-	82,802,745	-	27,232,812	115,459,881
Premium on serial bonds issued	77,985	-	1,390,065	-	391,520	1,859,570
Transfers in	293,400,802	1,284,357	15,163,303	-	79,202,863	389,051,325
Transfers out	(15,149,092)	(135,722,912)	(6,195,302)	(10,622,530)	(224,116,619)	(391,806,455)
Total other financing sources (uses)	<u>283,754,019</u>	<u>(134,438,555)</u>	<u>93,160,811</u>	<u>(10,622,530)</u>	<u>(117,289,424)</u>	<u>114,564,321</u>
Net change in fund balances	(19,040,146)	(129,607)	14,927,411	(7,375,657)	1,556,407	(10,061,592)
Fund balances (deficits) at beginning of year	(193,819,682)	(59,357,836)	97,363,651	237,594,151	321,806,840	403,587,124
Fund balances (deficits) at end of year	<u>\$ (212,859,828)</u>	<u>\$ (59,487,443)</u>	<u>\$ 112,291,062</u>	<u>\$ 230,218,494</u>	<u>\$ 323,363,247</u>	<u>\$ 393,525,532</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, 2014

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	\$ (10,061,592)
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 (\$167,805,240) exceeded depreciation (\$65,660,105) in the current period.	102,145,135
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to decrease net position.	(33,294,756)
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.	(3,948,999)
Revenues reported in the governmental funds statements and not reported in the Statement of Activities.	11,852,931
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.	(431,915,252)
Change in net position of governmental activities	<u><u>\$ (365,222,533)</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, 2014

	<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	\$ 91,287,038	\$ 91,287,038	\$ 86,391,557	\$ (4,895,481)
Sales and use tax	1,162,904,462	1,162,904,462	1,135,902,230	(27,002,232)
New York State aid	238,621,400	248,709,865	240,011,489	(8,698,376)
Federal aid	219,097,458	227,682,685	221,187,408	(6,495,277)
Licenses, permits, fines, fees, etc.	148,564,587	148,564,587	138,033,020	(10,531,567)
Interest on investments	541,134	541,134	3,125,649	2,584,515
Miscellaneous	10,040,875	10,045,375	20,255,800	10,210,425
Total revenues	<u>1,871,056,954</u>	<u>1,889,735,146</u>	<u>1,844,907,153</u>	<u>(44,827,993)</u>
Expenditures				
Current:				
General government support:				
Audit and control	5,413,438	5,394,438	5,379,589	14,849
Board of elections	15,210,593	14,469,801	14,469,801	-
Civil service	5,046,336	4,731,401	4,715,276	16,125
County clerk	7,244,223	7,072,235	7,044,566	27,669
County ethics commission	302,416	286,480	230,054	56,426
County executive	4,548,282	4,508,546	4,494,958	13,588
District attorney	35,430,910	35,633,953	35,482,212	151,741
Finance and taxation	4,109,293	4,084,199	4,046,863	37,336
Information technology services	218,708	132,688	132,686	2
Law	11,837,885	10,920,725	10,920,364	361
Legal aid society	16,824,132	13,300,112	13,260,912	39,200
Legislative	9,846,890	9,854,381	9,854,281	100
Public administrator	480,863	446,136	445,424	712
Public works	73,396,415	73,816,023	73,257,387	558,636
Real property	1,432,748	1,354,068	1,338,025	16,043
Miscellaneous	12,057,458	12,033,128	11,995,103	38,025
Total general government support	<u>203,400,590</u>	<u>198,038,314</u>	<u>197,067,501</u>	<u>970,813</u>
Economic assistance and opportunity:				
County executive	14,949,098	13,405,128	13,167,584	237,544
Economic development and planning	4,051,887	3,807,268	3,807,268	-
Labor	8,395,264	7,488,458	7,471,393	17,065
Probation	6,422,000	6,422,000	-	6,422,000
Social services	585,953,790	594,435,867	592,261,686	2,174,181
Total economic assistance and opportunity	<u>619,772,039</u>	<u>625,558,721</u>	<u>616,707,931</u>	<u>8,850,790</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget -</u> <u>Positive (Negative)</u>
Health:				
Health services	137,034,502	134,493,730	132,224,414	2,269,316
Medical examiner	10,415,656	10,260,914	10,156,622	104,292
Total health	<u>147,450,158</u>	<u>144,754,644</u>	<u>142,381,036</u>	<u>2,373,608</u>
Public safety:				
Fire rescue and emergency service	17,101,955	14,016,821	13,011,887	1,004,934
Police	75,248,652	75,665,181	75,157,030	508,151
Probation	32,194,303	30,019,589	29,836,351	183,238
Public works	42,750	46,150	46,150	-
Sheriff	152,650,983	153,087,400	147,158,689	5,928,711
Total public safety	<u>277,238,643</u>	<u>272,835,141</u>	<u>265,210,107</u>	<u>7,625,034</u>
Culture and recreation:				
County executive	6,407,921	6,140,055	6,089,834	50,221
Parks	11,086,996	10,623,424	10,622,738	686
Miscellaneous	5,000	-	-	-
Total culture and recreation	<u>17,499,917</u>	<u>16,763,479</u>	<u>16,712,572</u>	<u>50,907</u>
Education:				
Health services	136,615,193	127,794,416	119,748,527	8,045,889
Miscellaneous	55,106,801	55,106,801	55,064,061	42,740
Total education	<u>191,721,994</u>	<u>182,901,217</u>	<u>174,812,588</u>	<u>8,088,629</u>
Home and community services:				
County executive	520,078	531,851	531,850	1
Economic development and planning	4,790,561	3,780,640	3,762,054	18,586
Health services	173,446	173,446	170,832	2,614
Law	267,931	269,149	269,148	1
Public works	511,769	540,479	538,825	1,654
Soil and water conservation	320,891	316,542	315,726	816
Total home and community services	<u>6,584,676</u>	<u>5,612,107</u>	<u>5,588,435</u>	<u>23,672</u>
Transportation:				
Public works	97,615,113	95,156,618	94,731,636	424,982
Employee benefits	111,433,038	113,094,789	112,972,755	122,034
Debt service - principal	86,633,433	87,519,061	87,523,367	(4,306)
Debt service - interest	35,024,714	35,024,713	35,017,250	7,463
Total debt service	<u>121,658,147</u>	<u>122,543,774</u>	<u>122,540,617</u>	<u>3,157</u>
Total expenditures	<u>1,794,374,315</u>	<u>1,777,258,804</u>	<u>1,748,725,178</u>	<u>28,533,626</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, 2014

	<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	76,682,639	112,476,342	96,181,975	(16,294,367)
Other financing sources (uses)				
Refunding bonds issued	-	-	66,158,890	66,158,890
Premium on refunding bonds issued	-	-	6,260,357	6,260,357
Payments to refunding bond escrow agent	-	-	(72,419,247)	(72,419,247)
Serial bonds issued	-	-	492,913	492,913
Premium on serial bonds issued	-	-	7,087	7,087
Transfers in	137,553,082	137,552,635	131,787,273	(5,765,362)
Transfers out	(244,696,633)	(244,996,440)	(244,698,053)	298,387
Total other financing sources (uses)	(107,143,551)	(107,443,805)	(112,410,780)	(4,966,975)
Net change in fund balances (budgetary basis)	(30,460,912)	5,032,537	(16,228,805)	(21,261,342)
Fund balances (deficits) at beginning of year (budgetary basis)	30,460,912	30,949,408	30,949,408	-
Fund balances (deficits) at end of year (budgetary basis)	\$ -	\$ 35,981,945	\$ 14,720,603	\$ (21,261,342)

Reconciliation between the budgetary basis of accounting and GAAP basis:

Fund balance at end of year (budgetary basis)	\$ 14,720,603
Plus: General Fund Components:	
Town village code enforcement (GAAP basis)	155,929
Interdepartment operation & service (GAAP basis)	(2,929,037)
Self insurance fund (GAAP basis)	(1,244,425)
Employee medical health plan (GAAP basis)	194,814
Building sanitation administration (GAAP basis)	(883,889)
Tax stabilization reserve (GAAP basis)	49,259,722
Retirement contribution reserve (GAAP basis)	208
Less: accrued pension expense	(72,772,946)
Less: accounting for sale of future revenues to STASC	(199,360,807)
Fund balance at end of year (GAAP basis)	\$ (212,859,828)

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget -</u>
Revenues				
Real property taxes	\$ 501,492,795	\$ 501,492,795	\$ 501,409,359	\$ (83,436)
Sales and use tax	90,655,994	90,655,994	90,650,994	(5,000)
New York State aid	596,000	2,268,200	1,491,923	(776,277)
Federal aid	75,000	1,632,021	1,567,396	(64,625)
Licenses, permits, fines, fees, etc.	1,618,040	1,618,040	1,784,338	166,298
Interest on investments	7,929	7,929	7,446	(483)
Miscellaneous	929,614	932,614	742,236	(190,378)
Total revenues	595,375,372	598,607,593	597,653,692	(953,901)
Expenditures				
Current:				
General government support:				
Miscellaneous	1,189,884	1,189,884	1,138,851	51,033
Public safety:				
Police	362,306,993	360,590,854	361,548,484	(957,630)
Employee benefits	95,733,183	95,733,183	95,243,334	489,849
Debt Service:				
Principal	2,735,600	2,735,600	2,735,600	-
Interest and other charges	1,149,348	1,149,348	1,149,347	1
Total expenditures	463,115,008	461,398,869	461,815,616	(416,747)
Excess (deficiency) of revenues over (under) expenditures	132,260,364	137,208,724	135,838,076	(1,370,648)
Other financing sources (uses)				
Transfers in	1,198,494	1,198,494	1,084,979	(113,515)
Transfers out	(134,323,364)	(134,323,364)	(135,709,397)	(1,386,033)
Total other financing sources (uses)	(133,124,870)	(133,124,870)	(134,624,418)	(1,499,548)
Net change in fund balances (budgetary basis)	(864,506)	4,083,854	1,213,658	(2,870,196)
Fund balances (deficits) at beginning of year (budgetary basis)	864,506	(331,755)	(331,755)	-
Fund balances (deficits) at end of year (budgetary basis)	\$ -	\$ 3,752,099	\$ 881,903	\$ (2,870,196)

Reconciliation between the budgetary basis of accounting and GAAP basis:

Fund balance at end of year (budgetary basis)	\$ 881,903
Less: accrued pension expense	(53,334,840)
Less: accounting for sale of future revenues to STASC	(7,034,506)
Fund balance at end of year (GAAP basis)	<u>\$ (59,487,443)</u>

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

SUFFOLK COUNTY, NEW YORK

Statement of Net Position

Enterprise Funds

December 31, 2014

	Suffolk County Ball Park	Francis S. Gabreski Airport	John J. Foley Skilled Nursing Facility	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,637,277	\$ 1,961,794	\$ 755,668	\$ 4,354,739
Due from New York State and federal sources	466,464	565,032	-	1,031,496
Due from other funds	-	151,936	2,431,914	2,583,850
Other receivables	3,960	41,881	35,927	81,768
Total current assets	<u>2,107,701</u>	<u>2,720,643</u>	<u>3,223,509</u>	<u>8,051,853</u>
Noncurrent assets:				
Restricted:				
Other receivables	-	-	37,316	37,316
Assets held for sale	-	-	11,500,000	11,500,000
Capital assets:				
Nondepreciable	2,092,831	20,536,282	-	22,629,113
Depreciable, net	11,426,389	20,065,822	-	31,492,211
Total noncurrent assets	<u>13,519,220</u>	<u>40,602,104</u>	<u>11,537,316</u>	<u>65,658,640</u>
Total assets	<u>15,626,921</u>	<u>43,322,747</u>	<u>14,760,825</u>	<u>73,710,493</u>
Deferred outflows of resources				
Deferred charges on refundings	3,957	-	-	3,957
Total deferred outflows of resources	<u>3,957</u>	<u>-</u>	<u>-</u>	<u>3,957</u>
Total assets and deferred outflows of resources	<u>15,630,878</u>	<u>43,322,747</u>	<u>14,760,825</u>	<u>73,714,450</u>
Liabilities				
Current liabilities:				
Accounts payable	2,379	427,234	129,754	559,367
Accrued liabilities	-	-	321,199	321,199
Contract retainage payable	-	986	-	986
Due to other funds	312,204	1,251,178	12,853,260	14,416,642
Unearned revenue	-	13,217	-	13,217
Current portion of long-term obligations	261,090	562,140	-	823,230
Total current liabilities	<u>575,673</u>	<u>2,254,755</u>	<u>13,304,213</u>	<u>16,134,641</u>
Noncurrent liabilities:				
Funds held in trust	-	-	37,316	37,316
Long-term obligations	802,839	7,500,111	-	8,302,950
Obligation for postemployment benefits other than pensions	-	2,260,000	-	2,260,000
Total noncurrent liabilities	<u>802,839</u>	<u>9,760,111</u>	<u>37,316</u>	<u>10,600,266</u>
Total liabilities	<u>1,378,512</u>	<u>12,014,866</u>	<u>13,341,529</u>	<u>26,734,907</u>
Deferred inflows of resources				
Deferred gain on refundings	-	51,112	-	51,112
Sale of future tobacco revenues	-	385,947	1,419,296	1,805,243
Total deferred inflows of resources	<u>-</u>	<u>437,059</u>	<u>1,419,296</u>	<u>1,856,355</u>
Total liabilities and deferred inflows of resources	<u>1,378,512</u>	<u>12,451,925</u>	<u>14,760,825</u>	<u>28,591,262</u>
Net Position				
Net investment in capital assets	12,459,248	33,974,736	-	46,433,984
Unrestricted (deficit)	1,793,118	(3,103,914)	-	(1,310,796)
Total net position	<u>\$ 14,252,366</u>	<u>\$ 30,870,822</u>	<u>\$ -</u>	<u>\$ 45,123,188</u>

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

SUFFOLK COUNTY, NEW YORK
Statement of Revenues, Expenses, and Changes in Net Position
Enterprise Funds
For the Year Ended December 31, 2014

	Suffolk County Ball Park	Francis S. Gabreski Airport	John J. Foley Skilled Nursing Facility	Total
Operating revenues				
Licenses, permits, fines, fees, etc.	783,364	2,181,872	-	2,965,236
Miscellaneous	-	149,794	38,657	188,451
Total operating revenues	<u>783,364</u>	<u>2,331,666</u>	<u>38,657</u>	<u>3,153,687</u>
Operating expenses				
Salaries and wages	-	496,901	-	496,901
Administrative expenses	-	894,621	-	894,621
Depreciation	457,056	762,190	-	1,219,246
Miscellaneous	58,783	-	43,736	102,519
Employee benefits	-	427,165	-	427,165
Debt service interest	61,826	293,944	-	355,770
Total operating expenses	<u>577,665</u>	<u>2,874,821</u>	<u>43,736</u>	<u>3,496,222</u>
Operating income (loss)	<u>205,699</u>	<u>(543,155)</u>	<u>(5,079)</u>	<u>(342,535)</u>
Nonoperating revenues (expenses)				
Revenue from other governments	-	-	1,699,158	1,699,158
Interest on investments	4,276	12,885	494	17,655
Forgiveness of debt	-	-	198,867	198,867
Bad debt recovery	-	-	145,682	145,682
Write down of capital assets	-	(26,728)	(2,210,547)	(2,237,275)
Total nonoperating revenues (expenses)	<u>4,276</u>	<u>(13,843)</u>	<u>(166,346)</u>	<u>(175,913)</u>
Income (loss) before contributions and transfers	209,975	(556,998)	(171,425)	(518,448)
Capital contributions - grants	-	691,644	-	691,644
Transfers in	-	723,140	2,416,064	3,139,204
Transfers out	-	(384,074)	-	(384,074)
Total other financing sources (uses)	<u>-</u>	<u>1,030,710</u>	<u>2,416,064</u>	<u>3,446,774</u>
Change in net position	209,975	473,712	2,244,639	2,928,326
Total net position at beginning of year as previously reported	14,042,391	30,397,110	(2,244,639)	42,194,862
Total net position at end of year	<u>\$ 14,252,366</u>	<u>\$ 30,870,822</u>	<u>\$ -</u>	<u>\$ 45,123,188</u>

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

SUFFOLK COUNTY, NEW YORK
Statement of Cash Flows
Enterprise Funds
For the Year Ended December 31, 2014

	Suffolk County Ball Park	Francis S. Gabreski Airport	John J. Foley Skilled Nursing Facility	Totals
Cash flows from operating activities				
Receipts from operations	\$ 781,846	\$ 2,248,426	\$ -	\$ 3,030,272
Receipts from other revenue	-	14,324	145,683	160,007
Payments to suppliers	-	(294,941)	(20,513)	(315,454)
Payments for contractual services	-	(548,072)	(114,185)	(662,257)
Miscellaneous expenses	(85,488)	-	-	(85,488)
Payments to employees	-	(428,885)	-	(428,885)
Payments for employee benefits	-	(190,743)	(49,822)	(240,565)
	<u>696,358</u>	<u>800,109</u>	<u>(38,837)</u>	<u>1,457,630</u>
Net cash provided (used) by operating activities				
Cash flows from noncapital financing activities				
Payments from other governments	-	-	9,779,523	9,779,523
Transfer from other funds	293,068	250,000	-	543,068
Transfer to other funds	-	(1,853,878)	(12,214,259)	(14,068,137)
	<u>293,068</u>	<u>(1,603,878)</u>	<u>(2,434,736)</u>	<u>(3,745,546)</u>
Net cash provided (used) by noncapital financing activities				
Cash flows from capital and related financing activities				
Capital grants	-	577,352	-	577,352
Purchase of capital assets	-	(264,305)	-	(264,305)
Principal paid on capital debt	(251,624)	(548,821)	-	(800,445)
Interest paid on capital debt	(61,825)	(293,944)	-	(355,769)
	<u>(313,449)</u>	<u>(529,718)</u>	<u>-</u>	<u>(843,167)</u>
Net cash provided (used) by capital and related financing activities				
Cash flows from investing activities				
Interest on investments	4,276	9,259	968	14,503
	<u>4,276</u>	<u>9,259</u>	<u>968</u>	<u>14,503</u>
Net cash provided (used) by investing activities				
Net increase (decrease) in cash and cash equivalents	680,253	(1,324,228)	(2,472,605)	(3,116,580)
Cash and cash equivalents at beginning of year	957,024	3,286,022	3,228,273	7,471,319
Cash and cash equivalents at end of year	<u>\$ 1,637,277</u>	<u>\$ 1,961,794</u>	<u>\$ 755,668</u>	<u>\$ 4,354,739</u>
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ 205,699	\$ (543,155)	\$ (5,079)	\$ (342,535)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	457,056	762,190	-	1,219,246
Other increase (decrease)	61,826	293,944	145,683	501,453
Change in assets and liabilities:				
Receivables, net	(1,519)	(68,916)	13,125	(57,310)
Accounts and other payables	(26,704)	356,046	(192,566)	136,776
Net cash provided (used) by operating activities	<u>\$ 696,358</u>	<u>\$ 800,109</u>	<u>\$ (38,837)</u>	<u>\$ 1,457,630</u>
Schedule of non-cash capital and related financing activities				
Capital grants	\$ -	\$ 114,292	\$ -	\$ 114,292

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, 2014

	Private-Purpose Trusts	Agency Funds
Assets		
Cash and cash equivalents	\$ 201,528	\$ 43,334,501
Investments	11,604,670	5,550,037
Other assets	-	3,409
Total assets	11,806,198	48,887,947
Liabilities		
Accounts payable and accrued liabilities	11,801,446	1,467,450
Agency fund liabilities	-	47,420,497
Total liabilities	11,801,446	48,887,947
Net Position		
Held in trust	\$ 4,752	

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, 2014

	Private-Purpose Trusts
Additions	
Investment income:	
Interest	\$ 181
Transfer in	1,918,432
Other revenue	329,048
	2,247,661
Total additions	2,247,661
Deductions	
Administrative and general expenses	2,247,479
	182
Change in net position	182
Net position at beginning of year	4,570
	4,752
Net position at end of year	\$ 4,752

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, 2014

With Suffolk County Community College as of August 31, 2014

	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	\$ 68,482,462	\$ 1,222,515	\$ 4,044,588	\$ 984,115	\$ 74,733,680
Investments	15,520,103	-	-	-	15,520,103
Accounts receivable	2,035,850	113,158	51,450	-	2,200,458
Students accounts receivable, net	4,398,146	-	-	-	4,398,146
Due from other governments	10,270,400	458,872	-	-	10,729,272
Other assets	29,325	291,942	10,875	-	332,142
Total current assets	<u>100,736,286</u>	<u>2,086,487</u>	<u>4,106,913</u>	<u>984,115</u>	<u>107,913,801</u>
Noncurrent assets:					
Restricted:					
Cash and cash equivalents	-	599,886	-	-	599,886
Investments	3,113,581	-	-	-	3,113,581
Capital assets:					
Nondepreciable	30,273,124	13,108,587	-	-	43,381,711
Depreciable, net	130,285,670	5,885,720	5,368	-	136,176,758
Other	-	-	144,317	-	144,317
Total noncurrent assets	<u>163,672,375</u>	<u>19,594,193</u>	<u>149,685</u>	<u>-</u>	<u>183,416,253</u>
Total assets	<u>264,408,661</u>	<u>21,680,680</u>	<u>4,256,598</u>	<u>984,115</u>	<u>291,330,054</u>
Deferred outflows of resources					
Deferred charges on refundings	275,321	-	-	-	275,321
Total deferred outflows of resources	<u>275,321</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>275,321</u>

(Continued)

SUFFOLK COUNTY, NEW YORK
Statement of Net Position

Component Units

December 31, 2014

With Suffolk County Community College as of August 31, 2014

	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	23,229,708	6,338,929	5,283	-	29,573,920
Due to primary government	9,026,651	-	-	-	9,026,651
Due to NYS retirement system	-	1,260,592	-	-	1,260,592
Unearned revenue	20,238,689	-	-	-	20,238,689
Accumulated vacation and sick leave	3,018,248	-	-	-	3,018,248
Other liabilities	770,969	-	286,016	10,400	1,067,385
Mortgage payable	-	160,017	-	-	160,017
Bonds payable	4,875,157	-	-	-	4,875,157
Total current liabilities	<u>61,159,422</u>	<u>7,759,538</u>	<u>291,299</u>	<u>10,400</u>	<u>69,220,659</u>
Noncurrent liabilities:					
Accumulated vacation and sick leave	26,855,569	684,644	123,522	-	27,663,735
Obligation for postemployment benefits other than pensions	226,249,000	14,515,537	-	-	240,764,537
Mortgage payable	-	3,149,069	-	-	3,149,069
Bonds payable	55,305,474	-	-	-	55,305,474
Other long-term debt	-	300,209	-	-	300,209
Building Loan	-	11,614,779	-	-	11,614,779
Prepetition Claims	-	13,955,905	-	-	13,955,905
Total noncurrent liabilities	<u>308,410,043</u>	<u>44,220,143</u>	<u>123,522</u>	<u>-</u>	<u>352,753,708</u>
Total liabilities	<u>369,569,465</u>	<u>51,979,681</u>	<u>414,821</u>	<u>10,400</u>	<u>421,974,367</u>
Deferred inflows of resources					
Deferred amounts on NYS TAP	5,817,291	-	-	-	5,817,291
Total deferred inflows of resources	<u>5,817,291</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,817,291</u>
Net Position					
Net investment in capital assets	102,863,420	14,995,877	5,368	-	117,864,665
Restricted for capital projects	15,082,877	-	-	-	15,082,877
Unrestricted (deficit)	(228,649,071)	(45,294,878)	3,836,409	973,715	(269,133,825)
Total net position	<u>\$ (110,702,774)</u>	<u>\$ (30,299,001)</u>	<u>\$ 3,841,777</u>	<u>\$ 973,715</u>	<u>\$ (136,186,283)</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, 2014
 With Suffolk County Community College as of August 31, 2014

	Suffolk County Community College	Suffolk Regional Off-Track Betting Corporation	Suffolk County Industrial Development Agency	Suffolk County Economic Development Corporation	Total
Expenses:					
Program operations	\$ 234,391,650	\$ 18,438,511	\$ 1,318,651	\$ 26,611	\$ 254,175,423
Depreciation and amortization	8,254,719	496,647	5,206	-	8,756,572
Other expenses	7,376,142	13,356,459	-	-	20,732,601
Total expenses	<u>250,022,511</u>	<u>32,291,617</u>	<u>1,323,857</u>	<u>26,611</u>	<u>283,664,596</u>
Program revenues:					
Charges for services	86,948,700	27,470,228	600,486	602,030	115,621,444
Operating grants and contributions	4,983,709	-	-	-	4,983,709
Total program revenues	<u>91,932,409</u>	<u>27,470,228</u>	<u>600,486</u>	<u>602,030</u>	<u>120,605,153</u>
Net program revenues (expenses)	<u>(158,090,102)</u>	<u>(4,821,389)</u>	<u>(723,371)</u>	<u>575,419</u>	<u>(163,059,443)</u>
General revenues (expenses):					
Payments from primary government	45,593,635	-	-	-	45,593,635
Grants and contributions	85,218,594	-	-	-	85,218,594
Interest on investments	2,879,845	-	8,518	563	2,888,926
Interest on long-term debt	(1,804,116)	-	-	-	(1,804,116)
Settlement of prepetition claims	-	(647,409)	-	-	(647,409)
Total general revenues	<u>131,887,958</u>	<u>(647,409)</u>	<u>8,518</u>	<u>563</u>	<u>131,249,630</u>
Change in net position	(26,202,144)	(5,468,798)	(714,853)	575,982	(31,809,813)
Net position at beginning of year, as restated	(84,500,630)	(24,830,203)	4,556,630	397,733	(104,376,470)
Net position at end of year	<u>\$ (110,702,774)</u>	<u>\$ (30,299,001)</u>	<u>\$ 3,841,777</u>	<u>\$ 973,715</u>	<u>\$ (136,166,283)</u>

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

I. Summary of significant accounting policies

A. Reporting entity

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

Blended component units

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

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

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2014

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

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

Discretely presented component units

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

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

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

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2014

On May 11, 2012, OTB filed for protection under Chapter 9 of Title 11, United States Code. The United States Bankruptcy Court issued an Order for Relief on July 19, 2012. The filing has enabled OTB to continue to operate and provide services to its customers until a Plan of Adjustment can be negotiated and approved. The Second Amended Plan for Adjustment of Debts of OTB dated September 11, 2014 was confirmed October 22, 2014 by the United States Bankruptcy Court for the Eastern District of New York with an effective date of October 31, 2014. Until the Plan has been fully executed, OTB is still considered a Municipal Debtor subject to the bankruptcy court who will oversee the administration of the plan.

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

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 Directors 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 revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The County reports the following major governmental funds:

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

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

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

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

The County reports the following major proprietary funds:

The John J. Foley Skilled Nursing Facility fund accounts for the activities of the County's nursing home.

On June 30, 2013, the John J. Foley Skilled Nursing Facility (Foley) terminated operations as part of the County's closure plan which was approved by New York State on March 18, 2013. Foley's capital assets, with a carrying amount of \$11.5 million, will continue to be reported as assets held for sale until the facility is either sold or transferred to the County to be reprogrammed for other County purposes.

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

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

Additionally, the County reports the following fiduciary funds:

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

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

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

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

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

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

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

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

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

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2014

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

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

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

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

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

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

The County reports the following stabilization and reserve funds:

The tax stabilization reserve fund was established in 1997 by the adoption of County Resolution No. 1154-1997, as authorized under Section 6-e of NYS General Municipal Law. Originally this reserve fund was subject to Local Law 29 of 1995, which requires a minimum of 25 percent of the general fund discretionary fund balance surplus be transferred to the tax stabilization reserve fund or debt service reserve fund. However, this requirement was amended by LL 43-2006 which requires that once the tax stabilization reserve fund exceeds the greater of \$120 million or 5 percent of the general fund operating budget, use of funds in excess of the \$120 million may be returned to the taxpayers or appropriated for specific purposes as specified in the local law. Additionally, Local Law 19-2009 was passed to suspend the required general fund transfer to the tax stabilization reserve fund for the years 2009-2016.

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2014

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, 2014 was \$49,259,722.

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

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

In 2011, the County adopted Resolution No. 625-2011 which provided that if the assessment stabilization reserve fund's fund balance exceeded \$140 million in fiscal years 2011 through 2013 62.5 percent of the excess could be used if accepted by duly approved resolutions, for specific sewer district costs. Additionally, the remaining 37.5 percent of the excess fund balance shall be appropriated, via duly approved resolutions, to a reserve fund for bonded indebtedness or a reserve fund for retirement contributions. The resolution provided that in fiscal years 2014-2021, any fund balance in excess of \$140 million shall be used exclusively, via duly approved resolutions, for specific sewer district costs. For financial reporting purposes, the assessment stabilization reserve fund is reported within the water quality protection reserve fund, a nonmajor governmental fund. The balance in the assessment stabilization reserve fund at December 31, 2014 was \$130,574,421.

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, 2014 was \$77,427,603.

The sewer infrastructure program fund was established by Resolution 866-2013, to provide grants and loans for municipal and private sewer infrastructure expansion projects within Suffolk County. In October 2013, a transfer from the assessment stabilization reserve fund via a duly approved resolution was made into the sewer infrastructure program fund. The

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County expects to provide approximately \$30 million in funding for sewer expansion projects. Projects submitted for loan or grant consideration will be evaluated by the Suffolk County Sewer Infrastructure Committee and then submitted to the Suffolk County Legislature for approval. For financial reporting purposes, the sewer infrastructure program fund is reported within the water quality protection reserve fund, a nonmajor governmental fund. The balance in the sewer infrastructure program fund at December 31, 2014 was \$24,940,025.

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, 2014 was \$208.

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, 2014 was \$8,133, prior to the reclassification of the environmental trust fund in the amount of \$4,849,584, the assessment stabilization reserve fund in the amount of \$130,574,421, and the sewer infrastructure program fund in the amount of \$24,940,025.

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, 2014 was \$17,618,281.

D. Assets, liabilities, deferred outflows/inflows of resources, and net position or equity

1. Deposits and investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The County's Agency funds maintain, as custodian, investments in the equity and fixed income securities consisting of United States Government Bonds and Notes, corporate and municipal bonds, and equity securities. Investments for the County, as well as for its component units, are reported at fair value.

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

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

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

Investments in repurchase agreements are required by County policy to be collateralized by obligations of the United States Government, which are maintained by a custodial bank designated by the County Treasurer. Written contracts are required for all repurchase agreements, the terms of which may not exceed 30 days. Measures are taken by the County to ensure that the value of such underlying collateral exceeds the value of the related repurchase agreement, including a weekly evaluation of the fair value of such collateral.

2. Receivables and payables

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

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

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

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

The towns and school districts receive their entire levy prior to any distribution to the County. The property tax receivable in the County's financial statements represents (i) the aggregate unpaid taxes transferred from the towns' Tax Receivers to the County and (ii) interest and penalties on such unpaid taxes. It is the County's responsibility to collect such unpaid taxes. Tax collections for the years ended December 31, 2014 and 2013 were approximately 96.2 and 96.3 percent respectively, of the tax levy for County purposes. The County recognizes property tax revenue realized from payments actually received against the current year's levy and prior years' levies previously recorded as deferred inflows, as well as payments received during the two months of the following year related to both the current and prior years' levies.

Property tax receivables, estimated to be collectible but that have not been collected in the first two months of the next calendar year, are recorded as deferred inflows on the County's financial statements.

The following is a summary of the County's property tax calendar for 2014:

Lien date	June 1, 2013
Levy date	December 1, 2013
Tax bills mailed	December 1, 2013
Property taxes recorded	January 1, 2014
First installment payment due	January 10, 2014
Second installment payment due	May 31, 2014
Taxes become overdue	June 1, 2014

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 using the consumption method, in both government-wide and fund financial statements.

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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.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets for business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, equipment and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	25-50
Improvements other than buildings	20-30
Infrastructure-structures	10-15
Infrastructure-systems	20-65
Equipment-maintenance/utility	15-30
Equipment-office, computer	5-10
Vehicles	4-15

6. *Compensated absences*

Under terms of multiple union contracts, County employees accumulate earned but unused vacation and sick pay benefits. In the event of termination, employees are reimbursed for accumulated vacation time up to the equivalent of 90 working days for Suffolk County Association of Municipal Employees (SCAME) and 120 working days for Patrolmen's Benevolent Association (PBA) and Superior Officers Association (SOA) employees. Similarly, unused sick leave will be paid on retirement to the employee, or upon death of the employee to his/her designated beneficiary at the rate of one day to be paid for every two days accumulated, up to a total of 180 days paid for 360 accumulated for SCAME employees and up to a total of 300 days paid for 600 days accumulated for PBA and SOA employees. All vacation pay and vested sick pay are accrued when incurred in the government-wide and proprietary funds financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

7. *Long-term obligations*

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method or a method that approximates effective interest. Bonds payable is reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financial sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. *Deferred outflows/inflows of resources*

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

Purchase and Sale agreement. STASC is reported as a blended component unit of the County.

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

9. *Net position/Fund balance*

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

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

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

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

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

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

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

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

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

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

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

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

10. Encumbrances

The County uses encumbrances in order to budgetarily designate resources for specific commitments. Encumbered amounts are not displayed separately on the face of the financial statements but rather reported within the restricted classifications of the individual funds or within the assigned fund balance of the general fund. Encumbered balances at December 31, 2014 are as follows:

Major Funds

Capital fund	\$ 101,430,652
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Non-Major Funds

Capital Sewer fund	\$ 6,513,196
Capital Southwest Sewer fund	\$ 92,022,481

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

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

F. Adoption of New Accounting Standards

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 requirements of this Statement are not applicable to the County.

In January 2013, the GASB issued Statement No. 69 “Government Combinations and Disposals of Government Operations.” This Statement provides specific accounting and financial reporting guidance for combinations in the governmental environment. GASB Statement No. 69 is currently effective. If the County participates in combinations or disposals of operations in subsequent years, the requirements of this Statement will be implemented.

In April 2013, the GASB issued Statement No. 70 “Accounting and Financial Reporting for Nonexchange Financial Guarantees.” This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units and specifies information required to be disclosed by governments that extend and/or

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receive nonexchange financial guarantees. The adoption of GASB Statement No. 70 did not have an impact on the County's financial statements.

II. Stewardship, compliance, and accountability

A. Budgetary information

Annual budgets are adopted on a budgetary basis for all governmental funds except certain nonmajor special revenue funds (which are not budgeted) and capital funds (which are budgeted through project length budgets). The difference between the County's budgetary basis of accounting and GAAP is as follows:

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

Governmental funds with legally adopted annual budgets include:

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

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

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
NYS Neighborhood Revitalization Program	DWI Asset Seizure
Water Quality Protection Reserve Fund	
Assets Forfeiture - Probation	

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

- (i) Prior to September 19, the County Executive submits proposed operating budgets to the County Legislature for the general and budgeted special revenue funds for the fiscal year commencing on the following January 1. The operating budgets include proposed expenditures and the means of financing them.
- (ii) Public hearings are conducted at locations throughout the County to obtain taxpayer comments on the proposed budgets.
- (iii) The budgets are legally enacted either by (a) passage of a legislative resolution prior to November 10 or (b) automatically based on provisions in the County Charter if no resolution is passed by November 10.
- (iv) Total expenditures of each department within the general and special revenue funds may not legally exceed budgeted amounts for such departments after the adoption of the budget by the County Legislature unless approved by the County Legislature. Thus, the level of budgetary control is exerted at the departmental level. However, the County Executive is authorized to transfer certain budgeted amounts: \$100,000 or ten percent of any unencumbered budgeted free balance, whichever is greater, without approval of the County Legislature. During 2014, General Fund appropriations were reduced by \$17,115,511. No supplemental appropriations were needed.

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B. Excess of expenditures over appropriations

For the year ended December 31, 2014, expenditures exceeded appropriations for the following category of expenditures within each of the respective funds:

General Fund:		
· Debt service		
Principal	\$	4,306
Police District:		
· Public safety:		
Police	\$	957,630
· Transfers out		1,386,033
Tax Certiorari:		
· Debt service:		
Interest and other charges	\$	6
Public Safety Communications System E-911:		
· Employee benefits	\$	14,332
· Transfers out		7,510
County Road		
· Employee benefits	\$	88,524
· Transfers out		496,565
Traffic Violations Bureau:		
· General government support:		
Traffic violations bureau	\$	1,047,676
Sewer District #3		
· Debt service:		
Principal	\$	74,921
Sewer District #11		
· Transfers out	\$	9,142
Sewer District #18		
· Debt service:		
Principal	\$	208,341
Interest and other charges		34,235

C. Deficit fund equity

The following funds have deficit fund equity balances at December 31, 2014:

General Fund	\$ 212,859,828
Special Revenue Funds:	
· Police District	\$ 59,487,443
· Public Safety Communications System E-911	1,482,061
· County Road Fund	3,357,180
· District Court Fund	2,271,856
· Sewer District #6	33,564
· Workforce Investment Revenue	1,371,714
· Community Development	1,357,493
· Medicaid Compliance Fund	6,200,530

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

III. Detailed notes on all funds

A. Deposits and investments

At year end, Suffolk County's bank balance in all financial institutions was \$873,951,105. The entire bank balance was either covered by federal depository insurance or by collateral held by the County's agent in the County's name.

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

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

Credit Risk – The County limits its investment choices as a means of managing its exposure to credit risk. As authorized by General Municipal Law, Section II, Suffolk County authorizes the County Treasurer to invest monies not required for immediate expenditure for terms not to exceed the County's cash flow needs in the following types of investments:

Special time deposit accounts;

Certificate of deposit;

Obligations of the United States of America;

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

Obligations of New York State;

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

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

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

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

Investments

The County's agency funds invested in cooperative investment programs totaled \$5,550,037 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, 2014, STASC deposits balances with a financial institution were \$3,209,506. Of these balances, \$184,343 was insured by the Federal Deposit Insurance Corporation, and \$3,025,163 consisted of an uncollateralized temporary investment in the Dreyfus Treasury & Agency Cash Management Fund. The entire amount of the 2012 Liquidity Reserve Account is invested in the Dreyfus Treasury & Agency Cash Management Fund which invests only in U.S. government or U.S. Treasury securities, and in repurchase agreements.

Custodial Credit Risk – Investments – Custodial credit risk for investments exists when, in the event of the failure of the counterparty, STASC will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. STASC's ability to invest is restricted by the Indenture. STASC's 2008 Liquidity Reserve Account is invested in a Repurchase Agreement with Bayerische Landesbank. Bayerische Landesbank is authorized to invest in various securities as set forth in the Investment Repurchase

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Agreement dated August 21, 2008. STASC's share of investments in this repurchase agreement was \$16,436,338 at December 31, 2014, is due to mature on June 1, 2048, and earns interest at 4.614 percent annually. The Repurchase Agreement is fully collateralized by debt obligations having fair values that range from 100 percent to 102 percent of the deposited amount held by a custodial bank.

Vanderbilt Private-Purpose Trust

The 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	\$ 11,604,670
Total investments	<u>\$ 11,604,670</u>

Component Units

At August 31, 2014, Suffolk County Community College's investment balances were as follows:

<u>Investment by Type</u>	<u>Fair Value</u>
Corporate securities	\$ 9,529,298
Government obligations	5,408,599
Mutual funds	582,206
Total investments	<u>\$ 15,520,103</u>

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B. Receivables

Receivables at December 31, 2014 were as follows:

	Governmental Funds				Total Governmental Receivables
	General	Police District	Capital	Other Governmental	
Receivables:					
Property tax	\$ 253,047,819	\$ -	\$ -	\$ -	\$ 253,047,819
Sales tax	133,545,379	-	-	7,590,573	141,135,952
Intergovernmental accounts	328,357,585	1,094,273	36,414,951	24,560,944	390,427,753
Other receivables	29,233,386	202,240	329,608	6,335,721	36,100,955
Total receivables	744,184,169	1,296,513	36,744,559	38,487,238	820,712,479
Allowance for doubtful accounts	(14,710,391)				(14,710,391)
Receivables, net	<u>\$ 729,473,778</u>	<u>\$ 1,296,513</u>	<u>\$ 36,744,559</u>	<u>\$ 38,487,238</u>	<u>\$ 806,002,088</u>

	Enterprise Funds			Total Enterprise Receivables
	Suffolk County Ball Park	Francis S. Gabreski Airport	John J. Foley Skilled Nursing Facility	
Receivables:				
Intergovernmental accounts	\$ 466,464	\$ 565,032	\$ -	\$ 1,031,496
Other receivables	3,960	41,881	73,243	119,084
Receivables, net	<u>\$ 470,424</u>	<u>\$ 606,913</u>	<u>\$ 73,243</u>	<u>\$ 1,150,580</u>

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

At the end of the current fiscal year, the various components of deferred inflows of resources and unearned revenue reported in the governmental funds were as follows:

	Deferred Inflows of Resources	Unearned Revenue
Delinquent property taxes receivable (general fund)	\$ 222,296,193	\$ -
New York State Department of Health:		
Mental health and alcohol advances for County programs (general fund)	-	13,274,086
Federal and State government receivables (general fund)	14,024,643	-
Stop DWI (police district fund)	-	222,053
Abandoned vehicle auction advances (general fund)	-	67,432
Federal and State Aid advances (capital fund)	-	3,925,073
Hospital mortgages (general fund)	-	101,231
Sale of future tobacco revenues	208,773,408	-
Total deferred inflows/unearned revenue for governmental funds	<u>\$ 445,094,244</u>	<u>\$ 17,589,875</u>

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2014

C. Capital Assets

Capital asset activity for the year ended December 31, 2014 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 861,623,565	\$ 4,113,355	\$ -	\$ 865,736,920
Development rights	243,314,624	4,716,146	-	248,030,770
Historic buildings	4,607,607	-	-	4,607,607
Construction in progress	289,824,248	104,429,907	(141,293,343)	252,960,812
Total capital assets, not being depreciated	1,399,370,044	113,259,408	(141,293,343)	1,371,336,109
Capital assets, being depreciated:				
Buildings	1,020,569,057	8,592,868	-	1,029,161,925
Improvements other than buildings	53,281,216	7,825,167	-	61,106,383
Vehicles and equipment	330,873,136	27,938,306	(10,244,765)	348,566,677
Infrastructure	1,112,276,427	119,054,757	-	1,231,331,184
Total capital assets, being depreciated	2,516,999,836	163,411,098	(10,244,765)	2,670,166,169
Less accumulated depreciation for:				
Buildings	(366,510,070)	(18,575,809)	-	(385,085,879)
Improvements other than buildings	(23,557,921)	(2,014,091)	-	(25,572,012)
Vehicles and equipment	(214,753,281)	(22,342,052)	9,378,086	(227,717,247)
Infrastructure	(456,322,174)	(22,728,153)	-	(479,050,327)
Total accumulated depreciation	(1,061,143,446)	(65,660,105)	9,378,086	(1,117,425,465)
Total capital assets, being depreciated, net	1,455,856,390	97,750,993	(866,679)	1,552,740,704
Governmental activities capital assets, net	<u>\$ 2,855,226,434</u>	<u>\$ 211,010,401</u>	<u>\$ (142,160,022)</u>	<u>\$ 2,924,076,813</u>

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SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2014

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 22,092,831	\$ -	\$ -	\$ 22,092,831
Construction in progress	3,669,491	264,305	(3,397,514)	536,282
Total capital assets, not being depreciated	25,762,322	264,305	(3,397,514)	22,629,113
Capital assets, being depreciated:				
Buildings	19,349,702	-	-	19,349,702
Improvements other than buildings	18,021,645	3,370,786	-	21,392,431
Vehicles and equipment	608,790	-	-	608,790
Total capital assets, being depreciated	37,980,137	3,370,786	-	41,350,923
Less accumulated depreciation for:				
Buildings	(6,463,145)	(481,495)	-	(6,944,640)
Improvements other than buildings	(1,930,267)	(693,258)	-	(2,623,525)
Vehicles and equipment	(246,054)	(44,493)	-	(290,547)
Total accumulated depreciation	(8,639,466)	(1,219,246)	-	(9,858,712)
Total capital assets, being depreciated, net	29,340,671	2,151,540	-	31,492,211
Business-type activities capital assets, net	<u>\$ 55,102,993</u>	<u>\$ 2,415,845</u>	<u>\$ (3,397,514)</u>	<u>\$ 54,121,324</u>

Depreciation expense and amortization for the year ended December 31, 2014 was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government support	\$ 20,812,894
Economic assistance and opportunity	118,234
Health	1,703,628
Public safety	12,683,753
Culture and recreation	2,993,471
Home and community services	11,374,863
Transportation	15,973,262
Total depreciation expense-governmental activities	<u>\$ 65,660,105</u>
Business-type activities:	
Suffolk County Ball Park	\$ 457,056
Francis S. Gabreski Airport	762,190
Total depreciation expense-business-type activities	<u>\$ 1,219,246</u>

Construction commitments

The County has a number of active construction project commitments at December 31, 2014. Active projects for which amounts spent as of December 31, 2014 exceed \$10,000,000 include 29 projects. The total spent as of December 31, 2014 for these projects amounts to approximately \$980 million. Remaining commitments for these projects amount to approximately \$180 million.

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2014

Discretely presented component units

Capital asset activity for Suffolk County Community College (College) for the year ended August 31, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 4,948,118	\$ -	\$ -	\$ 4,948,118
Construction in progress	15,836,785	18,099,143	(8,610,922)	25,325,006
Total capital assets, not being depreciated	20,784,903	18,099,143	(8,610,922)	30,273,124
Capital assets, being depreciated:				
Buildings	172,965,883	16,055,716	-	189,021,599
Improvements other than buildings	12,233,328	475,926	(40,206)	12,669,048
Vehicles and equipment	26,203,407	1,529,625	(97,123)	27,635,909
Infrastructure	8,649,493	1,383,898	(5,279)	10,028,112
Total capital assets, being depreciated	220,052,111	19,445,165	(142,608)	239,354,668
Less accumulated depreciation for:				
Buildings	(74,647,963)	(4,529,746)	-	(79,177,709)
Improvements other than buildings	(6,339,296)	(475,977)	-	(6,815,273)
Vehicles and equipment	(17,429,852)	(2,765,633)	100,931	(20,094,554)
Infrastructure	(2,498,098)	(483,364)	-	(2,981,462)
Total accumulated depreciation	(100,915,209)	(8,254,720)	100,931	(109,068,998)
Total capital assets, being depreciated, net	119,136,902	11,190,445	(41,677)	130,285,670
College capital assets, net	<u>\$139,921,805</u>	<u>\$29,289,588</u>	<u>\$ (8,652,599)</u>	<u>\$160,558,794</u>

SUFFOLK COUNTY
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Capital asset activity for the Suffolk Regional Off-Track Betting Corporation (OTB) for the year ended December 31, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,058,342	\$11,232,705	\$ (850,000)	\$ 12,441,047
Construction in progress	-	667,540	-	667,540
Total capital assets, not being depreciated	<u>2,058,342</u>	<u>11,900,245</u>	<u>(850,000)</u>	<u>13,108,587</u>
Capital assets, being depreciated:				
Building & leasehold improvements	12,407,886	9,295	(2,423,979)	9,993,202
Vehicles and equipment	3,206,026	33,468	(99,551)	3,139,943
Total capital assets, being depreciated	<u>15,613,912</u>	<u>42,763</u>	<u>(2,523,530)</u>	<u>13,133,145</u>
Less accumulated depreciation:	(7,768,815)	(496,647)	1,018,037	(7,247,425)
Total capital assets, being depreciated, net	<u>7,845,097</u>	<u>(453,884)</u>	<u>(1,505,493)</u>	<u>5,885,720</u>
OTB capital assets, net	<u>\$ 9,903,439</u>	<u>\$11,446,361</u>	<u>\$(2,355,493)</u>	<u>\$ 18,994,307</u>

Capital asset activity for the Suffolk County Industrial Development Agency (IDA) for the year ended December 31, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Vehicles and equipment	\$ 56,993	\$ -	\$ -	\$ 56,993
Total capital assets, being depreciated	<u>56,993</u>	<u>-</u>	<u>-</u>	<u>56,993</u>
Less accumulated depreciation for:				
Vehicles and equipment	(47,900)	(3,725)	-	(51,625)
Total accumulated depreciation	<u>(47,900)</u>	<u>(3,725)</u>	<u>-</u>	<u>(51,625)</u>
Total capital assets, being depreciated, net	<u>9,093</u>	<u>(3,725)</u>	<u>-</u>	<u>5,368</u>
IDA capital assets, net	<u>\$ 9,093</u>	<u>\$ (3,725)</u>	<u>\$ -</u>	<u>\$ 5,368</u>

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2014

D. Payables and accrued liabilities

Payables and accrued liabilities at December 31, 2014, were as follows:

	Other Governments	Salaries	Vouchers	Other	Total
Governmental activities:					
General	\$ 1,223,109	\$ 92,557,498	\$ 94,362,207	\$ 88,668,253	\$ 276,811,067
Police district	-	67,614,200	7,514,566	70,595	75,199,361
Capital	-	-	19,822,885	11,524,646	31,347,531
STASC	6,000	-	-	-	6,000
Other governmental	-	13,018,912	18,464,337	4,273,401	35,756,650
Total governmental activities	<u>\$ 1,229,109</u>	<u>\$ 173,190,610</u>	<u>\$ 140,163,995</u>	<u>\$ 104,536,895</u>	<u>\$ 419,120,609</u>
Business-type activities:					
Suffolk County Ball Park	\$ -	\$ -	\$ 2,379	\$ -	\$ 2,379
Francis S. Grabeski Airport	-	75,366	110,904	240,964	427,234
John J. Foley Skilled Nursing Facility	-	-	445,773	5,180	450,953
Total business-type activities	<u>\$ -</u>	<u>\$ 75,366</u>	<u>\$ 559,056</u>	<u>\$ 246,144</u>	<u>\$ 880,566</u>

E. Interfund balances and transfers

The composition of interfund balances as of December 31, 2014 is as follows:

Due to general fund from:	
Police fund	\$ 6,209,509
Capital fund	30,161,158
Nonmajor governmental funds	148,839,276
Francis S. Gabreski Airport	1,078,630
John J. Foley Skilled Nursing Facility	12,853,260
Suffolk County Ball Park	312,204
Total due to general fund from other funds	<u>\$ 199,454,037</u>
Due to police fund from:	
General fund	\$ 33,123,510
Nonmajor governmental funds	2,616,120
Total due to police fund from other funds	<u>\$ 35,739,630</u>
Due to capital fund from:	
General fund	\$ 554,803
Police fund	13,515
Nonmajor governmental funds	42,267,179
Total due to capital fund from other funds	<u>\$ 42,835,497</u>

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SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2014

Due to nonmajor governmental funds from:	
General fund	\$ 53,179,560
Police fund	7,877,230
Capital fund	12,906,402
Nonmajor governmental funds	70,999,832
Francis S. Gabreski Airport	172,548
Total due to nonmajor governmental funds from other funds	<u>\$ 145,135,572</u>

Due to John J. Foley Skilled Nursing Facility from:	
General fund	\$ 2,431,914
Total due to skilled nursing facility from other funds	<u>\$ 2,431,914</u>

Due to Francis S. Gabreski Airport from:	
General fund	\$ 9,741
Capital fund	141,232
Nonmajor governmental funds	963
Total due to airport from other funds	<u>\$ 151,936</u>

These balances resulted from the time lag between the dates that transactions are recorded in the accounting system, and payments between funds are made. All of the interfund balances are expected to be liquidated within one year.

Individual fund transfers for the year ended December 31, 2014 were as follows:

Transfers to general fund from:	
Police fund	\$ 127,903,872
Capital fund	4,830,005
STASC	10,374,552
Nonmajor governmental funds	150,080,847
Francis S. Gabreski Airport	211,526
Total transfers to general fund	<u>\$ 293,400,802</u>
Transfers to police fund from:	
STASC	\$ 185,863
Nonmajor governmental funds	1,098,494
Total transfers to police fund	<u>\$ 1,284,357</u>
Transfers to capital fund from:	
Police fund	\$ 13,515
Nonmajor governmental funds	15,149,788
Total transfers to capital fund	<u>\$ 15,163,303</u>
Transfers to nonmajor governmental funds from:	
General fund	\$ 12,064,264
Police fund	7,805,525
Capital fund	1,365,297
STASC	7,739
Nonmajor governmental funds	57,787,490
Francis S. Gabreski Airport	172,548
Total transfers to nonmajor governmental funds	<u>\$ 79,202,863</u>

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SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2014

Transfers to Francis S. Gabreski Airport from:	
General fund	\$ 706,264
STASC	16,876
Total transfers to Francis S. Gabreski Airport	<u>\$ 723,140</u>
Transfers to John J. Foley Skilled Nursing Facility from:	
General fund	\$ 2,378,564
STASC	37,500
Total transfers to John J. Foley Skilled Nursing Facility	<u>\$ 2,416,064</u>

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

F. Leases

Operating Leases

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

The following schedule sets forth future minimum lease payments required under non-cancelable operating leases which have remaining terms in excess of one year as of December 31, 2014:

Years Ending December 31	Amount
2015	\$ 18,395,105
2016	17,631,120
2017	16,961,426
2018	15,928,207
2019	15,871,635
2020-2024	58,011,387
2025-2029	20,775,438
Thereafter	8,563,678
Total	<u>\$ 172,137,996</u>

Rent expenditures for the year ended December 31, 2014 approximated \$22,757,796.

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

SUFFOLK COUNTY
Notes to the Financial Statements
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Department's Seventh Precinct. At the termination of the lease, the title of the building will pass to the County, thereby qualifying it as a capital lease. Annual lease payments are \$492,900, totaling \$9,858,000 for the term of the lease.

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

Years Ending December 31	Seventh Precinct
2015	\$ 492,900
2016	492,900
2017	492,900
2018	82,150
Total minimum lease payments	1,560,850
Less: Imputed interest	47,101
Present value of future minimum lease payments	\$ 1,513,749

Assets acquired from the aforementioned capital lease are recorded on the County's financial statements in the amount of \$4,824,000 which represents net book value as of December 31, 2014.

G. Long-term debt

General Obligation Bonds

Primary Government

The County issues general obligation bonds to provide funds for the acquisition of land and equipment and to construct buildings and equipment. General obligation bonds have been issued for both governmental and business-type activities. The original amount of general obligation bonds issued in prior years was \$2,939,488,922. During the year, general obligation bonds totaling \$117,319,451 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%	\$ 1,200,484,121
Governmental activities-refunding	2.75 - 6.0%	174,459,238
Business-type activities	2.50 - 5.5%	7,335,930
Business-type activities-refunding	3.00 - 5.0%	1,790,250
		\$ 1,384,069,539

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As of December 31, 2014, all general obligation bonds under governmental-type activities related to capital improvement loans made by the County to several hospitals have been defeased. The hospitals reimburse the County for interest and principal payments on such debt through a mortgage financing agreement between the hospitals and the County. During 2014, the County paid \$8,964 in interest and principal on this debt and received reimbursements of \$210,036. The County has recorded receivables and related deferred inflows of resources of \$101,231, which represents future principal payments to be received from the hospitals as of December 31, 2014.

Additionally, \$9,126,180 of general obligation bonds under business-type activities above relates to the Ball Park and Gabreski Airport and has been accounted for in the respective enterprise funds.

Annual debt service requirements to maturity for general obligation bonds, including advanced refunding debt, are as follows:

Year Ending December 31	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2015	\$ 122,776,332	\$ 50,957,630	\$ 823,230	\$ 348,710
2016	123,862,818	45,565,625	812,073	311,272
2017	115,066,920	41,298,492	824,068	278,216
2018	109,581,432	37,241,010	700,406	247,918
2019	93,492,952	33,284,851	712,342	219,889
2020-2024	439,184,478	116,244,449	2,877,479	761,348
2025-2029	329,909,412	35,691,762	2,189,884	225,150
2030-2034	41,069,015	3,223,102	186,698	15,157
Total	<u>\$ 1,374,943,359</u>	<u>\$ 363,506,921</u>	<u>\$ 9,126,180</u>	<u>\$ 2,407,660</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 \$120,047,382. During the year, general obligation bonds totaling \$18,949,068 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 \$59,801,594 at August 31, 2014 and such serial bonds were issued with interest rates that ranged from 2.0 percent to 5.0 percent.

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2014

Annual principal and interest requirements to service all College debt outstanding as of August 31, 2014 are as follows:

	General Obligations	Interest	Total
Year ending August 31:			
2015	\$ 4,875,157	\$ 2,319,608	\$ 7,194,765
2016	5,131,139	2,021,466	7,152,605
2017	5,139,709	1,820,328	6,960,037
2018	4,646,776	1,616,342	6,263,118
2019	4,483,343	1,430,503	5,913,846
2020-2024	18,470,174	4,803,249	23,273,423
2025-2029	11,744,288	1,978,781	13,723,069
2030-2034	5,311,008	528,352	5,839,360
	<u>59,801,594</u>	<u>\$ 16,518,629</u>	<u>\$ 76,320,223</u>
Plus: Unamortized premium	379,037		
	<u>\$ 60,180,631</u>		

Advance refundings

On April 23, 2014, the County issued \$68,015,000 in general obligation refunding bonds (of which \$1,487,562 pertains to Suffolk Community College, a discrete component unit) with an average interest rate of 4.39 percent to advance refund \$69,415,000 (of which \$1,541,834 pertains to Suffolk County Community College) of outstanding general obligations bonds with an average interest rate of 4.40 percent. The net proceeds of \$74,039,290 (after payment of \$420,175 in underwriting fees, insurance and other issuance costs) were used to purchase State and Local Government Series securities in the total amount of \$73,013,618. Those securities in addition to a cash deposit in the amount of \$1,025,672 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the various refunded bonds. As a result, the various refunded bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net position.

The advanced refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$4,445,026 (exclusive of the portion related to Suffolk County Community College). This difference reported in the accompanying financial statements (net of issuance costs which are expensed in the current year) as a deferred outflow or inflow of resources and charged to operations through 2025, using a method that approximates effective interest. The County completed the advanced refunding to reduce its total debt service payments over the next eleven years by \$4,871,245 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$3,426,587.

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, 2014, \$141,560,000 of bonds outstanding is considered defeased.

STASC Tobacco Settlement Asset-Backed Bonds

Tobacco Settlement Asset-Backed Bonds issued in 2008 (Series 2008 Bonds) and 2012 (Series 2012 Bonds) for the purchase of future rights to TSRs are secured by a pledge of revenues to be derived from TSR receipts after the deduction of the amounts necessary to pay all operating charges. Principal and interest paid on these bonds in 2014 totaled \$18,689,766. Interest on select Series 2008 Bonds and Series 2012 Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code.

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

For the Series 2008 Bonds, pledged revenues consist of a portion of the TSRs equal to 36 percent of the annual payments through December 31, 2012, and 75 percent thereafter and like percentages of any lump sum payment made in lieu of such annual payments. Pledged revenue does not include 100 percent of TSRs representing amounts withheld or deposited in the Disputed Payments Account under the MSA before August 21, 2008, regardless of when such amounts are received. Pledged revenue received in 2014 amounted to \$13,769,655, or 86.7 percent of total principal and interest payments made on the 2008 Series Bonds during the year. The Corporation withdrew \$1,402,167 from the 2008 Senior Liquidity Reserve to pay a portion of the interest payment on the Bonds due on December 1, 2014.

For the Series 2012 Bonds, pledged revenues consist of a portion of the TSRs equal to 64 percent of TSRs through December 31, 2012, 25 percent of TSRs received thereafter and 100 percent of TSRs representing amounts withheld or deposited in the Disputed Payments Account under the MSA before August 21, 2008, regardless of when such amounts are received. Pledged revenue received in 2014 amounted to \$7,439,553, of this amount, \$2,801,356 was used to pay 2012 bond principal and interest and \$4,635,197 was transferred to the residual trust, and \$3,000 was used to pay the 2012 trustee fees.

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

The amount of TSRs received is dependent on many factors, including future domestic cigarette consumption, the financial capability of the Participating Manufacturers (the "PMs"), litigation affecting the MSA and related legislation, enforcement of state legislation related to the MSA and the tobacco industry. Payments by the PMs under the MSA are subject to certain adjustments which may be material.

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Bonds outstanding at December 31, 2014, 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	\$ 5,085,000
2008B (2028)	08/21/08	40,045,000	5.375%	6/1/2028	37,525,000
2008B (2048)	08/21/08	62,295,000	6.000%	6/1/2048	62,295,000
2008C	08/21/08	107,671,781	6.625%	6/1/2044	142,295,000
2008D	08/21/08	13,375,082	8.000%	6/1/2048	22,032,726
2012A	03/29/12	3,740,000	1.830 - 3.320%	6/1/13-6/1/16	1,655,000
2012B	03/29/12	34,635,000	4.000 - 5.000%	6/1/16-6/1/37	34,635,000
Premiums					646,510
Unamortized discounts					(3,146,676)
Total					<u>\$ 303,022,560</u>

The following table summarizes the STASC's estimated future debt service requirements as of December 31, 2014 based on future projected TSRs:

	Principal	Interest	Total Principal and Interest
2015	\$ 1,650,000	\$ 17,153,729	\$ 18,803,729
2016	1,865,000	17,085,259	18,950,259
2017	1,910,000	17,003,575	18,913,575
2018	4,235,000	16,862,375	21,097,375
2019	1,450,000	16,727,325	18,177,325
2020-2024	7,960,000	82,524,625	90,484,625
2025-2029	46,350,000	77,441,309	123,791,309
2030-2034	8,380,000	68,240,075	76,620,075
2035-2039	5,100,000	66,226,919	71,326,919
2040-2044	107,671,781	95,733,416	203,405,197
2045-2048	75,670,082	302,716,128	378,386,210
	<u>\$ 262,241,863</u>	<u>\$ 777,714,735</u>	<u>\$ 1,039,956,598</u>

JFA Lease Revenue Bonds

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

The Series 2013 Bonds maturing prior to November 1, 2024 are not subject to redemption prior to maturity. The Series 2013 bonds maturing on or after November 1, 2024 are subject to redemption prior to maturity on or after November 1, 2023, in any order at the option of

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2014

JFA, as a whole or in part at any time, at the redemption price equal to 100 percent of the principal amount of Series 2013 bonds to be redeemed, plus accrued interest, if any, to the redemption date.

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

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

JFA's bonds outstanding at December 31, 2014 consisted of Lease Revenue Serial Bonds, Series 2013, and Lease Revenue Term Bonds, Series 2013 in the amount of \$39,515,000 and \$27,445,000 respectively and are reported net of bond premiums of \$864,422. Bond principal payments are due annually on November 1 and interest payable semi-annually on May 1 and November 1.

The following table summarized the JFA's estimated future debt service requirement for bonds payable at December 31, 2014:

<u>Year</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Total Debt Service</u>
2015	\$ 2,285,000	5.000%	\$ 3,124,044	\$ 5,409,044
2016	2,395,000	5.000%	3,009,793	5,404,793
2017	2,515,000	5.000%	2,890,044	5,405,044
2018	2,640,000	5.000%	2,764,294	5,404,294
2019	2,775,000	5.000%	2,632,294	5,407,294
2020-2024	15,805,000	3.375 to 5.000%	11,230,881	27,035,881
2025-2029	19,370,000	4.250 to 5.000%	7,658,206	27,028,206
2030-2033	19,175,000	5.000%	2,455,250	21,630,250
	<u>66,960,000</u>		<u>\$ 35,764,806</u>	<u>\$ 102,724,806</u>
Plus: Unamortized premium	864,422			
	<u>\$ 67,824,422</u>			

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2014

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2014 was as follows:

Governmental activities	Beginning Balance	Additions	Reductions	Ending Balance	Due within one Year
Bonds payable:					
General obligation debt	\$ 1,232,081,056	\$ 117,319,451	\$ 148,916,386	\$ 1,200,484,121	\$ 93,816,401
Advanced refunding debt	138,078,935	66,158,890	29,778,587	174,459,238	28,959,931
STASC bonds	263,726,863	-	1,485,000	262,241,863	1,650,000
Plus accreted interest	41,618,320	1,662,543	-	43,280,863	-
Plus premium	675,351	-	28,841	646,510	28,841
Less unamortized deferred discount	3,302,371	-	155,695	3,146,676	155,695
Lease revenue bonds	69,080,000	-	2,120,000	66,960,000	2,285,000
Plus premium	910,228	-	45,806	864,422	45,806
Total bonds payable	<u>1,742,868,382</u>	<u>185,140,884</u>	<u>182,218,925</u>	<u>1,745,790,341</u>	<u>126,630,284</u>
Accumulated vacation and sick leave	416,653,232	47,820,030	14,315,890	450,157,372	22,156,659
Estimated liability for claims	584,067,873	60,733,407	37,574,644	607,226,636	39,928,102
Other postemployment benefits other than pensions	2,017,950,000	419,290,000	116,120,000	2,321,120,000	-
Capital leases	1,972,213	-	458,464	1,513,749	467,718
Due to NYS retirement system	114,997,385	87,101,698	15,154,188	186,944,895	24,306,282
Governmental activities Long-term liabilities	<u>\$ 4,878,509,085</u>	<u>\$ 800,086,019</u>	<u>\$ 365,842,111</u>	<u>\$ 5,312,752,993</u>	<u>\$ 213,489,045</u>
Business-type activities					
Bonds payable:					
Francis S. Gabreski Airport	\$ 8,363,685	\$ 618,548	\$ 919,982	\$ 8,062,251	\$ 562,140
Suffolk County Ball Park	1,315,553	-	251,624	1,063,929	261,090
Total bonds payable	<u>9,679,238</u>	<u>618,548</u>	<u>1,171,606</u>	<u>9,126,180</u>	<u>823,230</u>
Other postemployment benefits other than pensions	1,960,000	311,000	11,000	2,260,000	-
Business-type activities Long-term liabilities	<u>\$ 11,639,238</u>	<u>\$ 929,548</u>	<u>\$ 1,182,606</u>	<u>\$ 11,386,180</u>	<u>\$ 823,230</u>

(Continued)

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2014

Component units	Beginning Balance	Additions	Reductions	Ending Balance	Due within one Year
County general obligation bonds (Comm. College)	\$ 46,892,974	\$ 19,035,828	\$ 5,748,171	\$ 60,180,631	\$ 4,875,157
Total bonds payable	46,892,974	19,035,828	5,748,171	60,180,631	4,875,157
Accumulated vacation and sick leave	29,210,533	1,471,450	-	30,681,983	3,018,248
Other postemployment benefits other than pensions	202,320,548	62,127,100	23,683,111	240,764,537	-
Mortgage payable	5,247,070	-	1,937,984	3,309,086	160,017
Due to NYS Retirement System	4,584,860	-	3,324,268	1,260,592	1,260,592
Building loan	-	11,614,779	-	11,614,779	-
Prepetition claims	-	13,955,905	-	13,955,905	-
Other long-term debt	259,854	40,355	-	300,209	-
Component units Long-term liabilities	<u>\$ 288,515,839</u>	<u>\$ 108,245,417</u>	<u>\$ 34,693,534</u>	<u>\$ 362,067,722</u>	<u>\$ 9,314,014</u>

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

H. Short-term debt

Short-term debt activity for the year ended December 31, 2014 was as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance
Tax anticipation notes	\$ 300,000,000	\$ 520,000,000	\$ 410,000,000	\$ 410,000,000
Delinquent tax anticipation notes	100,000,000	100,000,000	100,000,000	100,000,000
Revenue anticipation notes	115,000,000	85,000,000	115,000,000	85,000,000
Governmental activities short-term debt	<u>\$ 515,000,000</u>	<u>\$ 705,000,000</u>	<u>\$ 625,000,000</u>	<u>\$ 595,000,000</u>

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

Revenue anticipation notes were issued during 2014 in anticipation of 2014 Federal and State aid revenue receipts.

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 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

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2014

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 12/31/2013	Year ended 12/31/2014
Unpaid claims, beginning of fiscal year	\$ 664,011,771	\$ 584,067,873
Incurred claims (including IBNRs)	49,736,374	49,444,485
Changes in the estimate for claims of prior years	(89,428,321)	11,288,922
Claim payments	(40,251,951)	(37,574,644)
Unpaid claims, end of fiscal year	<u>\$ 584,067,873</u>	<u>\$ 607,226,636</u>

B. Subsequent events

On March 12, 2015, Suffolk County issued \$76,175,000 refunding serial bonds. The proceeds of the bonds will be used to refund all or a portion of the outstanding principal of County bonds specified by the Refunding Plan. The Refunding Plan will permit the County to realize, as a result of the issuance of the bonds, cumulative dollar and present value debt service savings in the amount of \$4.9 million and \$3.4 million, respectively. The interest rates on the refunded bonds, ranged from 4 percent to 4.5 percent and the interest rates on the refunding bonds range from 2 percent to 5 percent.

On April 9, 2015, the County issued \$55,000,000 Revenue Anticipation Notes (RAN). The RANs were issued in anticipation of the receipt of certain revenues expected to be received by the County from State and Federal aid. The interest rate on the RANs is 2 percent and mature on March 24, 2016.

On April 30, 2015, the County issued \$27,748,054 Bond Anticipation Notes (BAN) as part of a five year plan to finance the cost of a 2012 arbitration award ordered by the State of New York Public Employment Relations Board in favor of the Suffolk County Correction Officers Association, Inc.

On June 23, 2015, Suffolk County issued \$61,645,000 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 are 3.00 percent. Bonds mature in varying amounts on June 1 of years 2016 through 2027.

C. Contingent liabilities

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

D. Other post-employment benefits

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

Plan description. The County's post-employment retirement healthcare benefit plan provides health benefits to all retired Suffolk County employees, their spouses, and some eligible dependents. The Plan is a comprehensive health benefits plan which pays for hospital services, doctor expenses and other medical related necessities which include prescription drugs, and mental health/substance abuse services, subject to provisions and limitations. The County administers the Plan through its Labor/Management Committee and Employee Benefits Unit and has the authority to establish and amend the benefits provisions offered. The Plan is not a separate entity or trust and does not issue stand alone financial statements.

Funding policy. Retiree health care coverage is non-contributory. The County reimburses eligible employees and spouses for the monthly Part B premium (\$104.90 per month for 2014). 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 \$116.23 million for 2014.

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

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2014

period of thirty years. The 2014 OPEB obligation reflects the County's understanding of the Federal Affordable Care Act in its current form as applicable regulations have not yet been released on the high cost plan excise tax provision.

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

Annual Required Contribution	\$ 452.81
Contributions Made	116.23
Increase in net OPEB	<u>336.58</u>
Interest on net OPEB obligation	90.90
Adjustment to annual required contribution	<u>(124.01)</u>
Net OPEB obligation - beginning of year	<u>2,019.91</u>
Net OPEB obligation - end of year	<u><u>\$ 2,323.38</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost, contributed to the Plan, and the net OPEB obligation for 2012, 2013, and 2014 were as follows (dollar amounts in millions):

Fiscal Year <u>Ended</u>	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2012	\$395.32	26.8%	\$1,720.87
12/31/2013	\$408.27	26.8%	\$2,019.91
12/31/2014	\$419.70	27.7%	\$2,323.38

Funded status and funding progress. As of December 31, 2014, actuarial accrued liability for benefits was \$5.149 billion and was equal to the unfunded actuarial accrued liability (UAAL). The covered payroll (annual payroll of active employees covered by the Plan) was \$854.54 million and the ratio of UAAL to the covered payroll was 603 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, 2014, actuarial valuation, the projected unit credit method was used. The actuarial assumptions include an inflation rate of 3.0 percent, a 4.5 percent discount rate and an annual healthcare cost trend rate of 9.0 percent for medical and prescription drugs grading down to a rate of 4.5 after 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 requirement of the plan for employees varies based on date of employment and years of credited service. Prior to October 1, 2000, the Systems were non-contributory except for employees who joined the Systems after July 27, 1976 who were required to contribute three percent of their salary. Effective October 1, 2000, the Systems are non-contributory for employees who have been a member of the System for at least ten years or have ten years of credited service. Those employees who have not been a member for ten years or do not have ten years of service contribute three percent of their salary. The three percent employee contribution discontinues when the employee reaches either the tenth anniversary or ten years of service credit, whichever occurs earlier. Effective April 1, 2012, new members will be in Tier 6 of the retirement plan. These employees will be required to contribute three percent of their gross salary from April 1, 2012 through March 31, 2013. Starting April 1, 2013, the contribution rates are based on annual wage categories. Tier 6 limits the amount of overtime that is reported to the Retirement System and used in the final average salary calculation. Under the authority of the NYSRSSL, the State Comptroller shall certify annually the rates, expressed as proportions of contributions, required to be made by employers to the pension accumulation fund. The required contribution rate is determined on an actuarial basis.

SUFFOLK COUNTY
Notes to the Financial Statements
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The County's contribution to ERS and PFRS, on an accrual basis for 2014 and each of the two preceding years were as follows (dollars in thousands):

ERS		
Fiscal Year Ending December 31,	Required Contribution	Percentage Contributed
2014	\$ 100,054	100%
2013	74,301	100%
2012	60,407	100%

PFRS		
Fiscal Year Ending December 31,	Required Contribution	Percentage Contributed
2014	\$ 78,820	100%
2013	75,746	100%
2012	72,033	100%

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

During its 2004 Session, the New York State Legislature enacted Pension Relief (Chapter 260, Laws of 2004). The pension payments date for all local governments was changed from December 15 to February 1, effective immediately. Thus the anticipated December 15, 2004 pension payment date was changed to February 1, 2005. The legislation also provided the ability to amortize or bond a portion of the billing for the next two years. Furthermore, the legislation provided that local governments can establish a retirement contribution reserve fund for the purpose of financing retirement contributions in the future. The County has established and funded a retirement contribution reserve fund. At December 31, 2014 the fund balance of the retirement contribution reserve fund was \$208.

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 \$37,423,688 of the Employee Retirement System invoice and \$22,371,636 of the Police and Fire Retirement System invoice for the period April 1, 2014 through March 31, 2015.

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 2014, 2013, and 2012 were \$6,653,000, \$5,744,000, and \$4,623,000, 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 2014, 2013 and 2012 were \$4,157,000, \$3,015,000, and \$3,142,000, respectively, and were equal to the required contributions for each year.

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

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

SUFFOLK COUNTY
Notes to the Financial Statements
December 31, 2014

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 2014, 2013, and 2012 were \$5,147,000, \$5,139,000, and \$5,169,000, 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 2014, the County made contribution payments in the following amounts to the indicated Benefit Funds:

Suffolk County Municipal Employees Benefit Fund	\$ 10,619,421
Suffolk County Police Benevolent Association Benefit Fund	4,564,667
Suffolk County Police Benevolent Association Legal Fund	100
Suffolk County Police Superior Officers Association Benefit Fund	<u>128,852</u>
Total	<u><u>\$ 15,313,040</u></u>

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REQUIRED SUPPLEMENTARY INFORMATION

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SUFFOLK COUNTY, NEW YORK

Schedule of Funding Progress

Post-Employment Retirement Healthcare Benefit Plan
(In Millions)

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, 2012	-	\$4,650.62	\$4,650.62	0%	\$878.99	529%
December 31, 2013	-	\$5,017.76	\$5,017.76	0%	\$829.65	605%
December 31, 2014	-	\$5,149.47	\$5,149.47	0%	\$854.54	603%

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Supplemental Schedule

County of Suffolk, New York

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2014

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	2014 Amount Provided to Sub-Recipients Note 5	2014 Expenditures
U.S. Department of Agriculture					
School Breakfast Program	10.553	NYS ED	N/A	\$ –	\$ 18,069
National School Lunch Program	10.555	NYS ED	N/A	–	28,570
Special Supplemental Nutrition (Food) Program for Women, Infants and Children 2015 (WIC)	10.557	NYS DOH	C025801	–	584,956
Special Supplemental Nutrition (Food) Program for Women, Infants and Children 2014 (WIC)	10.557	NYS DOH	C025801	–	2,032,709
Special Supplemental Nutrition Program for Women and Children: Special Formula and Food Checks (Note 3)	10.557	NYS DOH	F012342	–	13,858,918
Non-Monetary Assist				–	16,476,583
Total CFDA Number 10.557					
State Administrative Matching Grants for Supplemental Nutrition Assistance Program (Administrative Costs) (Food Stamp Program)	10.561	NYS OTDA	18000	133,870	14,549,984
Environmental Quality Incentives Program – Natural Resource Conservation Service	10.912	Federal Direct	68-2C31-2-320	–	2,376
Total – U.S. Department of Agriculture				133,870	31,075,582
U.S. Department of Housing and Urban Development					
Community Development Block Grants / Entitlement Grants	14.218	Federal Direct	N/A	2,480,918	2,891,591
Community Development Block Grants / Entitlement Grants – NSP 3 – Neighborhood Stabilization Grant	14.218	Federal Direct	N/A	878,058	901,458
Total CFDA Number 14.218				3,358,976	3,793,049
Community Development Block Grant / States Program & Non – Entitlement Grants in Hawaii – Neighborhood Stabilization Program (NSP State)	14.228	NYS HFA	1005	45,680	45,680
Emergency Shelter/Solutions Grants Program	14.231	Federal Direct	N/A	141,418	164,551
Shelter Plus Care	14.238	NYS OTDA	18000	131,995	158,471
Home Investment Partnerships Program (Note 3)	14.239	Federal Direct	N/A	1,217,841	2,760,676
Sustainable Communities Regional Planning Grant Program	14.703	RPA	NY RIP-0029-10	–	227,199
Total – U.S. Department of Housing and Urban Development				4,895,910	7,149,626
U.S. Department of the Interior					
Clean Vessel Act	15.616	NYS EFC	N/A	–	3,850
Total – U.S. Department of the Interior				–	3,850
U.S. Department of Justice					
Crime Victim Assistance – Crime Witness Assistance Program 13	16.575	Federal Direct	C-501161	–	68,639
Crime Victim Assistance – Crime Witness Assistance Program 14	16.575	Federal Direct	C-100353	–	26,608
Total CFDA Number 16.575				–	95,247
Violence Against Women Formula Grants – STOP Violence Against Women 14	16.588	NYS DCJS	VW12543648	–	4,399
Violence Against Women Formula Grants – STOP Violence Against Women 13	16.588	NYS DCJS	VW12543647	–	268
Violence Against Women Formula Grants – STOP Violence Against Women 14	16.588	NYS DCJS	VW13543648	122,123	122,230
Total CFDA Number 16.588				122,123	126,897

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2014

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	2014 Amount Provided to Sub-Recipients Note 5	2014 Expenditures
U.S. Department of Justice (continued)					
Community Defined Solutions to Violence Against Women Grant Program – SCOPE 10	16.590	Federal Direct	WEAX0061	\$ –	\$ (25,298)
State Criminal Alien Assistance Program – Incarceration of Illegal Aliens	16.606	Federal Direct	N/A	–	e front li
Public Safety Partnership & Community Policing Grants – COPS 09 Child Sexual Predator Program	16.710	Federal Direct	2009CSWX0018	–	21,446
Enforcing Underage Drinking Laws Program – Prevention Resources Centers	16.727	NYS DOH – OASAS	N/A	9,939	9,939
Edward Byrne Memorial Justice Asst Grant Program – Edward Byrne JAG 10	16.738	Federal Direct	DJ-BX-1559	–	77,889
Edward Byrne Memorial Justice Asst Grant Program – Edward Byrne JAG 11	16.738	Federal Direct	DJ-BX-2788	26,405	49,191
Edward Byrne Memorial Justice Asst Grant Program – Edward Byrne JAG 12	16.738	Federal Direct	DJ-BX-0670	4	71,085
Edward Byrne Memorial Justice Asst Grant Program – Edward Byrne JAG 13	16.738	Federal Direct	DJ-BX-0783	26,072	74,172
Edward Byrne Memorial Justice Asst Grant Program – Edward Byrne JAG 14	16.738	Federal Direct	DJ-BX-0483	–	17,708
Edward Byrne Memorial Justice Asst Grant Program – Gun Involved Violence Elimination GIVE 14	16.738	NYS DCJS	BJ11637179	–	32,193
Edward Byrne Memorial Justice Asst Grant Program – Legal Aid Society Sex Offender Program 2013	16.738	NYS DCJS	C-637162	53,400	53,400
Total CFDA Number 16.738				105,881	375,638
DNA Backlog Reduction Program – DNA Forensic Backlog Reduction 12	16.741	Federal Direct	DN-BX-0099	–	143,800
DNA Backlog Reduction Program – DNA Forensic Backlog Reduction 13	16.741	Federal Direct	DN-BX-0010	–	72,258
Total CFDA Number 16.741				–	216,058
Paul Coverdell Forensic Sciences Improvement Grant Program – Crime Lab Improvement 13	16.742	NYS DCJS	T-662014	–	19,079
Paul Coverdell Forensic Sciences Improvement Grant Program – Forensic Analysis Quality & Timeliness Improvement Program	16.742	Federal Direct	CD-BX-0062	–	49,741
Paul Coverdell Forensic Sciences Improvement Grant Program – Tox Lab Improvement 13	16.742	NYS DCJS	T-662009	–	15,091
Paul Coverdell Forensic Sciences Improvement Grant Program – Tox Lab Improvement 14	16.742	NYS DCJS	T-662189	–	7,212
Total CFDA Number 16.742				–	91,123
Economic High Tech & Cyber Crime Prevention – Intellectual Property	16.752	Federal Direct	ZP-BX-0002	–	133,241
Congressionally Recommended Awards – Internet Safety in Suffolk	16.753	Federal Direct	DD-BX-0481	–	12,906
Second Chance Act Prisoner Reentry Initiative	16.812	Federal Direct	RW-BX-0020	–	604

County of Suffolk, New York

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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	2014 Amount Provided to Sub-Recipients Note 5	2014 Expenditures
U.S. Department of Justice (continued)					
Equitable Sharing Program – Federal Forfeiture Funds (Police)	16.922	Federal Direct	N/A	\$ –	\$ 313,088
Equitable Sharing Program – Community Overdose Prevention (COP) 2014 (Police)	16.922	NYS OAG	NY059015Y	–	12,372
Equitable Sharing Program – Federal Forfeiture Funds (Police) – (Note 3) Non-Monetary Assist	16.922	Federal Direct	N/A	–	14,143
Equitable Sharing Program – Federal Forfeiture Funds (Probation)	16.922	Federal Direct	N/A	–	10,660
Equitable Sharing Program – Federal Forfeiture Funds (District Attorney)	16.922	Federal Direct	N/A	267,836	2,152,113
Equitable Sharing Program – Federal Forfeiture Funds (Sheriff)	16.922	Federal Direct	N/A	–	182,919
Total CFDA Number 16.922				267,836	2,685,295
Total – U.S. Department of Justice				505,779	5,490,414
U.S. Department of Labor					
Employment Service/Wagner-Peyser Funded Activities – Disability Employment Initiative (DEI)	17.207	NYS DOL	N/A	–	229,771
Trade Adjustment Assistance	17.245	NYS DOL	N/A	–	86,703
WIA Adult Program	17.258	NYS DOL	N/A	–	2,072,582
WIA Adult Program – Admin	17.258	NYS DOL	N/A	–	220,339
Total CFDA Number 17.258				–	2,292,921
WIA Youth Activities	17.259	NYS DOL	N/A	–	2,564,759
WIA Youth Activities – Admin	17.259	NYS DOL	N/A	–	220,548
Total CFDA Number 17.259				–	2,785,307
WIA Dislocated Worker Formula Grants	17.278	NYS DOL	N/A	–	2,922,707
WIA Dislocated Worker Formula Grants – Admin	17.278	NYS DOL	N/A	–	311,565
Total CFDA Number 17.278				–	3,234,272
Total – U.S. Department of Labor				–	8,628,974
U.S. Department of Transportation					
Airport Improvement Program – 15-33 Phase I	20.106	Federal Direct	AIP 3-36-0122-17-13	–	163,493
Airport Improvement Program – Replace Snow Blower	20.106	Federal Direct	AIP 3-36-0122-16-13	–	477,000
Total CFDA Number 20.106				–	640,493
Highway Planning and Construction	20.205	NYS DOT	Various	–	19,527,437
Highway Planning and Construction	20.205	NYS DOT	Various	–	45,235
Highway Planning and Construction – BRT Study	20.205	NYMTC	N/A	–	(75,857)
Highway Planning and Construction – LIE HOV Lane Enforcement Program 12	20.205	NYS DOT	C032055	–	(94,671)
Highway Planning and Construction – LIE HOV Lane Enforcement Program 13	20.205	NYS DOT	C032055-SA#3	–	(44,107)
Highway Planning and Construction – LIE HOV Lane Enforcement Program 14	20.205	NYS DOT	C032055-SA#4	–	688,800
Highway Planning and Construction – LIE/HOV Express Bus Demo Project	20.205	NYS DOT	C005011	–	227,812
Highway Planning and Construction – Sub Regional Transportation Planning	20.205	NYMTC	C033471	–	432,232
Total CFDA Number 20.205				–	20,706,881

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2014

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	2014 Amount Provided to Sub-Recipients Note 5	2014 Expenditures
U.S. Department of Transportation (continued)					
National Motor Carrier Safety – MCSAP High Priority 13			FM-MHP-0142-13-01-00 & 01	\$ –	\$ 264,493
National Motor Carrier Safety – MCSAP High Priority 14	20.218	Federal Direct	FM-MHP-0186-14-01-00	–	36,841
Total CFDA Number 20.218				–	301,334
Federal Transit Capital Investment Grants – Transportation Planning Study	20.500	NYS DOT	D033791	–	27,142
Metropolitan Transportation Planning	20.505	NYS DOT	Various	–	358,624
Metropolitan Transportation Planning – BRT Study	20.505	NYMTC	N/A	–	(28,057)
Total CFDA Number 20.505				–	330,567
Federal Transit Formula Grants	20.507	Federal Direct	Various	–	1,846,711
Federal Transit Formula Grants	20.507	Federal Direct	Various	–	1,008,122
Total CFDA Number 20.507				–	2,854,833
Job Access And Reverse Commute Program	20.516	Federal Direct	NY-37-X107	–	1,321,979
State & Community Highway Safety – Helmet Distribution Program 14	20.600	NYS GSTC	SO-00003-(052)	–	3,996
State & Community Highway Safety – Motorcycle Safety Education & Enforcement 2014	20.600	NYS GSTC	HS1-2014-00306	–	17,251
State & Community Highway Safety – Police Traffic Services 2014	20.600	NYS GSTC	PTS-2014-Suffolk Co PD-00178	–	127,626
State & Community Highway Safety – Police Traffic Services 2014	20.600	NYS GSTC	SO-00002-(052)	–	23,670
State & Community Highway Safety – Smart Start Program 14	20.600	NYS GSTC	SO-00327-(052)	–	7,281
State & Community Highway Safety – STOP DWI 14	20.600	NYS GSTC	DMV01-C002123-3700393	41,954	41,954
State & Community Highway Safety – STOP DWI 14	20.600	NYS GSTC	HS1-2014-NYS-STOP-DWI Found.-00195-(088)	–	118,440
State & Community Highway Safety – STOP DWI 14	20.600	NYS GSTC	HS1-2014-NYS-STOP-DWI Found.-00195-(088)	–	12,786
State & Community Highway Safety – STOP DWI 14	20.600	NYS GSTC	HIS-00195-(088)	–	27,696
State & Community Highway Safety – STOP DWI 15	20.600	NYS GSTC	DMV01-C002145-3700393	–	32,140
State & Community Highway Safety – Ignition Interlock Device Monitoring Program 14	20.600	NYS GSTC	HIS-00169-(088)	–	20,155
State & Community Highway Safety – Ignition Interlock Device Monitoring Program 15	20.600	NYS GSTC	C523696	–	180,998
State & Community Highway Safety – Medical Examiner Toxicology DWI/DUID 13	20.600	NYS GSTC	C523696	–	75,060
State & Community Highway Safety – Medical Examiner Toxicology DWI/DUID 14	20.600	NYS GSTC	C-002119	–	71,251
Total CFDA Number 20.600				41,954	766,254

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U.S. Department of Transportation (continued)					
Occupant Protection Incentive Grants – Child Passenger Safety 14	20.602	NYS GSTC	SO-00001-(052)	\$ –	\$ 11,812
Total – U.S. Department of Transportation				41,954	26,961,295
U.S. Department of Treasury					
Equitable Sharing Program – Federal Forfeiture Funds (Police)	21.000	Federal Direct	N/A	–	601,056
Equitable Sharing Program – Federal Forfeiture Funds (District Attorney)	21.000	Federal Direct	N/A	–	108,051
Equitable Sharing Program – Federal Forfeiture Funds (Sheriff)	21.000	Federal Direct	N/A	–	238,931
Total CFDA Number 21.000				–	948,038
Total – U.S. Department of Treasury				–	948,038
U.S. Environmental Protection Agency					
National Estuary Program FY 07	66.456	Federal Direct	CE992002-15	43,000	45,023
National Estuary Program FY 08	66.456	Federal Direct	CE992002-16	120,774	119,000
National Estuary Program FY 09	66.456	Federal Direct	CE992002-17	–	39,836
National Estuary Program FY 10	66.456	Federal Direct	CE992002-17-1	54,000	78,310
National Estuary Program FY 11	66.456	Federal Direct	CE992002-17-2	–	103,594
National Estuary Program FY 13	66.456	Federal Direct	CE99200218	–	109,638
National Estuary Program FY 14	66.456	Federal Direct	CE99200218-1	–	22,700
Total CFDA Number 66.456				217,774	518,101
Beach Monitoring & Notification Program Implementation					
Grants – Bath Beach Water Quality Monitoring & Notification 2013/ 2014	66.472	NYS DOH	C-024972	–	84,600
Beach Monitoring & Notification Program Implementation					
Grants – Bath Beach Water Quality Monitoring & Notification 2014/ 2015	66.472	NYS DOH	C-029644	–	18,302
Total CFDA Number 66.472				–	102,902
Performance Partnership Grants – Water Quality					
Management Planning (SPDES) 2013	66.605	NYS EC	C-008468	–	22,020
Performance Partnership Grants – Water Quality					
Management Planning (SPDES) 2014	66.605	NYS EC	C-009765	–	108,931
Total CFDA Number 66.605				–	130,951
Total – U.S. Environmental Protection Agency				217,774	751,954
U.S. Department of Education					
Special Education – Grants for Infants & Families – Early Intervention/Child Find 2013	84.181	NYS DOH	C-027511	–	728,364
Special Education – Grants for Infants & Families – Early Intervention/Child Find 2014	84.181	NYS DOH	C-027511	–	172,094
Total CFDA Number 84.181				–	900,458
Total – U.S. Department of Education				–	900,458

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U.S. Election Assistance Commission					
Help America Vote Act Requirement Payments Shoe Box Grant	90.401	NYS BOE	C-003246	\$ –	\$ 123,268
Total – U.S. Election Assistance Commission				–	123,268
U.S. Department of Health and Human Services					
Mammography Inspection 2014	93.C027670	NYS DOH	C027670	–	53,273
Mammography Inspection 2015	93.C027670	NYS DOH	C027670	–	11,757
				–	65,030
Medical Reserve Corps Small Grant Program – NACCHO	93.008	NACCHO	MRC 13-0227	–	1,447
Special Programs for the Aging Disease Prevention and Health Promotion Services (Title IIID)	93.043	NYS OA	N/A	28,044	28,044
Special Programs for the Aging Grants for Supportive Services and Senior Centers (Title IIIB)	93.044	NYS OA	N/A	402,972	1,166,154
Special Programs for the Aging Nutritional Services for the Elderly, Part C-1 – (Title IIIC-1)	93.045	NYS OA	N/A	1,336,425	1,502,428
Special Programs for the Aging Nutritional Services for the Elderly, Part C-2 – (Title IIIC-2)	93.045	NYS OA	N/A	711,348	798,442
Total CFDA Number 93.045				2,047,773	2,300,870
Special Programs for the Aging – Title IV and Title II Discretionary Projects (B) – Systems Integration	93.048	NYS OA	N/A	35,000	64,000
National Family Caregiver Support – Care Giver Training – (Title IIIE)	93.052	NYS OA	N/A	213,846	416,768
Nutrition Services Incentive Program (NSIP)	93.053	NYS OA	N/A	364,649	382,970
Public Health Emergency Preparedness – HRI-CRI Bioterrorism 13/14	93.069	HRI	C-1618-11	–	187,999
Public Health Emergency Preparedness – HRI-CRI Bioterrorism 14/15	93.069	HRI	C-1618-11	–	410,705
Total CFDA Number 93.069				–	598,704
Medicare Enrollment Assistance Program – MIPPA	93.071	NYS OA	N/A	–	19,630
Affordable Care Act Health Profession Opportunity Grants – School	93.093	Federal Direct	N/A	–	999,047
Affordable Care Act Health Profession Opportunity Grants – Impact Study	93.093	Federal Direct	N/A	–	88,064
Total CFDA Number 93.093				–	1,087,111
Food & Drug Administrative Research – Food Program Standards13/14	93.103	Federal Direct	5U18FD004660-02	–	46,867
Food & Drug Administrative Research – Food Program Standards14/15	93.103	Federal Direct	5U18FD004660-03	–	426
Food & Drug Administrative Research – Retail Food Safety Training Grant	93.103	Federal Direct	G-T-1402-00755	–	1,882
Total CFDA Number 93.103				–	49,175

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Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2014

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	2014 Amount Provided to Sub-Recipients Note 5	2014 Expenditures
U.S. Department of Health and Human Services (continued)					
Injury Prevention and Control Research and State and Community Based Programs – Falls Prevention for Older Adults 13	93.136	HRI	441503	\$ –	\$ 32,193
Injury Prevention and Control Research and State and Community Based Programs – Falls Prevention for Older Adults 14	93.136	HRI	441504	–	5,765
Total CFDA Number 93.136				–	37,958
Projects for Assistance in Transition from Homelessness – McKinney Homeless	93.150	NYS DOH – OMH	N/A	144,638	144,638
Projects for Assistance in Transition from Homelessness – Peer Advocacy	93.150	NYS DOH – OMH	N/A	81,555	81,555
Total CFDA Number 93.150				226,193	226,193
Family Planning Services – Reproductive Health Program 2014	93.217	NYS DOH	C027057	–	199,046
Immunization Cooperative Agreements – Immunization Action Plan 2013-2014	93.268	NYS DOH	C028322	1,827	72,119
Immunization Cooperative Agreements – Immunization Action Plan 2014-2015	93.268	NYS DOH	C028322	5,781	257,789
Immunization Cooperative Agreements – Linkage of Migrant Health Services 2013/2014	93.268	NYS DOH	C023005	–	1,829
Total CFDA Number 93.268				7,608	331,737
Temporary Assistance for Needy Families – TANF	93.558	NYS OTDA	18000	232,977	92,434,959
Child Support Enforcement – Title IV D	93.563	NYS OTDA	18000	111,887	9,445,423
Refugee and Entrant Assistance – State Administered Programs – Refugee Health Assessment 13/14	93.566	NYS DOH	C026125	–	2,209
Refugee and Entrant Assistance -State Administered Programs – Refugee Health Assessment 14/15	93.566	NYS DOH	C026125	–	3,013
Total CFDA Number 93.566				–	5,222
Low Income Home Energy Assistance	93.568	NYS OTDA	18000	–	1,620,150
Low Income Home Energy Assistance (Note 4)	93.568	NYS OTDA	18000	–	16,821,843
Total CFDA Number 93.568				–	18,441,993
Child Care and Development Block Grant	93.575	NYS OTDA	18000	940,871	34,285,713
Foster Care Title IV E	93.658	NYS OTDA	18000	–	12,878,258
Adoption Assistance Title IV E	93.659	NYS OTDA	18000	–	4,983,010
Social Services Block Grant Title XX	93.667	NYS OTDA	18000	2,317,688	7,374,231
Chafee Foster Care Independence Program	93.674	NYS OTDA	18000	274,330	277,647
Medical Assistance Program – Federal Medicaid Salary Sharing	93.778	NYS DOH – OMH	N/A	–	111,102
Medical Assistance Program – Maternal Infant Child Health Initiative	93.778	NYS DOH	C028973	–	84,733
Medical Assistance Program – Maternal Infant Child Health Initiative Component A	93.778	NYS DOH	C028973	163,238	264,636
Medical Assistance Program- Title XIX	93.778	NYS OTDA	18000	–	29,808,029
Total CFDA Number 93.778				163,238	30,268,500

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U.S. Department of Health and Human Services (continued)					
Centers for Medicare & Medicaid Services Research, Demos & Evaluations Health Insurance Information & Counseling Assistance (HIICAP)	93.779	NYS OA	N/A	\$ 31,802	\$ 31,802
HIV Emergency Relief Project Grants – Ryan White HIV Medical Case Management Prerelease Services to Inmates 13	93.914	UWLI	13726	–	15,337
HIV Emergency Relief Project Grants – Ryan White HIV Medical Case Management Prerelease Services to Inmates 14	93.914	UWLI	14726	–	75,462
HIV Emergency Relief Project Grants- Ryan White Part A, Minority Aids Initiative 13	93.914	UWLI	13MAI7	2,611	7,150
HIV Emergency Relief Project Grants- Ryan White Part A, Minority Aids Initiative 14	93.914	UWLI	14MAI7	24,790	48,485
HIV Emergency Relief Project Grants – Ryan White Title I AIDS Dentistry Grants 2013	93.914	UWLI	13072	–	7,080
HIV Emergency Relief Project Grants – Ryan White Title I AIDS Dentistry Grants 2014	93.914	UWLI	14072	–	140,464
Total CFDA Number 93.914				27,401	293,978
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease – Ryan White Title III – HIV Early Intervention 14	93.918	Federal Direct	H76HA00036	133,154	382,607
Block Grants for Community Mental Health Services – Adult Clinical Infrastructure – CMHS	93.958	NYS DOH – OMH	N/A	504,301	504,301
Block Grants for Community Mental Health Services – Adult CSS (Advocacy/Support Program) – CMHS	93.958	NYS DOH – OMH	N/A	3,000	358,964
Block Grants for Community Mental Health Services – Child & Family Clinical Infrastructure Program – CMHS	93.958	NYS DOH – OMH	N/A	116,375	116,375
Block Grants for Community Mental Health Services – Child & Family Community Support Programs – CMHS	93.958	NYS DOH – OMH	N/A	319,290	319,290
Block Grants for Community Mental Health Services – Children & Family Emergency Services – CMHS	93.958	NYS DOH – OMH	N/A	225,000	225,000
Block Grants for Community Mental Health Services – Children & Family MICA Prevention Program	93.958	NYS DOH – OMH	N/A	375,851	375,851
Block Grants for Community Mental Health Services – Mentally Ill Chemical Abuser Program	93.958	NYS DOH – OMH	N/A	62,609	62,609
Total CFDA Number 93.958				1,606,426	1,962,390
Block Grants for Prevention and Treatment of Substance Abuse – Medically Supervised Outpatient	93.959	NYS DOH – OASAS	N/A	1,890,610	1,732,422
Block Grants for Prevention and Treatment of Substance Abuse – Methadone Maintenance Outpatient	93.959	NYS DOH – OASAS	N/A	–	735,955
Block Grants for Prevention and Treatment of Substance Abuse – Community Residential	93.959	NYS DOH – OASAS	N/A	870,073	857,032
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 – Primary Prevention Services	93.959	NYS DOH – OASAS	N/A	1,429,398	1,351,665

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U.S. Department of Health and Human Services (continued)					
Block Grants for Prevention and Treatment of Substance Abuse – Vocational Rehabilitation Total CFDA Number 93.959	93.959	NYS DOH – OASAS	N/A	\$ 25,000	\$ 51,443
				5,805,657	6,319,093
Preventive Health Services Sexually Transmitted Diseases Control Grants – Comprehensive STD Prevention Systems	93.977	NYS DOH	T028872	2,714	5,670
Preventative Health & Health Services Block Grant – Linkage of Migrant Health Services 2013/2014	93.991	NYS DOH	C023005	–	406
Maternal and Child Health Services Block Grant to the States – Childhood Lead Poisoning Prevention 12/13	93.994	NYS DOH	C026539	–	2,454
Maternal and Child Health Services Block Grant to the States – Childhood Lead Poisoning Prevention 13/14	93.994	NYS DOH	C026539	–	169,075
Maternal and Child Health Services Block Grant to the States – Children with Special Health Care Needs 2013-2014	93.994	NYS DOH	C024645	–	52,517
Maternal and Child Health Services Block Grant to the States – Children with Special Health Care Needs 2014-2015	93.994	NYS DOH	C029743	–	2,432
Maternal and Child Health Services Block Grant to the States – Linkage of Migrant Health Services 2012/13	93.994	NYS DOH	C023005	–	17,028
Maternal and Child Health Services Block Grant to the States – Linkage of Migrant Health Services 2013/2014	93.994	NYS DOH	C023005	–	2,844
Maternal and Child Health Services Block Grant to the States – Reproductive Health 2013 Total CFDA Number 93.994	93.994	NYS DOH	C027057	–	146,915
				–	393,265
Total – U.S. Department of Health and Human Services				14,974,230	226,759,004
U.S. Department of Social Security Administration					
Supplemental Security Income – Social Security Administration Incentive Program	96.006	Federal Direct	N/A	–	66,000
Total – U.S. Department of Social Security Administration				–	66,000
U.S. Department of Homeland Security					
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR-NY-4085	–	34,508
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR-NY-4085	–	12,536
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR-NY-4085	–	3,113
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR-NY-4085	–	8
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR-NY-4085	–	6,380
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR-NY-4085	–	717,064
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR-NY-4085	–	365,956

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Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2014

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	2014 Amount Provided to Sub-Recipients Note 5	2014 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-NY-4085	\$ –	\$ 24,869
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR-NY-4085	–	15,047
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR-NY-4085	–	113,787
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR-NY-4085	–	812,442
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR-NY-4085	–	1,297,269
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR-NY-4085	–	893,554
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR-NY-4085	–	(154,795)
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR-NY-4085	–	77,182
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR-NY-4085	–	154,073
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR-NY-4085	–	550,057
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR-NY-4085	–	452,052
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR-NY-4085	–	65,788
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR-NY-4020	–	1,227
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR-NY-4020	–	2,100
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR-NY-4020	–	62,110
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR-NY-4111	–	95,972
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR-NY-4111	–	11,149
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR-NY-4111	–	1,391,292
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR-NY-4111	–	7,151
Disaster Grants – Public Assistance (Presidentially Declared Disaster) Severe Storms & Floods	97.036	NYS DHSES	FEMA – Storm # DR-NY-1899	–	(1,172)
Total CFDA Number 97.036				–	7,010,719
Emergency Management Performance Grants – Local Emergency Management Planning Grant (LEMPG) 2013	97.042	NYS DHSES	WM13193035	–	291,578
Emergency Management Performance Grants – Local Emergency Management Planning Grant (LEMPG) 2014	97.042	NYS DHSES	WM14193045	–	222,143
Total CFDA Number 97.042				–	513,721
Assistance to Firefighters Grant 12	97.044	Federal Direct	EMW-2012-FP-01222	–	159,000
Pre Disaster Mitigation 12	97.047	NYS DHSES	C000551	–	226,295

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2014

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	2014 Amount Provided to Sub-Recipients Note 5	2014 Expenditures
U.S. Department of Homeland Security (continued)					
Port Security Grant Program – Port Security 2012	97.056	Federal Direct	EMW-2012-PU-00417	\$ –	\$ 25,396
Port Security Grant Program – Port Security 2013	97.056	Federal Direct	EMW-2013-PU-00436	–	103,319
Port Security Grant Program – Port Security 2010	97.056	Federal Direct	PU-T0-0132	–	76,033
Port Security Grant Program – Port Security 2012	97.056	Federal Direct	EMW-2012-PU-00332	–	1,233
Port Security Grant Program – Port Security 2013	97.056	Federal Direct	EMW-2013-PU-00231	–	22,113
Port Security Grant Program – Port Security 2014	97.056	Federal Direct	PU-00190	–	1,569
Total CFDA Number 97.056				–	229,663
Homeland Security Grant Program – Citizens Corp Council 2009	97.067	NYS DHSES	N/A	–	280
Homeland Security Grant Program – Citizens Corp Council 2010	97.067	NYS DHSES	T000476	–	11,605
Homeland Security Grant Program – Explosive Detection Canine Team 11	97.067	NYS DHSES	WM11152819	–	37,509
Homeland Security Grant Program – Explosive Detection Canine Team 12	97.067	NYS DHSES	WM12193029	–	3,123
Homeland Security Grant Program – Explosive Detection Canine Team 13	97.067	NYS DHSES	WM13884239	–	15,007
Homeland Security Grant Program – Hazmat 10	97.067	NYS DHSES	WM10193009	1,568	18,585
Homeland Security Grant Program – Hazmat 12	97.067	NYS DHSES	WM1215829	–	33,960
Homeland Security Grant Program – Hazmat 13	97.067	NYS DHSES	WM13193039	–	11,700
Homeland Security Grant Program – Operation Shield 13	97.067	NYS DHSES	C193010	–	23,609
Homeland Security Grant Program – Operation Shield 14	97.067	NYS DHSES	WM11884210	20,035	34,804
Homeland Security Grant Program – State Homeland Security Program 2008 (SHSP)	97.067	NYS DHSES	WM08834080	–	–
Homeland Security Grant Program – State Homeland Security Program 2009 (SHSP)	97.067	NYS DHSES	WM09834090	–	–
Homeland Security Grant Program – State Homeland Security Program 2010 (SHSP)	97.067	NYS DHSES	WM09834000	–	83,237
Homeland Security Grant Program – State Homeland Security Program 2011 (SHSP)	97.067	NYS DHSES	WM11973710	–	657,352
Homeland Security Grant Program – State Homeland Security Program 2011 (SHSP) – Bomb Squad Initiative	97.067	NYS DHSES	WM11152811	–	102,649
Homeland Security Grant Program – State Homeland Security Program 2012 (SHSP)	97.067	NYS DHSES	WM12973720	–	455,021
Homeland Security Grant Program – State Homeland Security Program 2012 (SHSP) – Bomb Squad Initiative	97.067	NYS DHSES	WM12152812	–	135,000
Homeland Security Grant Program – State Homeland Security Program 2013 (SHSP)	97.067	NYS DHSES	WM13973730	–	322,661
Homeland Security Grant Program – State Homeland Security Program 2013 (SHSP) – Bomb Squad Initiative	97.067	NYS DHSES	WM13152813	–	14,000
Homeland Security Grant Program – State Law Enforcement Terrorism Prevention Program 2008 (SLETPP)	97.067	NYS DHSES	WM08834082	1,927	–

County of Suffolk, New York

Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2014

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	2014 Amount Provided to Sub-Recipients Note 5	2014 Expenditures
U.S. Department of Homeland Security (continued)					
Homeland Security Grant Program – State Law Enforcement Terrorism Prevention Program 2011 (SLETPP)	97.067	NYS DHSES	WM11973712	\$ –	\$ 208,209
Homeland Security Grant Program – State Law Enforcement Terrorism Prevention Program 2012 (SLETPP)	97.067	NYS DHSES	WM12973722	–	259,500
Homeland Security Grant Program – State Law Enforcement Terrorism Prevention Program 2013 (SLETPP)	97.067	NYS DHSES	WM13973732	–	108,969
Homeland Security Grant Program – Technical Rescue (USAR) 10	97.067	NYS DHSES	WM10152809	–	2,529
Homeland Security Grant Program – Technical Rescue (USAR) 13	97.067	NYS DHSES	WM13152839	–	10,177
Homeland Security Grant Program – Urban Area Security Initiative 2008 (UASI)	97.067	NYS DHSES	C834083	–	–
Homeland Security Grant Program – Urban Area Security Initiative 2009 (UASI)	97.067	NYS DHSES	WM09834093	–	1,876
Homeland Security Grant Program – Urban Area Security Initiative 2010 (UASI)	97.067	NYS DHSES	WM10834003	–	88,601
Homeland Security Grant Program – Urban Area Security Initiative 2011 (UASI)	97.067	NYS DHSES	WM11973713	2,895	1,291,525
Homeland Security Grant Program – Urban Area Security Initiative 2012 (UASI)	97.067	NYS DHSES	WM12973723	5,179	1,334,531
Homeland Security Grant Program – Urban Area Security Initiative 2013 (UASI)	97.067	NYS DHSES	WM13973733	7,387	823,623
Total CFDA Number 97.067				38,991	6,089,642
Staffing for Adequate Fire & Emergency Response (SAFER) 2009	97.083	Federal Direct	EMW-2009-FF-00543	1,506,118	1,930,336
Securing the Cities Program – 2011	97.106	NYC Police	DHS-11-DNDO-106-001	–	86,068
Total – U.S. Department of Homeland Security				1,545,109	16,245,444
Total – Expenditures of Federal Awards				\$ 22,314,626	\$ 325,103,907

County of Suffolk, New York

Schedule of Expenditures of State Transportation Assistance Awards

Year Ended December 31, 2014

State Grantor Program Title	State Contract # or CP#	2014 Expenditures
Suffolk County Department of Public Works		
Federal Transit Capital and Operating Assistance Formula Grants – § 5307	K006799	\$ 241,853
		<u>241,853</u>
STOA – State Transportation Operating Assistance	STOA	24,554,100
LIE/HOV Express Bus Demo Project	C005011	56,953
		<u>24,611,053</u>
CHIPS – Consolidated Street & Highway Improvement Program	N/A	6,302,831
		<u>6,302,831</u>
NYS Department of Transportation: Highway Planning & Construction		
Closed Loop Traffic Signal System – Phases 2 & 3	D013802	2,317
Closed Loop Traffic Signal System – Phase 6	D033402	3,167
Closed Loop Traffic Signal System – Phase 7	D033859	137,623
Reconstruct CR11	D033481	176,472
Reconstruct CR17	D013549	150
Reconstruct CR67 Bridge	D011517	53,001
Reconstruct CR3	D011640	32,064
Reconstruct CR16	D010688	101,632
Reconstruct CR80	D010664	17,581
Reconstruct CR57	D010856	336,179
Feasibility Study CR39	D013585	(38,117)
FFY 12 Paving – CR 111 & CR 105	D033894	33,460
FFY 12 Paving – CR 46	D022892	368,545
FFY 12 Paving – CR 97 & CR 19	D033893	644,535
Multi Modal Program	D027579	42
		<u>1,868,651</u>
Total Suffolk County Department of Public Works		<u>33,024,388</u>
Suffolk County Police Department		
LIE/HOV Dedicated Traffic Enforcement 2014	C032055	172,200
Dedicated Traffic Enforcement 2013-2015	D033338	438,843
Total Suffolk County Police Department		<u>611,043</u>
Suffolk County Sheriff's Department		
LIE HOV Lane Enforcement Program 2012	C032055	(23,668)
Total Suffolk County Sheriff's Department		<u>(23,668)</u>

County of Suffolk, New York

Schedule of Expenditures of State Transportation Assistance Awards (continued)

Year Ended December 31, 2014

State Grantor Program Title	State Contract # or CP#	2014 Expenditures
Suffolk County Department of Economic Development – Airport		
NYS Aviation Division: Airport Improvement Project		
Rehab Runway 15-33	T036630	\$ 9,211
Replace Snow Blower (Rotary Snow Plow)	T036629	26,500
Total Suffolk County Department of Economic Development – Airport		<u>35,711</u>
Total – Expenditures of State DOT Awards		<u>\$ 33,647,474</u>

See accompanying notes.

Suffolk County, New York

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

Year Ended December 31, 2014

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. Expenditures for disaster relief and emergency assistance (CFDA # 97.036) reimbursable under the Stafford Act, are recorded as expenditures when the County receives an approved Project Worksheet and the expenses are incurred. Disaster relief and emergency assistance expenditures included in the SEFA for the year ended December 31, 2014 that related to prior fiscal years was \$6,684,132.

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, 2014, the County distributed \$13,858,918 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, 2014, the U.S. Department of Justice awarded the County a seized vehicle amounting to \$14,143 through federal forfeitures (CFDA #16.922).

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

4. Low-Income Home Energy Assistance Program

The Low-Income Home Energy Assistance Program (HEAP) total includes \$16,821,843 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, 2014, amounts provided to sub-recipients totaled \$22,314,626, 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	\$ 18,069
	10.555	National School Lunch Program	28,570
		Total Child Nutrition Cluster	\$ 46,639

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>WIA Cluster</i>			
DOL	17.258	WIA Adult program	\$ 2,292,921
	17.259	WIA Youth Activities	2,785,307
	17.278	WIA Dislocated Worker Formula Grants	3,234,272
		Total WIA Cluster	\$ 8,312,500
<i>Federal Transit Cluster</i>			
DOT	20.500	Federal Transit Capital Investment Grants	\$ 27,142
	20.507	Federal Transit Formula Grants	2,854,833
		Total Federal Transit Cluster	\$ 2,881,975
<i>Highway Safety Cluster</i>			
DOT	20.600	State and Community Highway Safety	\$ 766,254
	20.602	Occupant Protection Incentive Grants	11,812
		Total Highway Safety Cluster	\$ 778,066
<i>Aging Cluster</i>			
HHS	93.044	Special Programs for the Aging—Grants for Supportive Services and Senior Centers (Title III-B)	\$ 1,166,154
	93.045	Special Programs for the Aging—Nutrition Services (Title III-C)	2,300,870
	93.053	Nutrition Services Incentive Program (NSIP)	382,970
		Total Aging Cluster	\$ 3,849,994

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
HRI	Health Research, Inc.
NACCHO	National Association of County & City Health Officials
NYC Police	New York City Police Department
NYMTC	New York Metropolitan Transit Council
NYS BOE	New York State Board of Elections
NYS DCJS	New York State Division of Criminal Justice Services
NYS DHSES	New York State Division of Homeland Security & Emergency Services
NYS DOH	New York State Department of Health
NYS DOH – OASAS	New York State Department of Health – Office of Alcohol & Substance Abuse Services
NYS DOH – OMH	New York State Department of Health – Office of Mental Health
NYS DOL	New York State Department of Labor
NYS DOT	New York State Department of Transportation
NYS 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 OAG	New York State Office of the Attorney General
NYS OTDA	New York State Office of Temporary and Disability Assistance
RPA	Regional Planning Association
UWLI	United Way of Long Island

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Suffolk County, New York (“the County”), as of and for the year ended December 31, 2014, 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 29, 2015. 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.



June 29, 2015

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

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

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

We have audited Suffolk County, New York's ("the County") compliance with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *Preliminary Draft Part 43 of the New York State Codification of Rules and Regulations* ("NYCRR") that could have a direct and material effect on each of the County's major federal and state transportation assistance programs for the year ended December 31, 2014. The County's major federal and state transportation assistance programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. The County's basic financial statements include the operations of Suffolk County Community College ("the College"), a component unit, which received \$49,245,519 in federal awards which is not included in the schedule during the year ended December 31, 2014. 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, 2014.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and is described in the accompanying schedule of findings and questioned costs as item 2014-001 related to the WIA Cluster's eligibility compliance requirement. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of

findings and questioned costs as item 2014-001 related to the WIA Cluster's eligibility compliance requirement that we consider to be a significant deficiency.

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

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.

Ernst + Young LLP

September 14, 2015

Suffolk County, New York

Schedule of Findings and Questioned Costs

Year Ended December 31, 2014

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes ✓ No

Significant deficiency(ies) identified? Yes ✓ None Reported

Noncompliance material to financial statements noted? Yes ✓ No

Federal Awards Section

Internal control over major programs:

Material weakness(es) identified? Yes ✓ No

Significant deficiency(ies) identified? ✓ Yes None Reported

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

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

Suffolk County, New York

Schedule of Findings and Questioned Costs

Year Ended December 31, 2014

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: _____ \$1,009,424

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

Suffolk County, New York

Schedule of Findings and Questioned Costs (continued)

Year Ended December 31, 2014

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, 2014

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

Finding 2014-001 Noncompliance with Eligibility Requirements

U.S. Department of Labor

WIA Cluster

CFDA 17.258/17.259/17.278 WIA Cluster

Program Year: January 1, 2014 – December 31, 2014

Criteria or Specific Requirement:

In determining eligibility for individuals to receive WIA services, the County must ensure that the individual is not in violation of section 3 of the Military Selective Service Act (50 USC App. 453) by presenting and submitting to registration under that Act (29 USC 2939(h)).

Condition/Context:

During the eligibility approval process, the County obtains relevant demographic and financial information from applicants which is reviewed and entered into the New York State One-Stop Operating System (OSOS). OSOS includes a field which verifies that the applicant has registered with the Military Selective Service. If OSOS identifies exceptions regarding registration with the Military Selective Service, the County must obtain evidence of any of the following in accordance with the New York State Workforce Development System Technical Advisory #12-9 prior to providing WIA enrollment and services.

- Males born on or before December 31, 1959 are not required to register with SS.
- Males on active duty in the U.S. Armed Services are not required to register with SS.
- Males currently enrolled at a service academy are not required to register with SS.
- Male veterans who served in the U.S. Armed Services past their 26th birthday are not required to register with SS.
- Males age 26 or older who are not but should be registered with SS for whom it has been determined that their failure to register was not knowing or willful.

If the male is not registered but is between the ages of 18 and 26, WIA enrollment and services may be provided once he has registered.

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Schedule of Findings and Questioned Costs (continued)

Year Ended December 31, 2014

Of the 40 participants tested, we noted that two applicants obtained WIA services with no evidence of OSOS Military Selective Service verification or documentation supporting exceptions to registration as noted above.

Questioned Costs:

\$1,635 in training services were received by the two participants.

Effect:

Individuals received WIA enrollment and services without evidence showing compliance with the Military Selective Service Act or adequate evidence of their exemption from the Military Selective Service requirements.

Cause:

The eligibility verification performed by the caseworker was not properly reviewed and approved.

Recommendation:

The County should continue to enhance its review process to verify that the individuals receiving WIA benefits have complied with the Military Selective Service Act. Caseworkers should also receive additional training as necessary to familiarize themselves with the requirements of the Military Selective Service Act.

View of Responsible Officials and Planned Corrective Action:

The Suffolk County Department of Labor, Licensing & Consumer Affairs (the “Department”) concurs with the audit finding and developed the following corrective action plan to address the issue:

The Department has enhanced our Selective Service quality control procedures to include:

- The distribution of written instructions to all staff responsible for determining eligibility for services. These instructions include a procedural checklist provided by the Selective Service Agency.
- Training front line staff to check for Selective Service registration upon meeting with a customer – if a male born on or after January 1, 1960 is not registered, he is instructed to register if he is not yet 26 years of age. If he is 26 or older, the staff is instructed to inform the customer that he needs proof that he entered the USA after his 26th birthday. If he cannot obtain this or if he was born in the USA, then he is informed that he cannot receive intensive services or vocational training funding through the One-Stop.

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Schedule of Findings and Questioned Costs (continued)

Year Ended December 31, 2014

- The One-Stop Assistant Director (Labor Specialist IV) has been assigned responsibility for conducting quality control on all enrollments prepared by front line staff. If any information required by the USDOL or NYSDOL, including Selective Service registration, is not properly documented, he will instruct the staff to take the necessary corrective action. All quality control is now performed within three days of the initial customer interview. The Assistant Director meets with the One-Stop Director, as necessary, to discuss any and all recurring issues.
- Additionally, when an Education & Training referral is made by the front line staff, the Department's school representative will review the file for all required documentation before a funding approval is issued.
- The Department's Planning & Project Management Unit has been instructed to conduct a random sampling of files on a quarterly basis. Any issues identified will be discussed with the One-Stop Director and Administration.

Suffolk County, New York

Summary Schedule of Prior Audit Findings

Years Ended December 31, 2013 and 2012

Federal Award Findings

There were no prior year findings.

State Transportation Award Findings

There were no prior audit findings.