

**PRELIMINARY OFFICIAL STATEMENT DATED DECEMBER 5, 2018**

**NEW ISSUE  
BOOK-ENTRY-ONLY NOTES**

**RATINGS: (See "RATINGS" herein)**

*In the opinion of Bond Counsel, under existing statutes, regulations, administrative rulings, and court decisions, and assuming continuing compliance by the County with its covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), and the accuracy of certain representations made by the County, interest on the Notes is excluded from gross income of the owners thereof for Federal income tax purposes and is not an "item of tax preference" for purposes of the Federal alternative minimum tax imposed on individuals. Bond Counsel is also of the opinion that under existing statutes interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). No opinion is expressed regarding other Federal or State tax consequences arising with respect to the Notes. See "TAX MATTERS" herein.*

*The Notes will NOT be designated by the County as "qualified tax-exempt obligations" pursuant to the provision of Section 265 of the Code.*

**COUNTY OF SUFFOLK  
NEW YORK**

**\$410,000,000\***  
**TAX ANTICIPATION NOTES FOR 2019 TAXES**  
**(the "Notes")**

**Date of Issue: December 20, 2018**

**Maturity Date: July 24, 2019**

The Notes are general obligations of the County of Suffolk, New York (the "County"), and will contain a pledge of the faith and credit of the County for the payment of the principal thereof and interest thereon and, unless paid from other sources, the Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the County, subject to certain statutory limitations imposed by Chapter 97 of the Laws of 2011 of the State of New York, as amended. See "TAX LEVY LIMITATION LAW," herein.

The Notes are dated their Date of Issue and bear interest from that date until the Maturity Date, at the annual rate or rates as specified by the Underwriter of the Notes. The Notes will not be subject to redemption prior to maturity.

The Notes will be issued in fully registered form, and when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), Jersey City, New Jersey. DTC will act as securities depository for the Notes. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interests in the Notes. Payment of the principal of and interest on the Notes will be made by the County to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Notes as described herein. See "THE NOTES – Book-Entry-Only System" herein.

The Notes are offered when, as, and if issued by the County and accepted by the Underwriter, subject to the receipt of the final approving opinion of Harris Beach PLLC, Hempstead, New York, Bond Counsel, and certain other conditions. Certain matters will be passed upon for the Underwriter by its counsel, Hawkins Delafield & Wood LLP, New York, New York. Capital Markets Advisors, LLC has served as Municipal Advisor to the County in connection with the issuance of the Notes. It is expected that delivery of the Notes in book-entry form, will be made in Jersey City, New Jersey on the Date of Issue.

Harris Beach PLLC has not participated in the preparation of the demographic, financial or statistical data contained in this Official Statement, nor verified the accuracy, completeness or fairness thereof, and, accordingly, expresses no opinion with respect thereto.

THIS OFFICIAL STATEMENT IS IN A FORM DEEMED FINAL BY THE COUNTY FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS DESCRIBED HEREIN. FOR A DESCRIPTION OF THE COUNTY'S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE FOR THE NOTES AS DESCRIBED IN THE RULE, SEE "DISCLOSURE UNDERTAKING" HEREIN.

Dated: December \_\_, 2018

\* Preliminary, subject to change.

**BofA MERRILL LYNCH**

This Preliminary Official Statement and the information contained in it are subject to completion and amendment in a final Official Statement. This Preliminary Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there may not be any sale of the Notes, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of that jurisdiction.

The statements contained in this Official Statement and the Appendices hereto that are not purely historical are forward-looking statements. Such forward-looking statements can be identified, in some cases, by terminology such as “may,” “will,” “should,” “expects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential,” “illustrate,” “example,” and “continue,” or the singular, plural, negative or other derivations of these or other comparable terms. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available on the date of this Official Statement, and the County assumes no obligation to update any such forward-looking statements. The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including, but not limited to, risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in various important factors. Accordingly, actual results may vary from the projections, forecasts and estimates contained in this Official Statement and such variations may be material, which could affect the ability to fulfill some or all of the obligations under the Notes.

THE UNDERSIGNED HAS SERVED AS MUNICIPAL ADVISOR TO THE COUNTY REGARDING THIS FINANCING.

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**Capital Markets Advisors, LLC**  
*Great Neck and New York, New York*  
*(516) 487-9817*

No person has been authorized by the County to give any information or to make any representations not contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information, estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof.

IN CONNECTION WITH THE OFFERING OF THE NOTES, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The Underwriter has reviewed the information in this Preliminary Official Statement in accordance with, and as part of its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guaranty the accuracy or completeness of such information.

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**APPENDIX B – LINK TO AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017**  
**APPENDIX C – CASH FLOW STATEMENTS**

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# OFFICIAL STATEMENT

of the

## COUNTY OF SUFFOLK, NEW YORK

Relating to

**\$410,000,000\***

### TAX ANTICIPATION NOTES FOR 2019 TAXES

This Official Statement, including its cover page and appendices, presents information relating to the County of Suffolk, New York (the "County" and "State", respectively), in connection with the sale of \$410,000,000\* Tax Anticipation Notes for 2019 Taxes (the "Notes") by the County.

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State and acts and proceedings of the County contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof and all references to the Notes and the proceedings of the County relating thereto are qualified in their entirety by reference to the definitive form of the Notes and such proceedings.

### THE NOTES

#### *Description of the Notes*

The Notes are to be issued in the aggregate principal amount of \$410,000,000\* on December 20, 2018, shall bear interest from that date and mature on July 24, 2019. Interest on the Notes will be calculated based on a thirty (30) day month and a three hundred sixty (360) day year. The Notes are not subject to redemption prior to maturity. The Notes will be issued in registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, Jersey City, New Jersey ("DTC"). DTC will act as securities depository for the Notes. Individual purchases will be made in book-entry-only form in the principal amount of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their interests in the Notes.

Principal and interest will be paid by the County to DTC, which will in turn remit such principal and interest to its Participants (defined herein), for subsequent distribution to the Beneficial Owners (defined herein) of the Notes as described herein. The Notes may be transferred in the manner described on the Notes and as referenced in certain proceedings of the County referred to therein. (See also "THE NOTES – Book-Entry-Only System", herein.)

#### *Authorization and Purpose of the Notes*

The Notes are issued pursuant to the Constitution and laws of the State of New York, including the County Charter, Section 24.00 of the Local Finance Law of the State of New York (the "Local Finance Law"), Tax Anticipation Note Resolution #920-2018, adopted by the County Legislature on November 20, 2018 and approved by the Chief Deputy County Executive on November 21, 2018, and other proceedings and determinations related thereto. Section 24.00 of the Local Finance Law authorizes the County to issue tax anticipation notes in anticipation of the collection of taxes or assessments levied, or to be levied, by the County for a fiscal year. Said notes may be issued within 30 days prior to the commencement of a fiscal year in anticipation of the collection of taxes to be levied in such fiscal year. Such notes may not be issued in an amount in excess of the amount of such respective taxes or assessments which is uncollected at the time of issuance of the Notes, less the outstanding amount of notes previously issued in anticipation of such taxes or assessments and the amount, if any, included in the annual budget for such fiscal year to offset in whole or in part, an anticipated deficiency in the collection before the end of such fiscal year of the taxes and assessments levied for such fiscal year. The proceeds of such notes may be used only for the purpose for which the taxes or assessments in anticipation of which they are issued were levied or are to be levied.

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\* Preliminary, subject to change.

The Notes are being issued in anticipation of the collection of real property taxes or assessments for the County's fiscal year commencing January 1, 2019. The total amount of taxes and assessments levied, or to be levied, for County purposes for such period is \$747,381,409. The County tax warrant was adopted by the County Legislature on December 4, 2018. None of such taxes and assessments have been received as of the date of this Official Statement, no notes have heretofore been issued in anticipation of the collection of such taxes and assessments nor has the County included in the annual budget for such fiscal year any amount to offset in whole or in part, an anticipated deficiency in the collection before the end of such fiscal year of the taxes and assessments levied for such fiscal year. (See "REAL PROPERTY TAXES – Real Property Tax Warrants and Collection Record" in Appendix A attached hereto.)

### ***Optional Redemption***

The Notes are not subject to optional redemption prior to maturity.

### ***Nature of Obligation***

The Notes when duly issued and paid for will constitute a contract between the County and the holder thereof.

The Notes will be general obligations of the County and will contain a pledge of the faith and credit of the County for the payment of the principal thereof and the interest thereon. For the payment of such principal and interest, the County has the power and statutory authorization to levy ad valorem taxes on all taxable real property in the County, subject to certain statutory limitations imposed by Chapter 97 of the Laws of 2011 of the State of New York, as amended (see "TAX LEVY LIMITATION LAW" herein).

Under the Constitution of the State, the County is required to pledge its faith and credit for the payment of the principal of and interest on the Notes, and the State is specifically precluded from restricting the power of the County to levy taxes on real estate therefor. However, Chapter 97 of the Laws of 2011 of the State of New York, as amended, imposes a statutory limitation on the County's power to increase its annual tax levy, unless the County complies with certain procedural requirements to permit the County to levy certain year-to-year increases in real property taxes (See "TAX LEVY LIMITATION LAW" herein).

### ***Book-Entry-Only System***

The Depository Trust Company ("DTC"), Jersey City, New Jersey, will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note certificate will be issued for each Note which bears the same rate of interest and CUSIP number, in the aggregate principal amount of such Note, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect

Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC’s records. The ownership interest of each actual purchaser of each note (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchases. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices with respect to the Notes shall be sent to DTC. If less than all of the Notes are to be redeemed, DTC’s practice is to determine by lot the amount of the interest of all Direct Participants is to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the County, on the payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, note certificates will be printed and delivered.

The information in this section concerning DTC and DTC’s book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company

## TAX LEVY LIMITATION LAW

On June 24, 2011, Chapter 97 of the Laws of 2011 of the State of New York was signed into law by the Governor (the "Tax Levy Limitation Law"). The Tax Levy Limitation Law applies to all local governments, including school districts (with the exception of New York City, the counties comprising New York City and the Big 5 City School Districts (Buffalo, Rochester, Syracuse, Yonkers and New York). It also applies to independent special districts and to town and county improvement districts as part of their parent municipalities' tax levies.

The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. It expires on June 16, 2020 unless extended. Pursuant to the Tax Levy Limitation Law, the tax levy of a municipality cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index ("CPI"), over the amount of the prior year's tax levy. Certain adjustments would be permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law (resolution in the case of fire districts and certain special districts) to override such limitation for such coming fiscal year only. There are permissible exceptions to the tax levy limitation provided in the Tax Levy Limitation Law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees' Retirement System, the Police and Fire Retirement System, and the Teachers' Retirement System. Municipalities are also permitted to carry forward a certain portion of their unused levy limitation from a prior year. Each municipality prior to adoption of each fiscal year budget must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for each fiscal year.

The Tax Levy Limitation Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation debt of municipalities or such debt incurred after the effective date of the tax levy limitation provisions.

Article 8 Section 2 of the State Constitution requires every issuer of general obligation notes and bonds in the State to pledge its faith and credit for the payment of the principal thereof and the interest thereon. This has been interpreted by the Court of Appeals, the State's highest court, in *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 (1976), as follows:

"A pledge of the city's faith and credit is both a commitment to pay and a commitment of the city's revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City's "faith and credit" is secured by a promise both to pay and to use in good faith the city's general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, "faith" and "credit", are used and they are not tautological. That is what the words say and that is what courts have held they mean."

Article 8 Section 12 of the State Constitution specifically provides as follows:

"It shall be the duty of the legislature, subject to the provisions of this constitution, to restrict the power of taxation, assessment, borrowing money, contracting indebtedness, and loaning the credit of counties, cities, towns and villages, so as to prevent abuses in taxation and assessments and in contracting of indebtedness by them. Nothing in this article shall be construed to prevent the legislature from further restricting the powers herein specified of any county, city, town, village or school district to contract indebtedness or to levy taxes on real estate. The legislature shall not, however, restrict the power to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted."

On the relationship of the Article 8 Section 2 requirement to pledge the faith and credit and the Article 8 Section 12 protection of the levy of real property taxes to pay debt service on bonds subject to the general obligation pledge, the Court of Appeals in the *Flushing National Bank* case stated:

“So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the city’s power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted....While phrased in permissive language, these provisions, when read together with the requirement of the pledge of faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded”.

In addition, the Court of Appeals in the *Flushing National Bank* case has held that the payment of debt service on outstanding general obligation bonds and notes takes precedence over fiscal emergencies and the police power of municipalities.

Therefore, while the Tax Levy Limitation Law may constrict an issuer’s power to levy real property taxes for the payment of debt service on debt contracted after the effective date of said Tax Levy Limitation Law, it is clear that no statute is able (1) to limit an issuer’s pledge of its faith and credit to the payment of any of its general obligation indebtedness or (2) to limit an issuer’s levy of real property taxes to pay debt service on general obligation debt contracted prior to the effective date of the Tax Levy Limitation Law. Whether the Constitution grants a municipality authority to treat debt service payments as a constitutional exception to such statutory tax levy limitation outside of any statutorily determined tax levy amount is not clear.

It is possible that the Tax Levy Limitation Law will be subject to judicial review to resolve the constitutional issues raised by its adoption. Although courts in New York have historically been protective of the rights of holders of general obligation debt of political subdivisions, the outcome of any such legal challenge cannot be predicted.

### **MARKET FACTORS AFFECTING FINANCINGS OF THE COUNTY, THE STATE AND MUNICIPALITIES OF THE STATE**

There are certain potential risks associated with an investment in the Notes, and investors should be thoroughly familiar with this Official Statement, including its appendices, in order to make an informed investment decision. Investors should consider, in particular, the following factors:

The financial condition of the County as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the County's control. There can be no assurance that adverse events in the State, including, for example, the seeking by a municipality of remedies pursuant to the Federal Bankruptcy Act or otherwise, will not occur which might affect the market price of and the market for the Notes. If a significant default or other financial crisis should occur in the affairs of the State or at any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the County to arrange for additional borrowings and the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

The County is dependent in part on financial assistance from the State in the form of State aid. No delay in payment of State aid to the County is presently anticipated although no assurance can be given that there will not be a delay in payment thereof.

The Tax Levy Limitation Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the County, without providing an exclusion for debt service on obligations issued by municipalities and fire districts, including the County, could have an impact upon the finances of the County and hence the market price for the Notes. See “TAX LEVY LIMITATION LAW” herein.

## *Cybersecurity*

The County, like many other public and private entities, relies on technology to conduct its daily operations. As a recipient and provider of personal, private, or sensitive information, the County faces multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer systems and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the County, through its Department of Information Technology, invests in various forms of cybersecurity and operational controls, including firewalls, intrusion prevention systems, an advanced persistent threat detection system, network share monitoring systems, internet content filters, email content filters, and host based detection software controls and regularly evaluates the integrity of its cybersecurity and controls. No assurances can be given, however, that such security and operational control measures will be completely successful to guard against all cyber threats and attacks. The results of any such attack could impact the County's business operations or finances and/or damage the County's digital networks and systems and the costs of remedying any such damage could be substantial.

## **TAX MATTERS**

In the opinion of Harris Beach PLLC, Bond Counsel to the County, based on existing statutes, regulations, administrative rulings and court decisions and assuming compliance by the County with certain covenants and the accuracy of certain representations, interest on the Notes is excluded from gross income for Federal income tax purposes.

The Internal Revenue Code of 1986, as amended (the "Code"), imposes various limitations, conditions and other requirements which must be met at and subsequent to the date of issue of the Notes in order that interest on the Notes will be and remain excluded from gross income for Federal income tax purposes. Included among these requirements are restrictions on the investment and use of proceeds of the Notes and in certain circumstances, payment of amounts in respect of such proceeds to the United States. Failure to comply with the requirement of the Code may cause interest on the Notes to be includable in gross income for purposes of Federal income tax, possibly from the date of issuance of the Notes. In the Arbitrage and Use of Proceeds Certificate of the County to be executed in connection with the issuance of the Notes, the County will covenant to comply with certain procedures and it will make certain representations and certifications, designed to assure satisfaction of the requirements of the Code in respect to the Notes. The opinion of Bond Counsel assumes compliance with such covenants and the accuracy, in all material respects, of such representations and certificates.

Bond Counsel is of the further opinion that interest on the Notes is not an "item of tax preference" for purposes of Federal alternative minimum tax on individuals.

Prospective purchasers of the Notes should be aware that ownership of the Notes and the accrual or receipt of interest thereon, may have collateral Federal income tax consequences for certain taxpayers, including financial institutions, property and casualty insurance companies, S corporations, certain foreign corporations, individual recipients of Social Security or Railroad benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their tax advisors as to any possible collateral consequences of their ownership of the Notes and their accrual or receipt of interest thereon. Bond Counsel expresses no opinion regarding any such collateral Federal income tax consequences.

The Notes will NOT be designated as "qualified tax exempt obligations" within the meaning of, and pursuant to Section 265(b)(3) of the Code.

In the opinion of Bond Counsel, interest on the Notes is exempt from personal income taxes imposed by the State or any political subdivision thereof (including the City of New York).

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance and delivery of the Notes may affect the tax status of interest on the Notes.

No assurance can be given that any future legislation, including amendments to the Code or the State income tax laws, regulations, administrative rulings, or court decisions, will not, directly or indirectly, cause interest on the Notes to be subject to Federal or State income taxation, or otherwise prevent holders of the Notes from realizing the full current benefit of the tax status of such interest. Further, no assurance can be given that the introduction or enactment of any such future legislation, or any judicial decision or action of the Internal Revenue Service or any State taxing authority, including, but not limited to, the promulgation of a regulation or ruling, or the selection of the Notes for audit examination, or the course or result of any Internal Revenue Service examination of the Notes or of obligations which present similar tax issues, will not affect the market price or marketability of the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding the foregoing matters.

All summaries and explanations of provisions of law do not purport to be complete and reference is made to such laws for full and complete statements of their provisions.

**ALL PROSPECTIVE PURCHASERS OF THE NOTES SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE AS TO THE TAX CONSEQUENCES OF PURCHASING OR HOLDING THE NOTES.**

### **LEGAL MATTERS**

Legal matters incident to the authorization, issuance and sale of the Notes will be subject to the final approving opinion of Harris Beach PLLC, Hempstead, New York. Such legal opinion will state that (i) in rendering the opinions expressed therein, Bond Counsel has assumed the accuracy and truthfulness of all public records, documents and proceedings examined by Bond Counsel which have been executed or certified by public officials acting within the scope of their official capacities, and has not verified the accuracy or truthfulness thereof, and Bond Counsel also has assumed the accuracy of the signatures appearing upon such public records, documents and proceedings and such certifications; (ii) the scope of Bond Counsel's engagement in relation to the issuance of the Notes has extended solely to the examination of the facts and law incident to rendering the opinions expressed therein; and (iii) the opinions expressed therein are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the County together with other legally available sources of revenue, if any, will be sufficient to enable the County to pay the principal of and interest on the Notes as the same become due and payable. In addition, while Bond Counsel has participated in the preparation of the Official Statement, it has not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, no opinion is expressed by Bond Counsel in connection therewith.

Certain matters will be passed upon for the Underwriter by its counsel Hawkins Delafield & Wood LLP, New York, New York. Certain legal matters will be passed upon for the County by its County Attorney.

### **DISCLOSURE UNDERTAKING**

This Official Statement is in a form "deemed final" by the County for the purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule"). At the time of the delivery of the Notes, the County will provide an executed copy of its "Undertaking to Provide Notices of Events" (the "Undertaking"). Said Undertaking will constitute a written agreement or contract of the County for the benefit of holders of and owners of beneficial interests in the Notes, to provide, or cause to be provided, to the Electronic Municipal Market Access ("EMMA") System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto, timely notice not in excess of ten (10) business days after the occurrence of any of the following events with respect to the Notes:

- (i) principal and interest payment delinquencies; (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties (the County has not established a debt service reserve in connection with the issuance of the Notes); (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions, the issuance by

the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes; (vii) modifications to rights of Noteholders, if material; (viii) Note calls, if material, and tender offers; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Notes, if material; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar event of the County; [note to clause (xii): For the purposes of the event identified in clause (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County]; (xiii) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

The County may provide notice of the occurrence of certain other events, in addition to those listed above, if it determines that any such other event is material with respect to the Notes; but the County does not undertake to commit to provide any such notice of the occurrence of any event except those events listed above.

The Undertaking shall remain in full force and effect until such time as the principal of, redemption premium, if any, and interest on the Notes shall have been paid in full. The sole and exclusive remedy for breach or default under the Undertaking is an action to compel specific performance of the undertakings of the County, and no person or entity, including a holder of the Notes shall be entitled to recover monetary damages thereunder under any circumstances. Any failure by the County to comply with an Undertaking will not constitute a default with respect to the Notes.

The County reserves the right to amend or modify an Undertaking under certain circumstances set forth therein; provided that, any such amendment or modification will be done in a manner consistent with Rule 15c2-12 as then in effect.

### ***Compliance History***

The continuing disclosure undertakings or agreements executed by the County in accordance with the Rule with respect to each of its general obligation serial bond borrowings required the County to annually file with EMMA, certain annual financial information in the form generally consistent with the information contained in or cross-referenced in the official statements for such serial bond issues and its audited financial statements for each fiscal year. For fiscal year 2013, the County filed its annual financial information 130 days after the due date and filed a failure to timely file notice on October 8, 2014. On December 5, 2017, the County filed a voluntary notice to clarify statements made in prior official statements by the County with respect to the foregoing. The County did not make timely filings of certain event notices in 2014 related to the rating changes of a bond insurance company which insured certain bonds of the County. Although the Official Statement and escrow agreement which included all the required information were filed in a timely manner, the County filed the notice of defeasance with respect to its Refunding Serial Bonds – 2016 Series A one day late.

The County has established procedures to ensure that future filings of continuing disclosure information will be in compliance with existing continuing disclosure obligations, including transmitting such filings to the MSRB through EMMA. On August 28, 2015, the County Comptroller adopted such written procedures entitled “Continuing Disclosure Procedures”. Such written procedures are available upon request.

## **RATINGS**

The County has applied to S&P Global Ratings (“S&P”) and Fitch Ratings, Inc. (“Fitch”) for ratings on the Notes. Such applications are pending at this time.

The County did not apply to Moody’s Investors Service (“Moody’s”) for a rating on the Notes.

On October 4, 2018, Fitch affirmed the County’s long-term underlying credit rating of ‘A-’ and revised the outlook from stable to negative.

On October 5, 2018, S&P affirmed the County’s long-term underlying credit rating of ‘A-’ with a stable outlook.

On September 20, 2018, Moody’s downgraded the County’s long-term underlying credit rating from ‘A3’ to ‘Baa1’ and revised the outlook from negative to stable.

Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Moody’s Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007; S&P Global Ratings, 55 Water Street, New York, New York 10041; and Fitch Ratings, Inc., One State Street Plaza, New York, New York 10004. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of any of the ratings may have an adverse effect on the market price of the Notes.

## **UNDERWRITING**

The County has selected Merrill Lynch, Pierce, Fenner & Smith Incorporated as the senior manager, book-running underwriter for the Notes.

The Underwriter has agreed, subject to certain conditions, to purchase the Notes from the County at an aggregate purchase price of \$ \_\_\_\_\_ (which reflects an underwriter’s discount of \$ \_\_\_\_\_ and an original issue premium of \$ \_\_\_\_\_) and to offer the Notes at the public offering price or prices set forth on the cover page hereof. The Notes may be offered and sold to certain dealers (including dealers depositing such Notes into investment trusts) at lower than such public offering prices, and prices may be changed, from time to time, by the Underwriter. The Underwriter’s obligations are subject to certain conditions precedent, and they may be obligated to purchase all such Notes if any such Notes are purchased.

## **MUNICIPAL ADVISOR**

Capital Markets Advisors, LLC, Great Neck and New York, New York, (the “Municipal Advisor”) is an independent registered municipal advisor with the United States Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor has served as the independent municipal advisor to the County in connection with this transaction.

In preparing the Official Statement, the Municipal Advisor has relied upon governmental officials, and other sources, who have access to relevant data to provide accurate information for the Official Statement. The Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Municipal Advisor is not a public accounting firm and has not been engaged by the County to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards. The Municipal Advisor is not a law firm and does not provide legal advice with respect to this or any debt offerings of the County. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading

or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Notes.

### **ADDITIONAL INFORMATION**

Periodic public reports relating to the financial condition of the County, its operations and the balances, receipts and disbursements of the various funds of the County are prepared by the County Comptroller's Office and the Budget Office of the County, and in certain instances audited by independent certified public accountants. In addition, the County regularly receives reports from consultants, commissions, and special task forces relating to various aspects of the County's financial affairs, including capital projects, County services, taxation, revenue estimates, pensions, and other matters.

Additional information pertaining to the Official Statement may be obtained upon request from the Office of the County Comptroller, H. Lee Dennison Building, 9<sup>th</sup> Floor, 100 Veterans Memorial Highway, Hauppauge, New York 11788, telephone (631) 853-5040.

The County will act as Paying Agent with respect to the Notes. The County Clerk, Judith A. Pascale, (631) 852-2000, [countyclerk@suffolkcountyny.gov](mailto:countyclerk@suffolkcountyny.gov) shall be the Paying Agent contact.

Any statements made in the Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. The Official Statement is not to be construed as a contract or agreement between the County and the holders of any of the Notes.

Capital Markets Advisors, LLC may place a copy of this Official Statement on its website at [www.capmark.org](http://www.capmark.org). Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Capital Markets Advisors, LLC has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the County nor Capital Markets Advisors, LLC assumes any liability or responsibility for errors or omissions on such website. Further, Capital Markets Advisors, LLC and the County disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Capital Markets Advisors, LLC and the County also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

The Official Statement is submitted only in connection with the sale of the Notes by the County and may not be reproduced or used in whole or in part for any other purpose.

**COUNTY OF SUFFOLK, NEW YORK**  
Department of Audit & Control

**BY:** \_\_\_\_\_  
**John M. Kennedy, Jr.**  
**County Comptroller**

Dated: December \_\_\_\_, 2018

**APPENDIX A**

**THE COUNTY OF SUFFOLK**

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# THE COUNTY OF SUFFOLK

## *General Overview*

Suffolk County (the “County”) was established on November 1, 1683 as one of the ten original counties in New York State. The County comprises the eastern two-thirds of Long Island and its western border is approximately 15 miles from the eastern border of New York City. The County is bordered by Nassau County to the west, the Long Island Sound to the north, and the Atlantic Ocean to the south and east. Major population centers within the County are the Towns of Brookhaven, Islip, Babylon, Huntington, and Smithtown, each with populations in excess of 100,000. While land use within the County is predominantly suburban residential, significant amounts of land are also used for commercial, industrial, institutional, parkland, and agricultural purposes. In addition, the Atlantic Ocean, the Long Island Sound and the bays and harbors located within the County are prime attractions, providing swimming, boating and fishing activities for visitors and residents alike. County residents enjoy a high quality of life, supported by high median incomes, relatively low unemployment and crime rates, quality public school systems, and numerous cultural and recreational attractions.

Electricity within the County is supplied primarily by PSEG Long Island (a subsidiary of the Public Service Enterprise Group) and natural gas is supplied by National Grid. The primary supplier of water within the County is the Suffolk County Water Authority, but in some areas it is provided by local water districts. Fire protection is provided by a number of volunteer fire departments and fire protection districts. Police protection is primarily provided by the Suffolk County Police Department, but in some areas it is provided by local town or village police forces.

## *Demographics*

The population of the County is stable. According to the U.S. Census Bureau, the County had a population of 1,492,953 in 2017, a slight decrease of 397 persons since the 2010 Census figure. Between 2000 and 2010, the County’s population increased by 5.2%. A slow rate of population growth is expected in the near future. The County’s population is the largest of any county in New York State outside of New York City. According to the U.S. Census Bureau, the County ranks 25<sup>th</sup> in population out of all 3,143 counties in the United States, and has a larger population than 11 states.

According to the U.S. Bureau of Economic Analysis, total personal income of all County residents amounted to \$90.8 billion in 2016, an increase of 2% over the 2015 figure. The County’s 2016 per capita personal income was \$60,856, ranking 5<sup>th</sup> highest out of the 62 counties in New York State and 139<sup>th</sup> (in the top 5%) out of all counties in the nation.

As the table below shows, the median household income in the County was \$94,750 in 2017, placing it 57% higher than the median household income in the nation as a whole and ranking it in the top 1% out of all counties in the nation. In addition, the percent of persons living in poverty in the County was 6.8% in 2017, significantly lower than the State and the United States.

**Median Household Income and Poverty Rate in the County, with Comparisons**

Area	2013		2017	
	Median Household Income	Persons Below Poverty (%)	Median Household Income	Persons Below Poverty (%)
Suffolk County	\$85,439	7.3%	\$94,750	6.8%
Nassau County	96,193	6.1	108,133	6.0
New York State	57,369	16.0	64,894	14.1
United States	52,250	15.8	60,336	13.4

Source: U. S. Census Bureau (American Community Survey)

According to the U.S. Bureau of Labor Statistics, the average annual pay for County residents in 2017 amounted to \$59,320, an increase of 11.3% in the five years since 2012. This increase was greater than inflation over the same period, which was 6.3%.

According to the U. S. Census Bureau, the County has a relatively well-educated population. Among residents age 25 and over in 2017, 90% were high school graduates and 37% held a bachelor’s degree or higher. These figures

compare to 88% and 32%, respectively, for the nation as a whole. The County ranks in the top 10% of the nation's counties with respect to the percentage of adults that have earned a bachelor's or higher degree.

### ***Governmental Organization***

In New York State, local governmental services are provided by counties, cities, towns, and villages. The County provides police and law enforcement services, economic assistance, health and nursing services, and preservation of open space along with numerous other services. The County also maintains many roads, parks, and waterways, and operates a three-campus community college.

Since 1960, the County has operated under a charter form of government, which provides for executive administration of County affairs. As enacted by general election referendum, an 18-member County Legislature was established on January 1, 1970, which consisted of representatives elected from 18 districts of approximately equal population based on data from the 1960 U. S. Census. Subsequent County legislative district boundaries have been amended based on demographic changes documented by each decennial U. S. Census since 1980. In 2007, a Charter Law was enacted establishing a non-partisan Reapportionment Commission to provide a fair and objective process by which future legislative districts will be reapportioned.

The Suffolk County Legislature is the main lawmaking body of the County. The County Executive heads the executive branch of government. The County Comptroller, as chief fiscal officer, is responsible for auditing the records of the County departments and special districts, for examining and approving all payment vouchers, for ascertaining that funds to be paid are both appropriated and available, and for the issuance of all County debt obligations. The County Comptroller receives and has custody of all County funds including County taxes and fees and reports the financial status of the County to the County Legislature.

In accordance with the Suffolk County Charter, the County Executive and the County Comptroller are elected to four-year terms and the 18 members of the County Legislature are elected to two-year terms. In November 1993, County voters approved a Charter Law Amendment that established term limits for County Legislators, the County Executive, County Comptroller, County Treasurer, County Sheriff, County Clerk, and District Attorney. A Declaratory Action was brought by the District Attorney, County Sheriff and County Clerk in Suffolk County Supreme Court which sought a declaration that the New York State Constitution prohibits term limits for these positions. In a decision rendered on September 25, 2012, the Court held that the County did not have the power to impose term limits on those three offices.

Pursuant to Resolution 621-13 "A Charter Law to Create a Unified County Department of Financial Management and Audit," the 2014 Adopted Budget included savings anticipated to be generated through the merger and consolidation of the County Treasurer's and County Comptroller's Offices. Pursuant to the resolution, the consolidation required the affirmative vote of a majority of the qualified electors of the County. On November 4, 2014, a voter referendum approved the merger of the County Treasurer's Office with the County Comptroller's Office in 2018. The merger became effective on January 1, 2016, accelerated from January 1, 2018, pursuant to Resolution 517-2015 adopted by the County Legislature on June 2, 2015.

### ***Economic Indicators***

Employment in the Nassau-Suffolk (Long Island) region has consistently increased since April 2010. As of September 2018, there were 1,356,300 jobs in the region, an increase of 10,000 or 0.7% since September 2017. The following table shows the employment by industry sector in the region in 2017 versus 2018, along with the percent change in that period.

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**Non-Farm Employment in the Nassau-Suffolk Region, by Industry, in Thousands**

<b>Industry</b>	<b>September 2017</b>	<b>September 2018</b>	<b>% Change</b>
Goods Producing			
Natural Resources, Mining & Construction	82.7	89.7	+8.5%
Manufacturing	71.7	70.4	-1.8%
Service Providing			
Wholesale Trade	70.0	69.9	-0.1%
Retail Trade	161.6	160.2	-0.9%
Transportation, Warehousing & Utilities	43.6	45.2	+3.7%
Information	18.5	17.9	-3.2%
Financial Activities	72.6	70.5	-2.9%
Professional & Business Services	178.2	179.7	+0.8%
Education & Health Services	263.3	266.5	+1.2%
Leisure & Hospitality	131.5	133.1	+1.2%
Other Services	60.5	61.4	+1.5%
Government	192.1	191.8	-0.2%
<b>TOTAL</b>	<b>1,346.3</b>	<b>1,356.3</b>	<b>+0.7%</b>

Source: New York State Department of Labor

The County’s unemployment rate remains low and was 3.4% in September 2018. The County unemployment rate, its lowest since 1998, was lower than the rate in the State and in New York City. As of September 2018, there were 762,900 employed residents in the County. This figure was 1.5% higher than the September 2017 figure and a record high for the month of September.

The number of businesses situated in the County continues to rise. According to the U.S. Bureau of Labor Statistics, as of the 1<sup>st</sup> quarter of 2018, there were 52,340 private business establishments located in the County. This represents an all-time high for the County and a 4.6% increase in the five years since 2013. As of 2016, there were 24 businesses in the County that employed 1,000 or more persons yet small businesses comprise a large portion of the County’s business establishments. As of 2016, 62% of the businesses with payroll in the County employed fewer than five persons and 78% employed fewer than 10 persons. In addition, according to the U.S. Census Bureau, in 2016, the County had 128,110 “non-employer” firms, mostly self-employed individuals. The number of these businesses increased by 6.6% in the five years between 2011 and 2016.

Sales tax collections continue to increase modestly in the County, indicating an increase in retail sales. According to the New York State Department of Taxation and Finance, County sales tax receipts in calendar year 2017 were 3.7% higher than in 2016 after increases of 1.8% in 2016 and 0.9% in 2015. Sales tax receipts in the County for the first nine months of 2018 are 5.36% higher than the same period in 2017.

***Technology Sector***

The County is well positioned to support the growth of the technology industry. It is home to Brookhaven National Laboratory (“BNL”), a multipurpose research institution that employs 2,600 people and the source of several Nobel Prizes. BNL was chosen by the U. S. Department of Energy as a site for the National Synchrotron Light Source II (“NSLS II”) facility, which opened in 2015. The \$912 million NSLS II employs more than 500 persons and provides unprecedented precision high-intensity light beams for use in medical, energy, and materials research. A number of technology firms are located in the County. Accelerate Long Island, an initiative created by the Long Island Association (“LIA”), connects the region’s research institutions with businesses to aid local technology startups.

Broad Hollow Bioscience Park at Farmingdale State College, a 102,000 square foot incubator for biotech companies and Stony Brook University’s 62,000 square foot Long Island High Technology Incubator are START-UP NY state tax-free zones. Stony Brook’s incubator provides new technologically-innovative companies with support services and resources to foster their growth. Stony Brook University also operates two New York State Centers for Advanced Technology: one in Medical Biotechnology and another in Sensor Technologies. The University’s Stony Brook Research and Development Park includes its Advanced Energy Research and Technology Center, and the Center for Excellence in Wireless Information Technology. In addition, the University’s \$60 million Innovation and Discovery Center is under construction and is expected to open in July 2019 at the Research and Development Park, and the \$75 million Institute for Discovery and Innovation in Medicine & Engineering is expected to open in December 2021.

## ***Economic Base***

The County has a substantial commercial office building market. According to the County's Department of Economic Development & Planning, there are 26.3 million square feet of commercial office buildings located in the County. This figure includes 1.5 million square feet of new office space constructed in the five years since 2013. An additional 2.5 million square feet of office space has been proposed for future construction. The office market in the County remains strong, although rental rates have been flat. According to CBRE, a multinational real estate firm, the office vacancy rate in the County was 13.0% in the 3<sup>rd</sup> quarter of 2018, slightly lower than the 13.5% rate in the same period in 2017. The County's office vacancy rate continues to outperform the Northern New Jersey, Westchester County (NY), and Fairfield County (CT) markets. The average office space rental rate in the County was \$23.59 per square foot in the 3<sup>rd</sup> quarter of 2018, up 0.8% from the 3<sup>rd</sup> quarter 2017 figure.

The Route 110 Corridor in western Suffolk County is a hub of the Long Island business community. According to the County's Department of Economic Development & Planning, Melville, located on Route 110, has 9.6 million square feet of office space and 1,485 acres in Melville and East Farmingdale are developed with light industrial uses. Fougera Pharmaceuticals plans to spend \$88 million to upgrade its Melville manufacturing facility by 2020. Melville is also home to large corporate headquarters, such as *Newsday*, the 8<sup>th</sup> largest newspaper in the United States in circulation, and Henry Schein Inc., a Fortune 500 distributor of healthcare products and services. Melville is also a regional headquarters for several major banks, including Capital One, TD Bank and Bank of America. After Melville, the next largest concentrations of private office space in the County are located in Hauppauge (3.8 million square feet), Islandia (1.9 million square feet), Bohemia (900,000 square feet), and Ronkonkoma (800,000 square feet).

The County has significant industrial space totaling 105.9 million square feet, according to the commercial real estate advisory firm Newmark Knight Frank. The industrial market fundamentals remain very strong in the County. According to Newmark, the County's 3.0% industrial vacancy rate in the 3<sup>rd</sup> quarter of 2018 was among the lowest in the nation and industrial asking rent was \$10.75 per square foot, an increase of 8.7% in the past year. The largest concentration of industrial space in the County is located in Hauppauge, with more than 13 million square feet of space. Additionally, significant light industrial space is located in the area around Long Island MacArthur Airport in Ronkonkoma and Bohemia and further east in the Yaphank area. In addition, County-owned land at Gabreski Airport in Westhampton is being developed for light industrial and research & development office space at the "Hampton Business District." When completed, this \$43 million, nine building corporate center will total 440,000 square feet including a 145-room hotel and is expected to employ 1,100 people. The first building of the project was completed in 2016. The second 68,000 square foot building was completed in 2018 and the third 66,000 square foot building is under construction and expected to be completed in 2019.

According to the County's Department of Economic Development & Planning, there are 276 hotels, motels and inns located in the County. Together these lodging properties have 11,800 rooms. Approximately 20% of these rooms are seasonal (open for half the year in the warmer months) and these seasonal rooms are located primarily in the eastern end of the County. In the five years since 2013, more than 580 lodging rooms have been added in the County. A 131 room Marriott Residence Inn in Riverhead opened in 2017, a 125 room Courtyard by Marriott opened in Central Islip in 2018 and a 124 room Homewood Suites is under construction in Lake Ronkonkoma. Proposals have been made for several additional new hotels in the County, which would result in an increase of more than 1,700 hotel rooms in the County. According to Smith Travel Research, the occupancy rate of the County's hotels was 68.1% in 2017, slightly lower than the 69.0% figure in 2016 and average daily room rates in 2017 increased by 2.4% to \$154.

The County is a major retail market, as evidenced by \$23.7 billion in sales reported in 2012, according to the most recent U.S. Census of Retail trade. Total retail sales per household in the County amounted to \$47,750 in 2012, ranking it among the highest markets in the country. Three regional malls and two regional outlet centers serve the County. According to the County Department of Economic Development & Planning, shopping center space in the County totals 40.9 million square feet and an additional 2.9 million square feet of new retail space is proposed for construction. Many of the County's downtowns have emerged as attractive and vibrant centers for dining and entertainment, helping to keep downtown vacancy rates relatively low in the County. Ground floor retail space in the County's downtown centers totals 8.9 million square feet. The following table lists the major retail centers in the County.

### Major Retail Centers in the County

<b>Retail Center</b>	<b>Location</b>	<b>Anchor Stores</b>
Smithaven Mall	Lake Grove	Macy's, Sears, JC Penney, Dick's
Walt Whitman Shops	South Huntington	Macy's, Bloomingdales, Lord & Taylor, Saks
Westfield South Shore	Bay Shore	Macy's, JC Penney, Lord & Taylor, Dick's
Tanger Outlets at the Arches	Deer Park	Off 5 <sup>th</sup> Saks, BJ's, Regal Cinema, Christmas Tree Shops
Tanger Outlet Center	Riverhead	Off 5 <sup>th</sup> Saks, Pottery Barn, Nike, Polo
Huntington Business District	Huntington	Wild by Nature, Stop & Shop, Rite Aid, Value Drugs
Southampton Business District	Southampton	Hildreth's, Stop & Shop, CVS, Rite Aid
Great South Bay Shopping Center	West Babylon	Old Navy, Bed Bath & Beyond, Marshalls, JoAnn
Airport Plaza	East Farmingdale	Home Depot, Staples, Modell's, Stew Leonard's
Riverhead Centre	Riverhead	Home Depot, Best Buy, Michael's, Modell's, Petco
Veterans Memorial Plaza	Commack	Target, LA Fitness, Hobby Lobby
Babylon Business District	Babylon	Village Pharmacy
Centereach Square	Centereach	Walmart, Modell's, JoAnn, Big Lots, Party City
Crooked Hill Commons	Commack	Home Depot, Walmart, Kohl's
Sayville Plaza	Bohemia	K Mart, Modell's, Old Navy, Bed Bath & Beyond
Islandia Center	Islandia	Walmart, TJ Maxx, Stop & Shop, Dave & Buster's
Bay Shore Business District	Bay Shore	Boulton Center for the Performing Arts
Gardiner Manor	West Bay Shore	Target, King Kullen, Staples, HomeGoods, Old Navy
Patchogue Business District	Patchogue	Patchogue Theatre for the Performing Arts, Burlington
Gateway Plaza I and II	North Patchogue	Marshalls, Best Buy, Bob's, HomeGoods, Dick's
Riverhead Business District	Riverhead	Atlantis Aquarium
Town Center at Central Islip	Central Islip	Home Depot, Target
Big H Shopping Center	Huntington Station	Home Depot, K Mart, Marshalls, Old Navy
South Port	Shirley	Kohl's, Stop & Shop, Michael's, Marshalls
Port Jefferson Business District	Port Jefferson	Theatre Three
Nicolls Plaza II	Centereach	Target, Home Depot, Best Buy
Bridgehampton Commons	Bridgehampton	K Mart, TJ Maxx, King Kullen, Staples

Source: Suffolk County Department of Economic Development and Planning, Division of Planning & Environment.

There are 11 full service hospitals located in the County. Several of these hospitals have spent or are spending hundreds of millions of dollars on major construction projects to expand and modernize their facilities. For example, Stony Brook University Hospital is undergoing a \$450 million expansion and update of its hospital campus, including a new cancer center, the expansion of its emergency, surgical, and obstetrics departments, and a major expansion to its Children's Hospital scheduled to be completed by the end of 2018. Stony Brook University Hospital has also proposed constructing a new hospital on the University's Southampton campus in conjunction with Southampton Hospital. In 2017, Peconic Bay Medical Center in Riverhead began a \$60 million expansion. A \$60 million cardiac care center at Brookhaven Hospital opened in 2016 and a \$53 million expansion of Huntington Hospital's emergency room opened in 2017.

The County has significant agricultural production in the eastern part of the County, valued at \$240 million in 2012 (according to the most recent U.S. Census of Agriculture data), ranking third highest out of 62 counties in the State. According to the County's Department of Economic Development & Planning, there are 37,000 acres of active farmland in the County. In 2015, the County updated its *Agricultural and Farmland Protection* Plan, which aims to support public policy to protect, encourage and sustain agriculture in the County. The County also participates in the New York State Department of Agriculture and Markets' Agricultural District Program. This program is based on a combination of landowner incentives and protections designed to encourage the continued use of farmland for agricultural production and forestall the conversion of farmland to non-agricultural uses.

Like agriculture, the fishing industry (through commercial and sport fishing) and the shellfish industry are also important sources of employment and income in the east end of the County. Commercial fishing is a heritage industry in the County that provides quality of life benefits, economic benefits and tourism revenue. In 2017, there were 724 commercial fishing establishments in the County landing over 16 million pounds of fish, which generated \$81.1 million in economic activity, earnings of \$62.9 million, and 1,080 jobs. The County's shellfish industry (primarily clams and oysters) has been enhanced through State Environmental Conservation Law §13-0302 which ceded 110,000 acres of underwater lands in Peconic and Gardiners Bays to the County to establish the Suffolk County Shellfish Aquaculture Lease Program in Peconic Bay and Gardiners Bay. As of November 2018, there are

56 shellfish aquaculture leases in place, which cover 795 acres of underwater lands. The total economic output of the County Lease Program was estimated to be \$13 million for the five year period 2012-2017. In September 2008, the New York State Department of Agriculture and Markets approved the inclusion of 25,729 acres of underwater lands associated with current aquaculture leases as part of the County's Aquaculture Lease Program.

### ***Major Development Projects***

Major construction and redevelopment projects completed or currently taking place in the County include the redevelopment of downtown Wyandanch in the Town of Babylon. The Town assembled 48 properties and a \$500 million mixed-use transit-oriented redevelopment project adjacent to the Long Island Railroad ("LIRR") station has begun. Sewer service was extended to the downtown area and the development's \$137 million first phase was completed in 2015, including a multi-level parking facility and two multi-story mixed use buildings with 268 rental units and 35,000 square feet of retail space. The one acre Wyandanch Plaza on the site includes open space, performance stages and a seasonal ice rink. In 2018, a new LIRR train station and pedestrian overpass was completed and ground was broken on a 119-unit apartment building north of the plaza. Future development at the site includes the the Wyandanch Healthy Living Center, a joint collaboration between the YMCA of Long Island and Hudson River Health to provide a new community YMCA and health center under one roof. The Healthy Living Center will include cross-programming between the two partners to support active and healthy lifestyles in an effort to improve general wellness.

In Huntington Station, revitalization continues on New York Avenue near the LIRR station. Northridge, a three-story, mixed-use building of 16 residential units and 6,000 square feet of ground floor retail space was completed in 2018. Additional proposed development includes the construction of Gateway Plaza, a three-story, mixed-use building with 66 residential units and 16,500 square feet of commercial space on the ground floor. Other proposals include 49 affordable artists' lofts, 14 affordable condos for veterans, a proposed hotel and a 100,000 square foot medical office building.

A 452 acre surplus portion of the Pilgrim State Psychiatric Center in Brentwood, located at the intersection of the Long Island Expressway and the Sagtikos Parkway, was sold by the State to a developer, and a \$4 billion mixed-use development, Heartland Town Square, has been proposed for the site. At completion, the development is proposed to include 1,030,000 square feet of lifestyle retail space, 9,130 units of mid-rise rental housing, 3,239,000 square feet of office space, a hotel, and an aquarium. The project is proposed to be constructed in phases. The change of zoning for a 116 acre portion of the site was approved by the Town of Islip in 2017. The sewer connection agreement was recently approved by the Suffolk County Sewer Agency and is currently being considered by the County Legislature.

The long-term redevelopment of the former Central Islip Psychiatric Center is continuing. Projects built on this site include a ballpark (home to the Long Island Ducks baseball team) and a federal courthouse; the Touro Law School building; the renovation of a former hospital building into a 175,000 square foot office building; and more than 1,500 units of rental and owner-occupied attached housing. A 268 unit apartment complex, Gull Haven Commons, has been proposed to include former Psychiatric Center buildings. A new Courtyard by Marriott opened at the site in 2018. InvaGen Pharmaceuticals and AlphaMed Bottles plan to build a \$47 million manufacturing facility in two adjacent buildings totaling 340,000 square feet on former Psychiatric Center property. Also in Central Islip, Steel Equities has announced plans to develop a new 90 acre industrial park at the former New York Institute of Technology site.

A 54 acre area adjacent to the Ronkonkoma LIRR station has been approved to be redeveloped as a \$475 million mixed-use transit oriented development known as the Ronkonkoma Hub. The proposal includes 1,450 apartments with 20% of the units designated as affordable, 195,000 square feet of retail space and 360,000 square feet of office space to be developed over a ten year period. The first phase, 489 residential units in six buildings, broke ground in 2017. An extension of sewer service to the area has been approved and \$50 million in State funding has been earmarked for infrastructure at the site. The County recently selected a preferred developer for a 40 acre County-owned parcel south of the Ronkonkoma LIRR station. The developer is currently evaluating each component of the proposal, which includes a sports and entertainment venue, medical office space, and public space.

In Yaphank, a \$100 million, 400,000 square foot expansion to Amneal Pharmaceuticals' industrial building in Yaphank was completed in 2015. The Boulevard at Yaphank, a large development consisting of retail, office, and 850 residential units is currently under construction near the intersection of the Long Island Expressway and

William Floyd Parkway near Brookhaven National Laboratory. In Shirley, the Triple Five Group purchased the 105 acre campus of Dowling College in 2018 for \$14 million, located adjacent to a Brookhaven Town-owned airport. Triple Five plans to renovate and upgrade an existing 65,000-square-foot building on the campus, and the goal for the site is an industry-university research and development center for advanced transportation technology.

In the Town of Riverhead, development of major commercial space along the Route 58 corridor is continuing. Presently, 2.8 million square feet of shopping center space is located on Route 58 and a 131-room Marriott Residence Inn on Route 58 opened in 2017. In downtown Riverhead, the Preston House, a hotel and restaurant opened in 2018 and two apartment complexes were constructed in 2018 totaling 161 residential units, with an additional 300 units proposed in two complexes. Calverton Executive Airpark, a former U. S. Navy aircraft test site used by Grumman Corporation, continues to be redeveloped for various light industrial purposes as the Enterprise Park at Calverton. At the site, construction of a \$90 million, 134,000 square foot addiction treatment and research complex began in 2018. The remaining airport property is zoned for various light industrial, recreation and office uses. The Town of Riverhead is considering an offer from Triple Five Group to purchase 1,600 acres at Calverton Airpark for the proposed construction of \$110 million in industrial and commercial development for aviation, aerospace, technology, and renewable energy companies. In 2018, downtown Riverhead and the Enterprise Park at Calverton were nominated by the State as “opportunity zones,” a new Federal designation that allows low-income areas to boost private investment in under-served communities.

In the Town of Southampton, the 2015 Riverside Revitalization Action Plan calls for the re-zoning of 468-acres in Riverside that could result in 2,267 new housing units, 133,517 square feet of retail space and 62,000 square feet of professional offices. Wastewater treatment infrastructure would be needed to facilitate this plan. Also in Riverside, the County-funded reconstruction of the Riverside traffic circle is scheduled to be completed by the end of 2018. At the traffic circle, a blighted, long vacant diner was bulldozed in 2018 and a new office/workforce housing rental building broke ground. Construction is underway on the Town of Southampton’s first two rental workforce housing developments totaling 66 units, Speonk Commons and Sandy Hollow Cove. In 2018, groundbreaking occurred on a \$60 million, 25 room hotel, restaurant, and 37-unit townhouse development on formerly blighted waterfront property at the site of the Canoe Place Inn in Hampton Bays.

In other locations in the County, a number of significant development and redevelopment projects have recently been constructed or are proposed. These include Islip Pines in Holbrook, a 136 acre, \$300 million development including apartments, retail space, office space, a movie theater and a hotel that was approved for construction. Wincoram Commons, a \$53 million residential and retail redevelopment of a 17 acre movie theater site in Coram opened in 2016. In Greenport, a \$44 million expansion at the life-care community Peconic Landing opened in 2016 and an affordable apartment complex has been proposed, Vineyard View, which received \$5.7 million in financing from the State awarded to the developer in partnership with the Community Development Corporation of Long Island.

## ***Housing***

According to the U. S. Census Bureau, as of 2017, there were 576,138 housing units situated in the County. Single family homes dominate the housing stock, comprising 79.7% of all units. The County has 482,099 households and 81% of the County’s occupied housing is owner-occupied. This rate of owner-occupied housing is significantly higher than the 64% of owner-occupied housing in the nation as a whole. The County’s owner-occupied housing percentage has remained at around 80% for more than 40 years.

Multi-family housing construction is robust in the County. In the five years since 2013, a total of 85 multi-family housing complexes containing a total of 7,700 units have been built in the County. About half of those new units are in rental apartment complexes, and half are in ownership complexes. In addition, 121 multi-family housing complexes are currently proposed for construction in the County. Between 2015 and 2018, seven assisted living facilities opened in the County and three facilities are currently under construction. Another 19 assisted living facilities have been proposed for construction in the County.

Since 2011, the annual number of building permits for new housing units has remained between 1,000 and 1,400. The table below shows the number of new housing units authorized by building permit in the County and the value of new residential construction. In 2017, building permits for 1,112 housing units were issued in the County, up 4.2% from the 2016 figure. There has been a general upward trend in the value of residential construction in the

County between 2012 and 2017. Residential construction in 2017 was valued at \$637 million in the County, down 1.7% from 2016 but 41% higher than the value in 2012.

**Number and Value of New Housing Units Authorized by Building Permit in the County**

Year	Housing Units	Value of New Residential Construction (in millions)
2017	1,112	\$637.0
2016	1,067	648.3
2015	1,218	690.8
2014	1,217	750.6
2013	1,382	521.1
2012	1,061	452.6

Source: U. S. Census Bureau, Construction Statistics Division

The housing market in the County is strong. As reported by the New York State Association of Realtors, and indicated in the table below, in September 2018, the median selling price of a home in the County was \$382,000, an increase of 6.1% compared to the median price in September 2017.

**Existing Home Sales in the County, September of Each Year**

Year	Median Sales Price	Percentage Change From Previous Year	Number of Homes Sold
2018	\$382,000	6.1%	1,420
2017	360,000	3.2%	1,593
2016	349,000	5.1%	1,445
2015	332,000	0.6%	1,294
2014	330,000	4.0%	1,217
2013	317,250	3.3%	1,133

Source: New York State Association of Realtors

County home prices in the 3<sup>rd</sup> quarter of 2018 were about 47% higher than the national median. Home values in the County are expected to remain high relative to national figures, as the area remains a desirable residential location.

According to data provided by RealtyTrac, in September 2018, 0.14% of homes in the County were in some stage of foreclosure, compared to 0.04% nationwide. In September 2018, the number of properties that received a foreclosure filing in the County was 4% lower than the previous month and 12% lower than the same time last year, according to data reported by RealtyTrac. According to HUD, the foreclosure rate in the Nassau-Suffolk region is high, largely because rapidly rising sales prices in the early to mid-2000s caused a higher portion of homes to have outstanding mortgage loan balances in excess of their market value during the housing crisis than the rest of the country. Rates in the region and statewide also remain elevated, in part, because the State is a judicial foreclosure State where the average length of the foreclosure process is significantly longer than in states with a non-judicial foreclosure process.

### **County Initiatives**

The County has an ongoing open space acquisition program, whereby a portion of the County’s sales tax is devoted to the acquisition of open space lands within the County. (See “FINANCIAL FACTORS – Drinking Water Protection, Environmental Protection and Property Tax Mitigation Programs” herein.)

The County continues to move forward with its *Reclaim Our Water* initiative to bolster the County’s wastewater treatment infrastructure. In 2015, Governor Cuomo announced the approval of \$383 million in State and Federal financial assistance to expand sanitary sewer service in four river corridors on the County’s south shore as part of the post-Superstorm Sandy Suffolk County Coastal Resiliency Initiative (“SCCRI”). This project represents a significant step to mitigate flooding and septic system failure due to storm surge from events like Superstorm Sandy. The funding will help fund public health and water quality projects to help the region recover from Superstorm Sandy while preventing future septic system flooding, sewage backup and groundwater pollution. The program will also serve to protect valuable coastal wetlands that shield nearby communities and contribute to their economic and environmental health. Design work and environmental reviews of the project areas have advanced. Resolutions approving the projects for each area and submitting them to voter approval were adopted by the County Legislature on October 2, 2018. A special election will be held in each individual project area on January 22, 2019.

In addition to the SCCRI sewer projects, the County's *Reclaim Our Water* initiative continues to advance the use of Innovative and Alternative Onsite Wastewater Treatment Systems ("I/AOWTS") as an alternative to cesspools and septic systems in areas where sewerage is not a practical or cost-effective alternative. Between 2014 and 2018, the County piloted 16 advanced wastewater treatment technologies out of the 45 homes that were selected by lottery to receive a free wastewater treatment system as part of the County's Septic Demonstration Program. In 2016, the County enacted legislation that established that the County Department of Health Services as the Responsible Management Entity to monitor and oversee the installation, registration, and operation and maintenance of all I/AOWTS in the County. In 2017, the County Legislature approved the Septic Improvement Program, which provides grants to make voluntary replacement of cesspools and septic systems with new innovative alternative technologies more affordable for homeowners. As of November 2018, more than 1,500 homeowners had registered for the program, 432 had completed grant applications and 287 had been issued grant certificates. In early 2018 the State awarded the County \$10 million toward this grant program, more than two thirds of the entire statewide allocation of \$15 million. In 2017 the County Legislature approved changes to the Suffolk County Sanitary Code to ban the in-kind replacement of cesspools effective July 1, 2019.

### ***Transportation***

In 2012, County Executive Steven Bellone introduced Connect Long Island, a regional transportation and development plan. Connect Long Island encourages sustainable growth by supporting transit oriented developments and enhancing transportation infrastructure to help connect development hubs to the County's major research and educational institutions and innovation zones for emerging hi-tech companies. In 2014, the County completed a Bus Rapid Transit ("BRT") Feasibility Study identifying Route 110, Nicolls Road, and Sagtikos Parkway as priority BRT corridors. Design on the Route 110 BRT is being advanced by the County, with a next phase of project development kicking off in fall 2018. The Nicolls Road multi-modal corridor is one of the components of the County's Innovation Zone ("I-Zone") initiative and the project is in the preliminary engineering and design phase, with a detailed, corridor-wide parking analysis completed in 2017 and a study of station design standards in progress. The I-Zone is a plan to transform Nicolls Road into a multi-modal corridor that will connect the County's key assets. The regionally transformative plan was formed in 2015 to help make the County a more attractive place for young people and high-tech businesses to locate. The I-Zone is anchored by four projects:

- A multi-modal Nicolls Road Corridor with BRT and a hiking/biking trail.
- A connection between a new airport terminal on the north side of MacArthur Airport and the Ronkonkoma LIRR Station with BRT access to Nicolls Road.
- The proposed Ronkonkoma Hub mixed use development.
- Relocation of the LIRR Yaphank station to Brookhaven National Lab.

The County's highway network includes the Northern and Southern State Parkways, which are located in the western portion of the County, and the Long Island Expressway (I-495) which extends eastward from New York City to the eastern portion of the County. Other major highways include Sunrise Highway, which connects the County's western border to its eastern town of Southampton, and the Sunken Meadow/Sagtikos Parkway which connects the north and south shores in the western part of the County.

According to the U. S. Census Bureau, as of 2017, 80% of employed County residents drove alone to work. The major employment centers and residential areas in the County are widely dispersed, making it difficult to effectively provide mass transit service. However, the County operates a public bus system, Suffolk County Transit, with 43 bus routes and 14,000 daily riders, and the Town of Huntington operates its own 4 route bus system in the County. In 2018, the County completed the *Suffolk County Mobility Study: Strategies for Suburban Transportation* that included trip pattern analysis, evaluation of mobility modes to augment the existing fixed route transit, and recommendations to help achieve operational efficiency and better align service with rider needs.

The extensive commuter rail system in the County, the LIRR, is managed by the Metropolitan Transportation Authority ("MTA"). There are 41 LIRR stations located in the County. The LIRR provides public transportation between the County and New York City and is used by both commuters and leisure travelers. The LIRR is the busiest commuter railroad in the nation, serving 89.4 million customers in 2017. In 2018, the LIRR broke ground on its \$2.6 billion Third Track project between Floral Park and Hicksville in neighboring Nassau County on Long Island. In 2018, the LIRR completed the construction of 17 miles of a second electrified track between Farmingdale and Ronkonkoma in the County, a \$432 million investment in rail infrastructure. These additional tracks will allow the LIRR to more easily flow around rail disruptions and will increase rail capacity to better serve commuters to

New York City and reverse commuters to Long Island. The expanded rail service will help facilitate transit oriented development planned near the Republic, Wyandanch, and Ronkonkoma LIRR stations in the County. There is a proposal to reopen the long-closed Republic train station near Republic Airport in East Farmingdale which would link to a proposed bus rapid transit system along Route 110. In addition, the MTA continues work on the \$11.2 billion East Side Access project, currently the largest infrastructure project in the country. When fully completed in 2022, this project will connect the LIRR's main line to Grand Central Station in Manhattan, providing a more direct trip between Long Island and the east side of midtown Manhattan.

There are five active airports located in the County. At Republic Airport in East Farmingdale, a new \$55 million, 210,000 square foot aircraft hangar and terminal began construction in 2018 but the vast majority of the County's air passenger traffic occurs at Islip MacArthur Airport in Ronkonkoma, as this is the County's only airport with regularly scheduled carrier service. Islip MacArthur Airport is the 8<sup>th</sup> busiest airport in the State, based on passenger volume. In 2017, the airport had 648,000 passenger enplanements, a 3% decline in the five years since 2012 but a 9% increase since 2016. In addition to numerous scheduled flights provided by Southwest Airlines, the airport offers scheduled flights to and from Philadelphia by American Airlines. In 2017, Frontier Airlines began serving Islip MacArthur Airport and offers nonstop flights to eight cities. Potential connection options between Islip MacArthur Airport and Ronkonkoma LIRR station were evaluated in the 2018 County report *Transport Long Island – A Train-to-Plane Connectivity Study*.

Ferry service to Connecticut is available from two ferry terminals located in the County, one in Port Jefferson and one in Orient Point. High-speed ferry service is also available between Orient Point and New London, Connecticut. In addition, each summer thousands of visitors are transported by ferry to several Fire Island communities.

### ***Educational Facilities***

There are 70 public school districts located in the County. The combined spending budget of these public school districts amounted to \$6.6 billion for the 2017-2018 school year. According to Western Suffolk BOCES, in the 2017-2018 school year, public school enrollment in school districts in the County was 234,083, a 5% decrease in the five years since 2012-2013. Birth rates have slowly decreased in the County in the past two decades, which has led to slowly declining school enrollments. Public school enrollment is expected to continue to slowly decrease by 1.2% per year during the next three years.

There are four four-year colleges and one law school (Touro Law Center) located in the County. Farmingdale State College continues to expand, with a new \$19 million School of Business building that opened in 2015. St. Joseph's College in Patchogue plans to construct a \$30 million residence hall by 2019. Suffolk County Community College services approximately 27,000 students on three campuses and continues to expand its facilities with the 2014 completion of a \$30 million life sciences building at its Selden campus. Numerous other professional and technical schools are also located in the County.

Stony Brook University is the largest university located in the County with a Fall 2017 enrollment of 17,300 undergraduate and 8,600 graduate students. The University continues to expand its facilities. Construction on a new \$63 million student services building began in 2017 and two new residence halls with a total of 759 dorm rooms were completed in 2017. The University's Research and Technology Park continues to expand with two additional buildings under construction in 2018. The University's new \$41 million, 70,000 square foot computer science building opened in 2015.

### ***Tourism & Recreation***

Tourism is a multi-billion dollar industry in the County. According to a study prepared for the State, traveler spending in the County totaled \$3.2 billion in 2017, tourism supports 43,000 local jobs in the County and generates \$394 million in local and state tax revenues annually. Twenty New York State parks are located in the County. According to the New York State Department of Parks and Recreation, the State parks on Long Island had 15.5 million attendees in 2016. The State parks located in the County that were most frequently visited in 2016 were Robert Moses State Park (with 4.3 million visitors), Sunken Meadow State Park (with 2.9 million visitors), Captree State Park (with 1.4 million visitors), Heckscher Park (with 1.0 million visitors) and Montauk State Park (with 1.0 million visitors). Many of the other State, County, Town and Village parks are located inland and on beaches which attract hundreds of thousands of visitors each year. Moreover, a beach in the County has again been ranked number one on a list of the top ten beaches in the United States in 2017 based on 50 factors rated by a professor at Florida

International University. With 986 miles of shoreline, industries such as recreational boating, boat sales and service, marinas, and charter boat fishing are prominent in the County.

There are 68 golf courses located in the County. In June 2018, the U.S. Open Golf Championship was held at the Shinnecock Hills Golf Club in Southampton and will return again in 2026. The Women's U.S. Open Golf Championship was held at Sebonack Golf Club in the County in 2013 and the PGA Championship and the Ryder Cup are scheduled to be played at the Black Course at Bethpage State Park in 2019 and 2024, respectively. These major sporting events bring tremendous economic benefit to the County and the Long Island region. The 2018 U.S. Open Golf Championship had an estimated regional economic impact of \$120 million, with over 8,000 hotel rooms booked and 200,000 attendees throughout the course of the week-long event.

The County is home to numerous cultural and entertainment facilities. The County's 6,000-seat ballpark in Central Islip is home to the Long Island Ducks independent league baseball team. Hundreds of thousands of patrons attend games there every year. The Atlantis Marine World aquarium in Riverhead helps to serve the large tourism industry on the County's east end. Other recreational attractions in the County include Splish Splash, a large water park located in Riverhead, and Adventureland, a traditional amusement park located in Farmingdale. The County boasts several performing arts theaters in its downtowns, including the Paramount Theater in Huntington, the Engeman Theater in Northport, the Argyle Theatre in Babylon, the Boulton Center in Bay Shore and the Suffolk Theater in downtown Riverhead.

A significant number of wineries are located on the North Fork of the County. According to the County Department of Economic Development & Planning, the County has 60 vineyards and tasting rooms, 34 craft breweries, 2 cideries and 4 distilleries. An estimated 1.2 million gallons of wine are produced annually in the County, with \$114 million in sales and the 1.3 million visits to these wineries generate another \$99 million in tourism spending. According to a recent analysis by the Suffolk County Department of Economic Development & Planning, County breweries directly generate approximately 320 jobs, support over \$17 million in payroll and create \$56 million in sales. Using traditional economic multipliers, it is expected that these breweries in total generate nearly \$92 million in economic activity and support nearly 390 jobs.

Eastern Suffolk County is a popular tourist destination. In addition, the County is home to one of the largest concentrations of seasonal homes of any county in the nation. According to the U. S. Census Bureau, in 2017, there were 53,000 seasonal homes in the County (primarily in the eastern part of the County and on Fire Island), which draw more than 200,000 part-time residents to the area during the summer months and on weekends. Only nine counties nationwide have more seasonal homes than the County. According to the County Department of Economic Development & Planning, there are more than 5,000 lodging rooms located in eastern Suffolk, ranging from luxurious boutique hotels and bed & breakfast inns to traditional motels. These lodging properties draw thousands of tourists to the County's east end throughout the year, but primarily in the summer months. The department estimates that the population in eastern Suffolk increases by more than 240,000 people during peak summer times due to tourism, which more than doubles the year-round population. Due to its proximity to New York City, the County is well situated to serve the vacation needs of this market.

## **CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING**

For the thirty-fourth consecutive year the Government Finance Officers Association of the United States and Canada (the "GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting (the "Certificate") to the County for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2016.

In order to be awarded a Certificate, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate is valid for a period of one year. The County believes that its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2017 conforms to the requirements necessary for the award of a Certificate.

## INDEBTEDNESS OF THE COUNTY

### *Constitutional and Statutory Requirements*

The New York State Constitution limits the power of the County (and other municipalities and certain school districts of the State) to issue obligations and to otherwise contract indebtedness. Such constitutional and statutory limitations include the following, in summary form, and are generally applicable to the County.

**Purpose and Pledge** – Subject to certain enumerated exceptions, the County shall not give or loan any money or property to or in aid of any individual, or private corporation or private undertaking, or give or loan its credit to or in aid of any of the foregoing or any public corporation. The County may contract indebtedness only for a County purpose and shall pledge its faith and credit for the payment of principal and interest.

**Payment and Maturity** – Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid in one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness was contracted, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute or, in the alternative, the weighted average period of probable usefulness of the several objects or purposes for which such indebtedness is to be contracted; no installment may be more than fifty per centum in excess of the smallest prior installment, unless the County determines to issue a particular debt obligation amortizing on the basis of substantially level or declining annual debt service. The County is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness, for the amounts required in such year for amortization and redemption of its serial bonds, and for such required annual installments on its notes.

**General** – The County is further subject to constitutional limitation by the general constitutionally imposed duty of the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such powers. As has been noted in the section of this Official Statement entitled “THE NOTES – Nature of Obligation”, the State Legislature is prohibited by a specific constitutional provision from restricting the power of the County to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limitation Law imposes a statutory limitation on the County’s power to increase its annual tax levy. The amount of such increase is limited by the formulas set forth in the Tax Levy Limitation Law unless the County complies with certain procedural requirements to permit the County to levy certain year-to-year increases in real property taxes. (See “TAX LEVY LIMITATION LAW” herein.)

**Debt Limit** – The County has the power to contract indebtedness for any County purpose so long as the aggregate outstanding principal amount thereof shall not exceed seven per centum of the most recent five-year average full valuation of taxable real estate of the County and subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash appropriations for current debt service. The constitutional method for determining full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the final equalization rate as determined by the State Board of Real Property Services. The State Legislature is required to prescribe the manner by which such rate shall be determined. The average full valuation is determined by taking the sum of full valuations of such last completed assessment roll and the four preceding assessment rolls, and dividing such sum by five.

### *Computation of Debt Limit*

As of the finalization of equalization rates in each year:	<u>Full Valuation</u>
2015 .....	\$ 255,389,963,430
2016 .....	266,561,907,916
2017 .....	275,268,903,698
2018 .....	285,017,347,513
2019 .....	<u>298,662,597,127</u>
 Total Five-Year Valuation .....	 <u>\$1,380,900,719,684</u>
Five-Year Average Valuation .....	276,180,143,937
Debt Limit - 7% of Average Five-Year Full Valuation .....	<u>\$ 19,332,610,076</u>

### ***Statutory Procedure***

In general, the State Legislature has authorized the powers and procedures for the County to borrow and incur indebtedness by the enactment of the Local Finance Law subject to the constitutional provisions set forth above. The power to spend money, however, generally derives from other law, including County Law and the General Municipal Law of the State and the County Charter.

Pursuant to the County Charter and the Local Finance Law, as applicable, the County authorizes incurrence of indebtedness, including bonds and bond anticipation notes issued in anticipation of such bonds, by the adoption of a bond resolution, approved by at least two-thirds vote of the County Legislature and subject to the approval of the County Executive in accordance with the County Charter. The County Legislature as a whole constitutes the finance board of the County. Such resolutions are not subject to referendum unless the County Legislature specifically determines that a particular resolution shall be subject to referendum. The Local Finance Law also provides for a twenty-day statute of limitations after publication of a bond resolution (in summary or in full), together with a statutory notice which, in effect, estops thereafter legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. Each bond resolution usually authorizes the construction, acquisition or installation of the object or purpose to be financed, sets forth the plan of financing, the estimated maximum cost thereof and the maximum maturity of the bonds, subject to the legal restrictions relating to the period of probable usefulness with respect thereto. Annual principal reductions must commence within twenty-four months of the original issue date. Adoption of a bond resolution also authorizes the issuance of bond anticipation notes prior to the issuance of bonds. Statutory law in the State permits bond anticipation notes to be renewed each year provided that principal reductions commence within twenty-four months and provided that such renewals, except in the case of assessable improvement financing, generally do not extend more than five years beyond the original date of the borrowing. Notes issued in anticipation of the sale of serial bonds for assessable improvements are not subject to such five year limit and may be renewed subject to annual reductions of principal, beginning within twenty-four months of the original issue date, for the entire period of probable usefulness assigned to the purpose for which such notes were originally issued. The County Legislature has delegated certain of its powers in relation to the sale of bonds and any notes issued in anticipation thereof to the County Comptroller as the Chief Fiscal Officer of the County.

The County Legislature, as the finance board of the County, has the power, pursuant to the Local Finance Law, to adopt deficiency, tax and revenue anticipation note resolutions by majority vote. Such resolutions may authorize the issuance of budget, deficiency, tax or revenue anticipation notes in an aggregate principal amount necessary to fund anticipated cash flow deficits, but, in the case of tax and revenue anticipation notes, not exceeding the amount of taxes or moneys estimated to be received by the County, less any tax or revenue anticipation note previously issued and less the amount of such taxes or revenues previously received by the County. The County Legislature has delegated certain of its powers in relation to the sale of tax and revenue anticipation notes to the County Comptroller, as the Chief Fiscal Officer of the County.

### ***Independent Auditors***

The financial statements of the County as of and for the year ended December 31, 2017, a link to which is included in Appendix B to this Official Statement, have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report dated June 29, 2018 appearing therein.

### ***Cash Flow Borrowings***

On December 21, 2017, the County issued \$410,000,000 in tax anticipation notes in anticipation of the receipt of real property taxes levied for the year 2018. Such notes matured on July 25, 2018.

On April 10, 2018, the County issued \$45,000,000 in revenue anticipation notes in anticipation of the receipt of State and Federal aid. Such notes will mature on March 21, 2019.

On October 18, 2018, the County issued \$100,000,000 in tax anticipation notes in anticipation of the receipt of delinquent real property taxes for the years 2015, 2016, 2017 and 2018. Such notes will mature on September 26, 2019.

The County currently anticipates issuing approximately \$45,000,000 in revenue anticipation notes in anticipation of the receipt of State and Federal aid in April 2019 and approximately \$100,000,000 in tax anticipation notes in anticipation of the receipt of delinquent real property taxes for the years 2016, 2017, 2018 and 2019 in October 2019. The County also currently anticipates issuing approximately \$410,000,000 in tax anticipation notes in anticipation of the receipt of real property taxes levied for the fiscal year 2020 in December 2019. (See “Authorization and Purpose of the Notes”.)

The County periodically issues short-term tax anticipation notes to provide funds for expenditures due in part to the Suffolk County Tax Act (the “SCTA”). (See “REAL PROPERTY TAXES – Real Property Tax Collection”.)

The following table shows the County’s cash flow borrowings for the last four fiscal years and the projected cash flow borrowings for 2019:

	<u>Cash Flow Notes</u>				
	<u>(\$ in millions)</u>				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019*</u>
Revenue Anticipation Notes	\$ 55	\$ 45	\$ 45	\$ 45	\$ 45
Tax Anticipation Notes	<u>510</u>	<u>510</u>	<u>510</u>	<u>510</u>	<u>510</u>
Total	<u>\$565</u>	<u>\$555</u>	<u>\$555</u>	<u>\$555</u>	<u>\$555</u>

\* Projected.

Chapter 97 of the Laws of 2011 of the State of New York, as amended, (the “Tax Levy Limitation Law”), imposes a limitation on increases in the real property tax levies of the County, subject to certain exceptions outlined in the new law. The 2018 Adopted Budget is in compliance with all State and local tax and expenditure limitations. (See “TAX LEVY LIMITATION LAW” herein.)

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## ***Calculation of Total Net Indebtedness***

*(as of December 5, 2018)*

### Inclusions:

#### Outstanding General Obligation Bonds:

General Purpose and Improvement Bonds and Refunding Bonds	\$1,170,683,353	
General Purpose and Improvement Bonds Paid from Other Sources <sup>(1)</sup>	131,583	
General Purpose and Improvement Bonds Refunded	299,834,466	
County Sewer District No. 1 (Port Jefferson)	642,682	
County Sewer District No. 3 (Southwest)	108,350,343	
County Sewer District No. 5 (Strathmore-Huntington)	2,096,457	
County Sewer District No. 6 (Kings Park)	600,000	
County Sewer District No. 7 (Medford)	3,838,800	
County Sewer District No. 9 (College Park)	889,090	
County Sewer District No. 10 (Stony Brook)	414,240	
County Sewer District No. 11 (Selden)	6,123,130	
County Sewer District No. 13 (Windwatch)	224,624	
County Sewer District No. 14 (Parkland)	2,453,838	
County Sewer District No. 15 (Nob Hill)	89,850	
County Sewer District No. 16 (Yaphank Municipal)	140,156	
County Sewer District No. 18 (Hauppauge Industrial)	60,786,839	
County Sewer District No. 20 (William Floyd-Leisure Village)	1,235,871	
County Sewer District No. 21 (SUNY)	1,040,403	
County Sewer District No. 23 (Coventry Manor)	<u>679,075</u>	
Subtotal: Outstanding Bonds		\$1,660,254,800

#### Outstanding General Obligation Notes:

Bond Anticipation Notes – 2017 Series B <sup>(2)</sup>	7,884,226	
Revenue Anticipation Notes – 2018	45,000,000	
Tax Anticipation Notes – 2018 (Series I)	100,000,000	
NYS EFC Clean Water Facility Note – 2015A	8,374,470	
NYS EFC Clean Water Facility Note – 2016A	18,341,684	
NYS EFC Clean Water Facility Note – 2016A	3,324,028	
Subtotal: Outstanding Notes		<u>182,924,408</u>

#### Total Inclusions

\$1,843,179,208

#### Exclusions and Assets on Hand for Debt:

Revenue Anticipation Notes – 2018	\$ 45,000,000	
Tax Anticipation Notes – 2018 (Series I)	100,000,000	
Sewer District Bonds and Refunding Bonds <sup>(3)</sup>	<u>1,137,099</u>	
Subtotal: Exclusions		\$ 146,137,099

#### Assets on Hand for Debt:

Appropriations (other than for debt already excluded):		
Outstanding Bonds	57,071	
General Purpose and Improvement Bonds Paid from Other Sources <sup>(1)</sup>	131,583	
General Purpose and Improvement Bonds-Refunded <sup>(4)</sup>	<u>299,834,466</u>	
Subtotal: Assets on Hand		<u>300,023,120</u>

#### Total Exclusions and Assets on Hand for Debt:

\$ 446,160,219

#### Total Net Indebtedness <sup>(5)(6)</sup>

\$1,397,018,989

- (1) Being paid pursuant to an Escrow Contract dated April 1, 2013 between the County and Manufacturers & Traders Trust Company (“M&T Bank”) related to a HEAL Grant from the State. (See “Other Transactions” herein.)
- (2) The Bond Anticipation Notes – 2017 Series B mature on December 28, 2018 and were refinanced with a portion of the proceeds of the County’s Public Improvement Serial Bonds – 2018 Series B, issued on October 18, 2018.
- (3) Excluded pursuant to certificates issued by the Comptroller of the State of New York dated April 14, 2010.
- (4) Excluded pursuant to Section 136.00 (10-a) of the Local Finance Law.
- (5) Represents approximately 7.23% of the Debt Limit of \$19,332,610,076.
- (6) Exclusive of lease debt of the County. (See “Lease Payments” herein.)

Source: Suffolk County Comptroller’s Office

**Details of Short-Term Indebtedness Outstanding**  
(as of December 5, 2018)

The County presently has outstanding the following short-term obligations:

	<u>Dated</u>	<u>Maturity</u>	<u>Amount</u>
NYS EFC Clean Water Facility Note – 2015A	09/24/15	09/24/20	\$ 8,374,470 <sup>(1)</sup>
NYS EFC Clean Water Facility Note – 2016A	09/15/16	09/15/21	18,341,684 <sup>(2)</sup>
NYS EFC Clean Water Facility Note – 2016A	08/04/16	08/04/21	3,324,028 <sup>(2)</sup>
Revenue Anticipation Notes – 2018	04/10/18	03/21/19	45,000,000 <sup>(3)</sup>
Bond Anticipation Notes – 2017 Series B	12/28/17	12/28/18	7,884,226 <sup>(4)</sup>
Tax Anticipation Notes – 2018 (Series I)	10/18/18	09/26/19	100,000,000 <sup>(5)</sup>

- (1) Expected to be retired with the proceeds from the sale of bonds to EFC to be issued in 2020.
- (2) Expected to be retired with the proceeds from the sale of bonds to EFC to be issued in 2021.
- (3) Expected to be paid from State and Federal aid expected to be received by the County.
- (4) A portion of the proceeds from the sale of the County’s Public Improvement Serial Bonds – 2018 Series B, which were issued on October 18, 2018, will be used to redeem these Notes in full at maturity.
- (5) Expected to be paid from the collection of real property taxes or assessments for fiscal years 2015, 2016, 2017 and 2018.

Source: Suffolk County Comptroller’s Office

**Summary of Bonded Debt (in thousands)**  
(as of December 31 in each year):

	<u>2013<sup>(1)(2)</sup></u>	<u>2014<sup>(2)</sup></u>	<u>2015<sup>(2)</sup></u>	<u>2016<sup>(2)</sup></u>	<u>2017<sup>(2)</sup></u>
Total Bonded Debt	\$ 1,406,070	\$ 1,418,070	\$ 1,426,153	\$ 1,386,049	\$ 1,386,076
Bonded Debt Excluded from Debt Limit	<u>(23,579)</u>	<u>(21,516)</u>	<u>(16,169)</u>	<u>(10,912)</u>	<u>(2,138)</u>
Bonded Debt Subject to Debt Limit	<u>\$ 1,382,491</u>	<u>\$ 1,396,554</u>	<u>\$ 1,409,984</u>	<u>\$ 1,375,137</u>	<u>\$ 1,383,938</u>

- (1) \$20,840,000, \$41,440,000, \$43,215,000, \$40,245,000, \$34,385,000 and \$16,990,000 of Total Bonded Debt for the fiscal years ended December 31, 2008, December 31, 2009, December 31, 2010, December 31, 2011, December 31, 2012 and December 31, 2013, respectively, was paid pursuant to a Declaration and Trust Agreement dated August 1, 2008 and \$16,705,000 and \$13,760,000 of Total Bonded Debt for the fiscal year ended December 31, 2012 and December 31, 2013, respectively, was paid pursuant to a Declaration and Trust Agreement dated March 1, 2012 between STASC and BNYM, as Trustee.
- (2) \$1,642,206, \$2,202,311, \$3,222,294, \$1,806,512 and \$1,446,393 of Total Bonded Debt for the fiscal year December 31, 2013, December 31, 2014, December 31, 2015, December 31, 2016 and December 31, 2017, respectively, was paid pursuant to an Escrow Contract between the County and M&T Bank dated April 1, 2013 related to a HEAL Grant from the State. See “Other Transactions” herein.

No principal of or interest on any County obligation is past due. Except as set forth in the immediately following paragraph, the County has never had a default or delinquency in the payment of principal of or interest on any obligation of the County.

Due to an extra “0” erroneously inserted into an account number in a wire sent to the Depository Trust Company (“DTC”) by U.S. Bank National Association (“US Bank”) acting as escrow agent for the County, a portion of the principal payment of the County’s Public Improvement Serial Bonds - 2010 Series B (the “2010 Series B Bonds”), which was due on October 15, 2018, was paid one day late despite the fact that the correct amount of funds was wired to and received by DTC late in the day on October 15, 2018. US Bank had entered into an Escrow Contract with the County on December 28, 2017 in which US Bank agreed to pay a portion of the principal of and interest on various County bonds including the 2010 Series B Bonds when due to DTC. The County made its payment of \$5,465,775, representing the balance of the principal and interest due on the 2010 Series B Bonds to DTC in full and on time on October 15, 2018. The County filed a notice on EMMA related to this event on October 24, 2018.

### ***Authorized and Unissued Capital Indebtedness***

As of November 7, 2018, the County had authorized and unissued indebtedness for general capital purposes of approximately \$561,482,000. Included in that amount is approximately \$261,521,000 of capital purposes that may be funded with bond anticipation notes issued in anticipation of expected Federal and/or State aid.

In addition to the above, the County adopted Resolution 546 of 2016, authorizing the issuance of up to \$540,000,000 bonds to refund certain outstanding bonds of the County. As of December 5, 2018, the County has \$186,945,000 remaining authorized and unissued pursuant to this resolution.

### ***Anticipated Capital Borrowings***

In recent years, the County has issued debt on a semi-annual basis to finance its ongoing capital program.

During the Spring of 2019, the County anticipates issuing serial bonds of approximately \$50,000,000 for general capital purposes, which includes \$3,500,000 for strengthening and improving County roads and \$2,000,000 for reconstruction of CR48, Middle Road. During the Fall of 2019, the County anticipates issuing serial bonds for approximately \$50,000,000 to \$55,000,000 for general capital purposes. In addition to issuing bonds for general capital purposes, the following material sewer related borrowings are authorized as described below.

The County Legislature has adopted Resolutions #1203-2011, #1134-2012 and #426-2015 authorizing the issuance of \$35,000,000, \$20,000,000 and \$207,000,000, respectively, in serial bonds to finance improvements and the outfall system of the Suffolk County Sewer District No. 3 – Southwest. \$5,000,000 of the above noted amounts has been issued by the County as Suffolk County Sewer District Bonds. \$62,336,969 of the above noted authorizations was issued to EFC in the form of draw down bond anticipation notes under the Storm Mitigation Loan Program. As of November 21, 2018, the County has requisitioned \$26,819,654 of the available proceeds of these short term loans. It is expected that these short term loans will be refinanced at or prior to maturity with proceeds from the sale of bonds issued to EFC in connection with a long-term loan to the County under EFC’s State Revolving Fund program.

The County Legislature has adopted Resolutions #721-2015 and #1167-2015 authorizing the issuance of \$2,000,000 and \$20,100,000, respectively, in serial bonds to finance the planning and design cost of Nitrogen Reduction Projects. \$20,395,377 of the above noted amounts has been issued in the form of a draw down bond anticipation note to EFC under its Short Term Loan Program. As of November 21, 2018, the County has requisitioned \$3,324,028 of the available proceeds of such short term loan from EFC. It is expected that these short term loans will be refinanced at or prior to maturity with proceeds from the sale of bonds issued to EFC in connection with a long-term loan to the County under EFC’s State Revolving Fund program.

The County Legislature has adopted Resolutions #90-2017 and #1042-2017 authorizing the issuance of \$29,625,000 in serial bonds to finance the cost of improvements to Suffolk County Sewer District No. 3 – Southwest in connection with the Ronkonkoma Hub Project. The County has issued bonds in the principal amount of \$10,000,000 pursuant to these resolutions.

The County Legislature has adopted Resolutions #1001-2017 and #1204-2017 each authorizing the issuance of \$5,000,000 in serial bonds to finance the cost of improvements to Suffolk County Sewer District No. 11 – Selden and Suffolk County Sewer District No. 20 – William Floyd, respectively. Resolution #206-2018 was adopted authorizing \$6,000,000 in serial bonds to finance the cost of improvements to Suffolk County Sewer District No. 18 – Hauppauge Industrial. No serial bonds have been issued pursuant to these authorizations.

The Legislature has adopted Resolutions #467-2016, 851-2016, 856-2016, 858-2016, 860-2016, 862-2016, 972-2016, 989-2016, 76-2017, 538-2017, 636-2017, 703-2017, 850-2017, 852-2017, 389-2018, 652-2018, 705-2018 and 728-2018 authorizing, in the aggregate, the issuance of \$29,523,830 in serial bonds to finance projects under the New Enhanced Drinking Water Protection Program. \$7,151,463 in bonds have been issued pursuant to these resolutions. (See “FINANCIAL FACTORS – Drinking Water Protection, Sewer Tax Rate Stabilization, Environmental Protection and Property Tax Mitigation Programs” herein.)

***Underlying and Overlapping Indebtedness of Political Subdivisions Within the County***

The estimated underlying and overlapping indebtedness of political subdivisions within the County as of the most recently completed fiscal year of the respective political subdivision as filed with the Office of the State Comptroller, State of New York is as follows:

	<u>Fiscal Year</u>	<u>Gross Debt</u> <sup>(1)(2)</sup>
Towns	12/31/16	\$ 1,398,576
Villages	Various 2016	99,360
School Districts	06/30/16	2,167,814
Fire Districts	12/31/16	<u>75,917</u>
	Totals	<u>\$ 3,741,667</u>

(1) Amounts in thousands.

(2) Exclusive of local government exclusions.

Source: New York State Comptroller's Office, Division of Local Government and School Accountability Data Management Unit

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## *Annual Debt Service Requirements*

The following table sets forth the annual debt service requirements, rounded to the nearest dollar, on all outstanding County general obligation bonds<sup>(1)</sup>, exclusive of economically defeased obligations of the County.

Fiscal Year Ending <u>Dec. 31:</u>	Total <u>Principal</u>	Total <u>Interest</u>	Total Debt <u>Service</u> <sup>(2)(3)(4)</sup>
2018	\$ 129,866,521	\$ 47,109,117	\$ 176,975,638
2019	132,096,680	50,963,203	183,059,883
2020	129,700,000	44,918,707	174,618,707
2021	122,785,000	40,046,615	162,831,615
2022	124,290,000	35,339,510	159,629,510
2023	128,175,000	30,517,098	158,692,098
2024	122,100,000	25,786,189	147,886,189
2025	126,470,000	21,230,433	147,700,433
2026	125,645,000	16,360,473	142,005,473
2027	106,005,000	11,493,638	117,498,638
2028	80,815,000	7,798,721	88,613,721
2029	41,595,000	5,391,775	46,986,775
2030	25,445,000	4,040,277	29,485,277
2031	26,235,000	3,147,195	29,382,195
2032	15,790,000	2,256,952	18,046,952
2033	12,930,000	1,752,629	14,682,629
2034	8,545,000	1,372,008	9,917,008
2035	3,800,000	1,157,283	4,957,283
2036	3,825,000	1,022,357	4,847,357
2037	3,900,000	881,767	4,781,767
2038	3,950,000	737,035	4,687,035
2039	3,315,000	600,015	3,915,015
2040	3,385,000	470,946	3,855,946
2041	3,460,000	337,953	3,797,953
2042	3,535,000	199,670	3,734,670
2043	1,205,000	104,115	1,309,115
2044	<u>1,235,000</u>	<u>52,697</u>	<u>1,287,697</u>
Totals	<u>\$1,490,098,201</u>	<u>\$355,088,378</u>	<u>\$1,845,186,579</u>

(1) Exclusive of bonds being paid pursuant to an Escrow Contract between the County and M&T Bank dated April 1, 2013 related to a HEAL Grant from the State. See “Other Transactions” herein.

(2) On August 20, 2015 the County issued \$27,438,877 Environmental Facility Corporation Clean Water Bonds (the “2015 EFC Bonds”). The gross debt service attributable for the term of the bonds, March 1, 2016 through and including September 1, 2044 is reflected herewith. However, the gross interest on the 2015 EFC Bonds is subject to a 50% subsidy under the terms of the Project Financing Agreement entered into by the County and EFC in connection with the issuance of the 2015 EFC Bonds. The 2015 EFC Bonds are also subject to an Annual Administrative Fee, due annually on August 15 commencing August 15, 2016.

(3) On November 9, 2017 the County issued \$48,229,800 Environmental Facility Corporation Clean Water Bonds (the “2017 EFC Bonds”). The gross debt service attributable for the term of the bonds, February 1, 2018 through and including February 1, 2042 is reflected herewith. However, the gross interest on the 2017 EFC Bonds is subject to a 50% subsidy under the terms of the Project Financing Agreement entered into by the County and EFC in connection with the issuance of the 2017 EFC Bonds. The 2017 EFC Bonds are also subject to an Annual Administrative Fee, due annually on October 1 commencing October 1, 2018.

(4) For the entire fiscal year.

## ***Other Transactions***

### ***New York State HEAL Grant***

On August 21, 2012, Resolution #738-2012 (the “Resolution”) was adopted by the County Legislature accepting a \$17,000,000 grant award from the New York State Department of Health’s Health Care Efficiency and Affordability Law for New Yorkers Grant Program (“HEAL Grant”) Phase 21 for the John J. Foley Skilled Nursing Facility (“JJFSNF”). This award was used for the purpose of, among other things, retiring all outstanding bonds of the County issued to finance the JJFSNF, reimbursing the County for a portion of the debt service paid on such bonds in the 2012 and 2013 fiscal years from the date the grant was awarded to the date of the escrow contract and paying all incidental expenses incurred by or on behalf of the County in connection therewith.

On April 1, 2013, an Escrow Contract between the County and M&T Bank was executed. The HEAL Grant proceeds related to the retirement of the JJFSNF bonds were placed in escrow and, together with the interest earned from the investment thereof, were applied to economically defease the JJFSNF bonds, reimburse the County for the prior debt service payments on the JJFSNF bonds as described above and pay the related expenses, in accordance with the terms and conditions set forth in the Escrow Contract and the Resolution.

### ***Lease Payments***

The following table sets forth the annual lease payments due on March 2<sup>nd</sup> and September 2<sup>nd</sup> annually, rounded to the nearest dollar, related to the sale-leaseback of the H. Lee Dennison Building between the County and the Suffolk County Judicial Facilities Agency. Additionally, under the sale-leaseback agreement, the County is required to fund the annual operating expenses of the Suffolk County Judicial Facilities Agency. For 2018, this amount will be \$95,668 and grows at the greater of CPI or 3% annually throughout the term of the lease.

Fiscal Year Ending <u>Dec. 31:</u>	Total <u>Principal</u>	Total <u>Interest</u> <sup>(1)</sup>	Total Debt <u>Service</u> <sup>(2)</sup>
2018	\$ 2,640,000	\$ 2,764,294	\$ 5,404,294
2019	2,775,000	2,632,294	5,407,294
2020	2,915,000	2,493,544	5,408,544
2021	3,060,000	2,347,794	5,407,794
2022	3,160,000	2,244,519	5,404,519
2023	3,275,000	2,133,919	5,408,919
2024	3,395,000	2,011,106	5,406,106
2025	3,530,000	1,875,306	5,405,306
2026	3,705,000	1,698,806	5,403,806
2027	3,865,000	1,541,344	5,406,344
2028	4,035,000	1,372,250	5,407,250
2029	4,235,000	1,170,500	5,405,500
2030	4,450,000	958,750	5,408,750
2031	4,670,000	736,250	5,406,250
2032	4,905,000	502,750	5,407,750
2033	<u>5,150,000</u>	<u>257,500</u>	<u>5,407,500</u>
Totals	<u>\$59,765,000</u>	<u>\$26,740,926</u>	<u>\$86,505,926</u>

(1) Off slightly due to rounding.

(2) For the entire calendar year.

## CAPITAL PLANNING AND BUDGETING

The County annually adopts a capital program which includes all anticipated capital expenditures for the next three fiscal years. No later than April 15 of each year, the proposed three-year capital program is submitted by the County Executive to the County Legislature. The Annual Capital Budget and Program is adopted in June of each year. The County’s capital budget sets forth the capital projects, both new and previously authorized, expected to be undertaken or continued in the ensuing fiscal year. The adoption of the capital budget does not constitute an authorization to proceed with a project and the financing thereof. In the event the County wishes to finance a project through the issuance of bonds or notes, such issuance of bonds or notes requires further authorization by a two-thirds vote of the County Legislature.

The 2019-2021 Proposed Capital Program and Budget was submitted to the County Legislature on April 13, 2018 and was adopted on June 18, 2018. The 2019-2021 Adopted Capital Program (the “2019-2021 Adopted Capital Program”) includes the following:

	2019-2021 <u>Capital Program</u>
General Government Support: Judicial	\$ 12,357,000
General Government Support: Elections	0
General Government Support: Shared Services	39,783,287
Education: Community College	15,000,000 <sup>(1)</sup>
Public Safety and Law Enforcement	80,264,500
Health: Public Health	820,000
Transportation: Highways	299,315,000 <sup>(2)</sup>
Transportation: Waterways	20,550,000
Transportation: Other	108,197,135 <sup>(3)</sup>
Social Services	2,075,000
Economic Assistance and Opportunity	18,830,000
Culture, Recreation and Preservation	29,920,000
Home & Community Services: Sanitation	492,143,675 <sup>(4)(5)</sup>
Home & Community Services: Other	<u>11,525,000</u>
Total Program:	<u>\$ 1,130,780,597</u>

- (1) Community college projects receive 50% State aid.
- (2) Includes anticipated Federal aid of \$138,509,000 and State aid of \$30,400,000.
- (3) Includes anticipated Federal aid of \$68,632,700 and State aid of \$6,002,581.
- (4) Includes anticipated Federal aid of \$286,393,675 and State aid of \$40,000,000.
- (5) Proposes to fund County Sewer District No. 3 (Southwest) projects in the amount of \$50,725,000 through the Southwest Assessment Stabilization Reserve. (See “Anticipated Capital Borrowings” herein.)

The extension of the County’s one quarter of one percent sales and compensating use tax (“One Quarter of One Percent Tax”) for the Sewer Assessment Stabilization Reserve Fund (“ASRF”) by the adoption of Resolution #770-2007 significantly offsets borrowing needs. A number of sewer projects in the Capital Program are expected to be funded by this sales tax revenue source through the Sewer Assessment Stabilization Reserve. See “ADDITIONAL FINANCIAL INFORMATION – Sewer Tax Rate Stabilization” herein.

On May 16, 2017, Resolution 329-2017, “A Local Law to establish a grant assistance program for the installation of Innovative and Alternative Onsite Wastewater Treatment Systems” was adopted. This local law provides for the establishment of a grant assistance program to qualified residential property owners to be used for the installation of innovative and alternative onsite wastewater treatment systems. Depending upon income level, grant awardees will be provided grant funding of up to \$11 thousand. Pursuant to the County charter, annual funding of \$2 million will be provided from the ASRF for the years 2017-2021.

Source: County Executive’s Budget Office

## COUNTY INVESTMENT POLICY

Pursuant to Article V of the Suffolk County Charter, the County Comptroller is the custodian of all County funds and is charged with the responsibility for creating and administering, pursuant to written guidelines duly promulgated by the County Comptroller, the investment program of the County. The County Comptroller has a written investment policy which is consistent with the Investment Policies and Procedures guidelines of the Office of the State Comptroller. The County Investment policy is approved by resolution of the Suffolk County Legislature. The banks and trust companies authorized for the deposit of County monies are authorized to arrange for the redeposit of County monies in one or more banking institutions, as defined in Section 9-r of New York Banking Law, for the account of the County through a deposit placement program that meets all of the conditions set forth in Section 10(2)(a)(ii) of New York General Municipal Law.

Pursuant to the County Comptroller's investment policy, investments of monies not required for immediate expenditure may be made in certain obligations authorized by Section 11 of the General Municipal Law of the State, those being (a) Special time deposit accounts; (b) Certificates of deposit; (c) 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; (d) Obligations of the State of New York to the extent that no more than 25% of invested monies are to be invested in obligations of the State of New York; and (e) Obligations issued pursuant to Local Finance Law Section 24.00 or 25.00 (with approval of the State Comptroller) by any municipality, school district or district corporation of the State, other than the County to the extent that no more than 15% of invested monies are to be invested in obligations issued pursuant to Local Finance Law Section 24.00 or 25.00; and (f) participation in a cooperative investment program with another authorized governmental entity pursuant to Article 5-G of the General Municipal Law where such 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 to the extent that no more than 15% of invested monies, exclusive of trust and agency funds, shall be invested in obligations issued by any one approved cooperative investment program.

The County Comptroller's investment policy further provides that all investment obligations must be payable or redeemable at the option of the County in time to meet expenditures for the purposes for which monies were provided and, in the case of obligations purchased with the proceeds of bonds or notes, must be payable or redeemable at the option of the County within two years of the date of purchase. The investment policy also limits investment maturities of monies invested from current operating funds to 12 months or less while the maturities of monies invested from budgetary reserve funds are limited to 20 months or less.

The County Comptroller's investment policy further provides that, in accordance with the provisions of Section 10 of the General Municipal Law of the State, all deposits, including certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act, are secured by (a) a pledge of "eligible securities" with an aggregate "market value", as provided by General Municipal Law Section 10, equal to the aggregate amount of deposits from the categories designated in Appendix A to the Policy (the "eligible securities"). Eligible securities used for collateralizing deposits shall be held by a third party bank or trust company subject to security and custodial agreements; (b) an eligible surety bond payable to the government for an amount at least equal to 100% of the aggregate amount of deposits and the agreed upon interest, if any, executed by an insurance company authorized to do business in New York State, whose claims-paying ability is rated in the highest rating category by at least two nationally recognized statistical rating organizations; or (c) an irrevocable letter of credit issued in favor of the County by a federal home loan bank whose commercial paper and other unsecured short term debt obligations are rated in the highest rating category by at least one nationally recognized statistical rating organization payable to the County as security for the payment of one hundred percent (100%) of the aggregate amount for the County deposits and the agreed upon interest, if any.

The County Comptroller's investment policy also authorizes the County to enter into repurchase agreements, subject to the following restrictions: (a) All repurchase agreements must be entered into subject to a master repurchase agreement; (b) Trading partners are limited to banks or trust companies authorized to do business in New York State and primary reporting dealers; (c) Obligations shall be limited to obligations of the United States of America and obligations of agencies of the United States of America where principal and interest are guaranteed by the United States of America; (d) No substitution of securities will be allowed; (e) The custodian shall be a party other than the trading partner and (f) maturities shall be limited to 30 days or less.

## FINANCIAL FACTORS

### *Operating Budget*

Pursuant to the County Charter, on or before the third Friday in September of each year, the County Executive must submit to the County Legislature the recommended operating budget for the following fiscal year, which includes the general fund and other fund budgets. The operating budget must be adopted as submitted or amended by the County Legislature not later than November 10 of each year or the 52<sup>nd</sup> day after the County Executive has submitted the recommended budget, whichever is later. In the event the County Legislature does not adopt such operating budget as submitted or amended within such time frame, the recommended budget as submitted by the County Executive is deemed adopted. The County Executive may veto legislative budget modifications in their entirety or by individual line item. Such budget amendment resolutions shall be approved or disapproved no later than the 10<sup>th</sup> day subsequent to submission of budget amendment resolutions to the County Executive.

Operating adjustments may be made by either the County Executive or County Legislature, or both, during the course of the fiscal year to ensure that expenditures will not exceed revenues. While the County Executive may amend the operating budget as needed, the Legislature may only amend the operating budget four times during the year; provided that any such amendment must be balanced. The 2019 Recommended Operating Budget was submitted to the County Legislature (the “2019 Recommended Budget”) on September 21, 2018 and adopted without amendment on November 7, 2018.

The County periodically issues short-term tax anticipation notes to provide funds for expenditures due in part to the Suffolk County Tax Act (the “SCTA”). (See “REAL PROPERTY TAXES – Real Property Tax Collection” and “INDEBTEDNESS OF THE COUNTY – Cash Flow Borrowings” herein.)

### *Sales Tax*

The total County sales and compensating use tax rate is 8.625% and is comprised of State tax (4.0%), Metropolitan Transit Authority tax (0.375%), Suffolk County tax (4.0%) and Suffolk County Drinking Water Protection Program tax (0.25%) (“One Quarter of One Percent Tax”).

A county must secure State legislative approval to impose a sales tax rate above 3%. The State grants that authority for a set period of time, usually two years. A county must then seek reauthorization from the State legislature. Pursuant to Suffolk County Home Rule Message 2-2015 and further State legislation signed into law on August 13, 2015, the 1% County tax was extended through November 2017. Pursuant to Chapter 62 of the Laws of 2017, the County was authorized to continue to impose an additional sales and compensating use tax for a three year period, beginning December 1, 2017 and ending November 30, 2020. The County Legislature authorized this extension via Resolution 678-2017, which was adopted July 25, 2017.

Sales tax collections through the 3<sup>rd</sup> quarter of 2018 are 5.36% higher than collections for the same period in 2017. A report issued by the Office of the New York State Comptroller for the first half of 2018 shows the highest growth in local sales tax collections in almost eight years. The report cites the County as having the highest per capita local collections (\$508) in the State for the first half of 2018. High consumer confidence, modest wage growth, low unemployment, strong retail sales and tourism spending as well as higher motor fuel prices were identified in the report as factors for the increased collections. NYSERDA reported the regular grade gasoline price on Long Island was \$2.87 per gallon for the week ended August 27, 2018. This is 17.3% higher than the price for the week ending August 28, 2017.

The One Quarter of One Percent Tax is utilized for the Suffolk County Drinking Water Protection Program. On August 7, 2007 the County Legislature adopted Resolution #770-2007, a Charter Law extending the One Quarter of One Percent Tax that was due to expire on December 31, 2013 to November 30, 2030 (the “2007 Legislation”). The extension was approved by the State Legislature, signed by the Governor and approved by a majority of the County electorate at the November 6, 2007 general election.

See “Drinking Water Protection, Environmental Protection and Property Tax Mitigation Programs” herein.

## ***Drinking Water Protection, Environmental Protection and Property Tax Mitigation Programs***

The County has a land acquisition program, known either as the Quarter Percent Program or the Drinking Water Protection Program (the “Program”) which initially began in 1987 and has been modified by the electorate several times.

The 2007 Legislation extended, in modified form, the One Quarter of One Percent Tax and also amended the percentage allocation of collections as follows: (i) 31.10% to the Suffolk County Environmental Programs Trust Fund for open space acquisition and farmland development rights initiatives; (ii) 11.75% to the Suffolk County Environmental Programs Trust Fund for Water Quality Protection and Restoration Programs and Land Stewardship initiatives; (iii) 32.15% to the Suffolk County Taxpayers Trust Fund to reduce or stabilize the County’s general property taxes and/or police/public safety property taxes for the subsequent fiscal year by being credited to revenue in direct proportion to real property taxes assessed and collected from parcels within the County; and (iv) 25.00% to be used to reduce or stabilize sewer taxpayer property taxes provided that the applicable sewer district experiences an increase in rates of at least 3% in the aggregate for user charges, operations and maintenance charges, per parcel charges and ad valorem assessments in the calendar year for which these revenues are being allocated. The amount of debt service and bond or note issuance costs paid from the Environmental Programs Trust Fund for Open Space Acquisition in any calendar year shall not exceed 80% of the unobligated projected sales tax revenues for such calendar year.

On July 29, 2014 the County Legislature adopted resolution #579-2014, a Charter Law amending the Program for enhanced water quality protection, wastewater infrastructure and general fund property tax relief for the County. This legislation provides for an Enhanced Water Quality Protection Program (the “Enhanced Program”) designed to provide funding for the purpose of protecting the groundwater in the County’s sole source aquifer from discharges of pollutants. The purpose of the Enhanced Program is to acquire, by fee, lease or easement, interests in land and to protect and/or enhance groundwater, for water quality protection and restoration program and land stewardship initiatives, and for installation, improvements, maintenance and operation of sewer infrastructure and sewage treatment plants and for installation of residential and commercial enhanced nitrogen removal septic systems. This Enhanced Program became effective December 1, 2014 and will expire December 31, 2020.

The 2018 Adopted Budget estimates \$82.1 million of sales tax revenues for the program with a resulting transfer to the general fund of \$26.4 million in 2018. The 2018 estimated amount to be transferred to the general fund is \$26.7 million. The 2019 Recommended Budget projects \$86.0 million of sales tax revenues for the program with a resulting transfer to the general fund of \$27.6 million in 2019.

## ***State and Federal Aid***

The County receives substantial financial assistance from State and Federal reimbursement, mainly for human services and other mandated entitlement programs. The 2018 estimated annual County general fund revenue derived from State and Federal aid is 21.5%. The 2019 Adopted Budget projects 21.2% of general fund revenue will be derived from State and Federal aid.

The State is not constitutionally obligated to maintain or continue to provide aid to the County. No assurance can be given that present State aid levels will be maintained in the future. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the County during its current fiscal year, as well as future years. Any such elimination or reduction would require the County to either counterbalance any such loss with, to the extent available, an increase in revenues from other sources or a curtailment of expenditures. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the County, the County may be affected by a delay in the receipt of State aid, until sufficient State taxes have been received by the State to make such payments. If in any given year the State does not adopt its budget in a timely manner, municipalities and school districts in the State, including the County, may also be affected by a delay in the payment of State aid. (See also “MARKET FACTORS AFFECTING FINANCINGS OF THE COUNTY, THE STATE AND MUNICIPALITIES OF THE STATE” herein).

The State receives a substantial amount of Federal aid. However, the State’s current financial projections concerning Federal aid, and the assumptions on which they are based, are subject to revision as more information becomes

available about Federal tax policy and legislation and other issues under the current presidential administration and Congress.

Reductions in Federal funding levels could have a materially adverse impact on the State budget. In addition to the potential fiscal impact of policies that may be proposed and adopted by the current administration and Congress, the State budget may be adversely affected by other actions taken by the Federal government, including audits, disallowances and changes to Federal participation rates or other Medicaid rules.

State legislation adopted with the State's 2018-2019 Budget continues authorization for a process by which the State would manage significant reductions in federal aid during fiscal year 2018-2019 and fiscal year 2019-2020 should they arise. Specifically, the legislation allows the State Budget Director to prepare a plan for consideration by the State Legislature in the event that the federal government (i) reduces federal financial participation in Medicaid funding to the State or its subdivisions by \$850 million or more; or (ii) reduces federal financial participation of other federal aid funding to the State that affects the State Operating Funds financial plan by \$850 million or more, exclusive of any cuts to Medicaid. Each limit is triggered separately. The plan prepared by the State Budget Director must equally and proportionately reduce appropriations and cash disbursements in the State's General Fund and State Special Revenue Funds. Upon receipt of the plan, the State Legislature has 90 days to prepare its own corrective action plan, which may be adopted by concurrent resolution passed by both houses, or the plan submitted by the State Budget Director takes effect automatically.

### ***Medicaid***

Medicaid expenses share of general fund expenditures for 2017 was 11.5%. The 2018 and 2019 Adopted Budgets estimate the Medicaid expense at 11.2% and 10.82% of general fund expenditures, respectively. Under the State Medicaid cap law, the County's Medicaid expenses are capped by a formula which sets calendar year 2005 base period with local Medicaid payments to the State increasing by an annual, non-compounded inflation factor. (For example, the 2012 payment was determined by increasing the 2005 base by 3.50% for 2006, 3.25% for 2007 and 3.00% for 2008, 2009, 2010, 2011 and 2012, for a total increase of 21.75% over the 2005 base). Previous State budgets have called for a reduction in the projected growth assessed to the local districts. The increase on the 2005 base grew 0% in both 2017 and 2018. In addition, local Medicaid costs must be accounted for on a cash basis. The State cap on Medicaid expenses provides significant savings to the County each year, as well as providing an accurate method for budgeting for such expenses in future years. Additionally, the Affordable Care Act will continue to have a positive impact on the County's Medicaid costs. However, this could be impacted by any legislation which may be adopted by Congress to repeal and replace the Affordable Care Act.

### ***2018 Adopted Budget with Updates***

On November 9, 2017, the County Legislature adopted the 2018 Operating Budget (the "2018 Adopted Budget"). The 2018 Adopted Budget is balanced and is in compliance with the Tax Levy Limitation Law and local budget cap laws.

The 2018 Adopted Budget projects sales tax revenue of \$1.43 billion, an increase of 3.01% over 2017 actual collections. Sales tax collections through the 3<sup>rd</sup> quarter of 2018 are 5.36% higher than collections for the same period in 2017. The 2018 year end estimate is \$1.46 billion, a \$26.3 million increase over the 2018 Adopted Budget.

The County retains an outside economic firm to assist it in developing sales tax forecasts. The County's consultant projects modest increases in incomes and spending in the County consistent with a healthy economy and stable demographics.

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The 2018 Adopted Budget contained several initiatives:

2018 ADOPTED BUDGET  
SUMMARY OF MAJOR INITIATIVES  
(\$ IN MILLIONS)

Pension Amortization	\$ 32.08
Healthcare Plan Design Changes and/or Employee Contributions	30.00
Police District Tax Increase (includes redistribution from the Sewer District)	27.05
OTB Video Lottery Terminals (minimum contractual guarantee)	<u>2.75</u>
Total	<u>\$ 91.88</u>

The 2018 Adopted Budget utilized the State’s Alternative Contribution Stabilization program relating to the employer contributions to the State Retirement System and the County amortized \$32.08 million of its employer pension contribution in 2018. The 2018 Adopted Budget included no new fees. The County will receive the contractual guarantee for the Video Lottery Terminals (“VLT”) at Jakes 58, the newly opened casino in the County. In August 2018, the County received \$500,000 of unbudgeted revenue for VLT operations.

***2019 Adopted Budget***

The County Executive submitted the 2019 Recommended Operating Budget (“2019 Recommended Budget”) to the County Legislature on September 21, 2018. The 2019 Recommended Budget was adopted without amendment on November 7, 2018 (the “2019 Adopted Budget”). The 2019 Adopted Budget is in compliance with the Tax Levy Limitation Law and local budget cap laws.

The 2019 Adopted Budget projects sales tax revenue of \$1.51 billion, an increase of 3.5% over 2018 estimated collections. The County retains an outside economic firm to assist it in developing sales tax forecasts.

The 2019 Adopted Budget is structurally balanced. It does not contain any pension amortization deferral or any other non-recurring items.

The 2019 Adopted Budget contains several initiatives:

2019 ADOPTED BUDGET  
SUMMARY OF MAJOR INITIATIVES  
(\$ IN MILLIONS)

Health Plan Savings	\$27.3
Police District Tax Levy Increase	22.0
Overtime Savings	7.4
OTB Residual Payments	1.0
Traffic Violations Bureau Improved Collections	<u>1.7</u>
Total	<u>\$59.4</u>

**ADDITIONAL FINANCIAL INFORMATION**

***Pension Payments***

Substantially all employees of the County are members of the New York State and Local Employees Retirement System (“ERS”) or the New York State and Local Police and Fire Retirement System (“PFRS”), (ERS and PFRS are referred to collectively hereinafter as the “Retirement Systems” where appropriate). These Retirement Systems are cost-sharing multiple public employee retirement systems. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement System and Social Security Law (the “Retirement System Law”). The Retirement Systems offer a wide range of plans and benefits which are related to

years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All retirement benefits generally vest after five (5) years of credited service, except employees hired after April 1, 2012. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. The Retirement Systems are non-contributory for members hired prior to July 1, 1976. All members hired on or after July 1, 1976 through and including December 31, 2009 must contribute 3% of gross annual salary toward the cost of retirement programs, until they attain ten years in the Retirement System, at which time contributions become voluntary.

On December 10, 2009, the Governor signed into law the creation of Tier 5, which was effective for new ERS employees hired after January 1, 2010. ERS employees in Tier 5 also contribute 3% of their salaries throughout their employment.

Additionally, on March 16, 2012, the Governor signed into law the new Tier 6 pension program, effective for new ERS employees hired after April 1, 2012. The Tier 6 legislation provides, among other things, for increased employee contribution rates of between 3% and 6%, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for final average salary calculation from 3 years to 5 years. Tier 6 employees vest after ten years of employment and make contributions throughout employment.

The employer contribution for a given fiscal year is based on the value of the pension fund on the prior April 1; the County is notified of and can include the actual cost of the employer contribution in its budget. Current law requires a minimum payment of 4.5% of payroll each year, including years in which investment performance of the fund would make a lower employer contribution possible. The pension payment is due February 1, but may be prepaid by December 15 at a discounted amount.

The Office of the New York State Comptroller previously informed participating employers that due to the global economic crisis, the rate of return of the pension fund experienced an unprecedented decline in 2009 and consequently, contribution rates increased through and including 2014. Additional steps were needed to mitigate the expected increases in the employer contribution rates. Beginning in fiscal 2011, the Employer Contribution Stabilization Program authorized local governments to amortize a portion of annual pension costs during periods when actuarial contribution rates exceed thresholds established by the program. Amortizations are paid in equal installments over a ten-year period at an interest rate that is set annually and fixed over the ten year repayment period. The interest rate for the 2011 fiscal year was 5%, the interest rate for 2012 was 3.75% and the interest rate for 2013 was 3%.

Commencing with the 2014 payment, the County elected to utilize the State's "Alternate Contribution Stabilization Program." Per the program guidelines, the interest rate charged is the 12-year US Treasury bond yield plus 1% and is fixed over the twelve year repayment period. The interest rate for 2014 was 3.76%, for 2015, the rate was 3.5%, for 2016, the rate was 3.31%, for 2017, the rate was 2.63% and for 2018, the interest rate is 3.31%.

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The following table sets forth the County's total bills, amounts amortized and annual payments related to the County's pension obligations for ERS and PFRS, including SCCC:

PENSION COSTS

Year Paid Invoice Period	2011 4/2010-3/2011	2012 4/2011-3/2012	2013 4/2012-3/2013	2014 4/2013-3/2014	2015 4/2014-3/2015	2016 4/2015-3/2016	2017 4/2016-3/2017	2018 4/2017-3/2018	2019 <sup>1</sup> 4/2018-3/2019	2020 <sup>3</sup> 4/2019-3/2020
Gross Invoice Amounts (excluding Installments on Prior Deferrals)	136,045,644	182,737,273	203,604,694	233,895,448	228,960,795	195,059,113	195,346,037	205,491,878	202,134,548	200,898,364
Installments on Prior Deferrals	-	2,470,993	8,035,837	15,154,187	24,306,282	30,494,139	35,062,374	38,524,402	41,807,773	41,807,773
Gross Invoice Amount	136,045,644	185,208,266	211,640,531	249,049,635	253,267,077	225,553,252	230,408,411	244,016,280	243,942,321	242,706,137
Less: Pension amounts deferred <sup>2</sup>	(19,080,351)	(45,702,894)	(60,720,972)	(87,101,698)	(59,795,324)	(44,642,145)	(35,234,699)	(32,086,087)	-	-
Pension Amount	116,965,293	139,505,372	150,919,559	161,947,937	193,471,753	180,911,107	195,173,712	211,930,193	243,942,321	242,706,137
Employees Retirement System (ERS)	58,994,854	65,934,963	76,854,241	84,793,660	114,096,596	95,752,292	99,577,355	107,823,546	128,126,450	126,552,065
Police and Fire Retirement System (PFRS)	57,970,439	73,570,409	74,065,318	77,154,277	79,375,157	85,158,815	95,596,357	104,106,647	115,815,871	116,154,072
Total Net Pension Costs	116,965,293	139,505,372	150,919,559	161,947,937	193,471,753	180,911,107	195,173,712	211,930,193	243,942,321	242,706,137

- (1) Estimates.
- (2) Represents amounts deferred and paid over time.
- (3) Preliminary estimates, subject to change.

The County does not anticipate deferring pension payments of \$22,124,802 in 2019 or \$19,323,269 in 2020.

Source: Suffolk County Budget Office.

***Employee Medical Health Plan***

2017/2018 growth rates for the County's self-insured, Employee Medical Health Plan ("EMHP") exceeded the Kaiser Northeast growth rates. The County's position is that the unions, pursuant to a required reconciliation agreement, owe approximately \$60 million for EMHP expense mitigation. The head of the Suffolk Coalition of Public Employees ("SCOPE"), a legal entity representing all nine County unions, acknowledges SCOPE owes significant money and has filed a grievance to determine the exact monies owed. 2018 estimated expenses are approximately \$21 million less than the amount included in the 2018 Adopted Budget. Included in this amount is \$3.9 million of New York State Health Care Reform Act recovery funds received in 2018. The cost savings, as well as new agreements with EMHP vendors, plan design changes and cost reconciliations with SCOPE, have contributed to a 2019 Adopted Budget amount that is 3.79% less than the amount included in the 2018 Adopted Budget. Since 2013, the County has required new employees to pay 15% of the plan rates towards their health insurance coverage.

***NYS Fiscal Stress Monitoring System***

A Fiscal Stress Monitoring System ("FSMS") was developed by the New York State Comptroller in 2012 as a way to identify local governments facing fiscal stress, factors influencing fiscal stress and ways in which local governments can manage fiscal stress. The FSMS evaluates local governments on the basis of financial and environmental indicators to create an overall fiscal stress score. The State Comptroller's August 30, 2013 update identified the County, along with eleven other municipalities, as having "significant stress." Such fiscal stress designations relied on data obtained from annual financial reports submitted by local governments to the Office of the State Comptroller. The State's analysis did not take into account the fact that the County maintains nearly \$430 million in special revenue funds. After review of the County's 2013 fiscal year, the State Comptroller improved the County's fiscal stress designation from significant to moderate, effective August 29, 2014. The County had remained in the moderate stress category, through the report issued in September 2017. In January 2018, the State Comptroller implemented changes to the FSMS scoring calculations. In September 2018, under the new scoring system, the County was placed in the "significant fiscal stress" category. It should be noted, however, that if the State Comptroller did not implement changes to the FSMS scoring calculations in January 2018, the County would have remained in the moderate stress category.

See the State Comptroller's official website for more information on FSMS. References to websites and/or website addresses presented herein are for informational purposes only. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

### ***Strategic Fiscal Planning***

As part of the Governor's Shared Services Initiative the County released "Suffolk Share" a comprehensive ten-point plan that would save approximately \$37 million over a two-year period. All participating municipalities would share in the potential savings. This plan received unanimous approval amongst the participating towns and villages. This plan would foster inter-municipal sharing of services and will also include a "Virtual Municipal Service Store" which will provide a menu of municipal services and assets that would be available to participating municipalities.

Pursuant to new legislation passed in 2018 by the State, the County can now include additional districts in the plan and thus, expand the use of cooperative procurement beyond that which was anticipated in the original plan. On September 12, 2018, the Suffolk County Shared Services Panel approved an amended 2018 Shared Services Plan. The amended plan adds Eastern Suffolk BOCES, Western Suffolk BOCES, and over thirty school districts, fire districts and other special districts to the original agreement whereby over forty towns and villages are already partnered with the County. The County has received a \$350 thousand grant to establish the portal. A vendor has been chosen and the website is expected to be fully operational in early 2019. No savings associated with this plan has been included in the 2019 Adopted Budget.

Suffolk STAT, a program designed to assist departments in monitoring and analyzing operational performance utilizing Key Performance Indicators ("KPIs"), was implemented at the Suffolk County Police Department ("SCPD") in 2017. The new analytic capabilities, along with additional hiring, successfully contributed to a 14.9% reduction in SCPD's actual expenses from 2016 to 2017. In addition, the 2018 estimated SCPD overtime expense is 15.9% lower than the actual 2017 overtime expenses. The County is currently working with the Sheriff Department to implement Suffolk STAT. Significant impacts, similar to those obtained by SCPD, are expected for the Sheriff Department in 2019.

### ***Suffolk County Tax Act Study Committee***

Resolution 753-2016 was approved on September 9, 2016 to establish a Study Committee to review the Suffolk County Tax Act and determine changes to improve the County's method of collecting taxes so as to alleviate cash flow issues. The Study Committee is exploring a variety of issues to amend the Suffolk County Tax Act to provide the County with a fair distribution of tax revenues received earlier in the year and will be working with local assessors and school district officials to discuss proposed changes which may be beneficial to the County. Resolution 775-2017 adopted September 6, 2017 extended the deadline for this report to March 15, 2018. A proposed amendment to Resolution 775-2017 extending the report deadline to December 31, 2018 was adopted on March 13, 2018.

### ***Suffolk County Executive Departmental Fiscal Manager Working Group***

In 2017, the County Executive created a working group composed of approximately 50 departmental fiscal managers which is chaired by the Budget Director. This group meets monthly and acts as a fiscal hub of operations, allowing for coordinated implementation of fiscal policy and procedures and allows the County to autocorrect in "real time" when expenses and revenues are not performing or are not on target. This is the first time that these individuals have formally worked together across departmental lines to achieve common County fiscal goals.

### ***Tax Stabilization and Debt Service Reserve Funds***

The County Charter requires that a minimum of 25% of the prior year's discretionary general fund balance be transferred to the Tax Stabilization Reserve Fund or Debt Service Reserve Fund. In accordance with this provision, the 2019 Adopted Budget includes a transfer of the Debt Service Reserve Fund in the amount of \$26.1 million which represents 25% of the audited discretionary fund balance in the General Fund in 2017. The \$26.1 million will be used to pay debt service in 2019.

A transfer of \$32.2 million was requested to be made from the Tax Stabilization Reserve Fund due to unforeseen overtime expenses at the Sheriff Department and an unexpected revenue loss resulting from notification received

from the New York State Office of Temporary & Disability Assistance of a coding change which reduced the amount of Housing Reimbursements to be paid to the County's Department of Social Services in 2018. The return transfer for the same amount is included in the 2019 Adopted Budget. The Resolution to transfer said funds was withdrawn from consideration on November 8, 2018.

### ***Sewer Tax Rate Stabilization***

Resolution #625-2011, a Charter Law regarding use of Assessment Stabilization Reserve Fund ("ASRF") surpluses to enhance sewer capacity and provide tax relief, was adopted on August 2, 2011 by the County Legislature. This legislation establishes a limit for the balance of the Sewer District Tax Rate Stabilization Fund at \$140 million for the fiscal years 2011 through 2021, inclusive. In fiscal years 2011, 2012 and 2013, of the fund balance which exceeded \$140 million, 62.5% of the excess funds were required to be used for sewer projects approved by the County Legislature and 37.5% were appropriated by resolution to a reserve fund for bonded indebtedness or to a retirement contribution reserve. Should the fund balance exceed \$140 million in 2014 through 2021, the excess fund balance shall be used exclusively for sewer projects as approved by legislative resolutions. In September 2011, two environmental groups filed a lawsuit to block the County Executive and the County Legislature from using the surplus in this manner without voter approval. In a decision by the New York State Supreme Court on July 19, 2012, the Court found that the plaintiffs lacked the necessary standing to challenge the law. Plaintiffs appealed the decision and the Appellate Division, Second Department declared the law to be null and void and remanded the case to the New York State Supreme Court for, *inter alia*, entry of judgment. Judgment has been entered nullifying the 2011 law, but no damages were awarded in the judgment. Plaintiffs appealed the judgment and briefs were filed. The appeal was argued before the Appellate Division, Second Department, on October 17, 2018, and decision was reserved.

Pursuant to Resolution 625-2011, the amount appropriated from the ASRF for the retirement contribution reserve fund to provide general fund relief was \$5.4 million in 2011, \$15.6 million in 2012 and \$8.5 million in 2013.

The 2014 Adopted Budget included a \$32.8 million transfer to the Debt Service Reserve Fund as well as a \$5.0 million transfer to fund sewer infrastructure projects. However, in March 2014, two environmental groups filed a lawsuit to void resolutions passed in 2013 which permitted the transfers from the ASRF. To settle the matter, two resolutions were adopted. Resolution 68-2014 requires a referendum to amend, modify, alter or repeal Local Law 24-2007. Resolution 579-2014 authorized a November 2014 mandatory referendum on a ballot proposal to adopt a charter law which created a \$29.4 million program for environmental protection and restoration. Resolution 579-2014 was approved by a majority of the electorate voting on the measure. In 2017, the County issued bonds for \$1.3 million under this program.

The charter law authorizes the County to borrow from the ASRF in 2014, 2015, 2016 and 2017 to provide tax relief. All amounts borrowed from the ASRF are required to be repaid by 2029, with annual payments of no less than 5% of the amount borrowed commencing in 2018. Amounts transferred from the ASRF were \$32.8 million in 2014 and \$32.8 million in 2015. The 2016 Adopted Budget included a \$28.2 million transfer; however, a transfer of an additional \$60 million in fiscal 2016 was approved.

A transfer of \$17.5 million was made from ASRF in 2017. As required by Charter Law, the 2018 Adopted Budget and the 2019 Recommended Budget include paybacks to the ASRF, each in the amount of \$8.565 million representing 5% and 5.26%, respectively, of the balance owed.

### ***Employees***

The County employs approximately 8,985 full-time employees as of November 14, 2018, approximately 94% are represented by collective bargaining units. This includes the completion of several classes of Police Officers who replace higher paid officers that are retiring. The Association of Municipal Employees represents approximately 51% of the County's employees, the Police Benevolent Association represents approximately 19% of the County's employees and the remaining employees are represented by various other collective bargaining units or are management.

The collective bargaining units representing employees of the County include:

<u>Association</u>	<u>Expiration Date</u>
Association of Municipal Employees	12/31/16 <sup>(1)</sup>
SC PBA, Probation Officers Association Unit	12/31/16 <sup>(1)</sup>
Superior Officers Association	12/31/18
Deputy Sheriffs Benevolent Association	12/31/18
Suffolk Detectives Association	12/31/18
Police Benevolent Association	12/31/18
Detectives Investigators Police Benevolent Association	12/31/18
Correction Officers Association	12/31/18
Faculty Association of Suffolk Community College	08/31/19
Guild of Administrative Officers of Suffolk County Community College	08/31/19

(1) In negotiations.

***Union Contracts***

- **Association of Municipal Employees (AME)** – A three-year contract, retroactive to 2013, provides no raises in the first two years; raises of 1% in July 2015, 1% in December 2015 and 3% in July 2016. The starting salaries for new hires are lower and the time to reach the top step is lengthened. Under the agreement employees can be required to defer up to 10 days of pay. The contract included a no-layoff clause which is currently no longer in effect. The contract has expired and is currently in negotiations.
- **SC PBA, Probation Officers Association Unit** – The Memorandum of Agreement dated January 4, 2017 includes the following wage increases:

2011	2%, effective 7/1/14	1%, effective 7/1/15
2012	2%, effective 7/1/14	1%, effective 12/1/15
2013	1%, effective 7/1/14	3%, effective 7/1/16
2014	1%, effective 7/1/14	

Retro payments for the period July 1, 2014 through December 31, 2015 were deferred and are payable upon separation at the salary rate in effect at that time. The starting salaries for new hires are lower and the time to reach the top step is lengthened. The contract expired December 31, 2016 and is currently in negotiations.

- **Superior Officer’s Association (SOA)** – The contract provides for no retroactive pay raises. It provides raises with annualized effective rates of 5.96% in 2014, 6.11% in 2015, 5.63% in 2016, 3.53% in 2017 and 3.53% in 2018.
- **Deputy Sheriffs Benevolent Association (DSBA)** – The current contract provides raises as follows:

<u>2011 &amp; 2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016, 2017, 2018</u>
0%	January 1 - \$625 (effective 1/1/14)	April 1 - \$875 June 1 – 0.5%	April 1 – \$900 June 1 – 1%	June 1, 2016 – 3.25%
	June 1 – 0.5% (effective 1/1/14)	Dec. 1 – 0.5%	Dec. 1 – 1.5%	June 1, 2017 – 3.25%
				June 1, 2018 – 3.25%

In addition, raises were given January 1, 2017 which equate to approximately 4.4%, in settlement of lawsuits related to the highway patrol. Retroactive payments for the raises effective in 2014 and 2015, other than for overtime and compensatory time payouts, will be paid upon the employee’s separation from employment at the employee’s then prevailing hourly rate, except that those monies so deferred may be paid in 2020 at the sole discretion of the County upon the request of a then current employee. There was no retroactive pay for straight salaries for 2011 through 2014, inclusive. The agreement provides for no layoffs during its term. For newly hired officers, the new salary schedule includes a lower starting salary which is frozen for the duration of the contract and the time required to reach the top step has been increased from five years to twelve years.

- **Suffolk Detective’s Association (SDA)** – The eight year contract provides raises with annualized effective rates of 0% from 2010-2013, 5.96% in 2014, 6.11% in 2015, 5.63% in 2016, 3.53% in 2017 and 3.53% in 2018. The agreement provides for no layoffs during its term.
- **Police Benevolent Association (PBA)** – The contract included no retroactive raises for 2011 and 2012, and annualized effective rate increases of 2.04%, 3.83%, 6.11%, 5.63%, 3.53% and 3.53% in years 2013 through 2018.
- **Detectives Investigators PBA (DIPBA)** – The current agreement provides raises with annualized effective rates of 0% from 2011-2013, 1.5% on 1/1/2014, 6/1/2014 and 12/1/2014, 1.5% on 6/1/2015 and 12/1/2015, 1.75% on 1/1 and 6/1 for years 2016 – 2018.
- **Correction Officer’s Association (COA)** – The current contract provides raises as follows:

<b><u>2011 &amp; 2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016, 2017, 2018</u></b>
0%	January 1 - \$625 (effective 1/1/14)	April 1 - \$875 June 1 – 0.5%	April 1 – \$900 June 1 – 1%	June 1, 2016 – 3.25% June 1, 2017 – 3.25%
	June 1 – 0.5% (effective 1/1/14)	Dec. 1 – 0.5%	Dec. 1 – 1.5%	June 1, 2018 – 3.25%

Raises effective in 2014 and 2015 were not included in employee’s paychecks until the first pay period in 2016. Retroactive payments for the raises effective in 2014 and 2015, other than for overtime and compensatory time payouts, will be paid upon the employee’s separation from employment at the employee’s then prevailing hourly rate, except that those monies so deferred may be paid in 2020 at the sole discretion of the County upon the request of a then current employee. There was no retroactive pay for straight salaries for 2011 through 2014, inclusive. The agreement provides for no layoffs during its term. For newly hired officers, the new salary schedule includes a lower starting salary which is frozen for the duration of the contract and the time required to reach the top step has been increased from five years to twelve years.

- **Faculty Association of Suffolk County Community College** – Provides raises of 1.5% in 2016 and 2% each year from 2017-2019.
- **Guild of Administrative Officers of Suffolk County Community College** – Provides raises of 1.5% in 2016 and 2% each year in 2017 and 2018 and 2.5% for 2019.

***Other Post Employment Benefits***

GASB Statement No. 75 (“GASB 75”) of the Governmental Accounting Standards Board (“GASB”), replaces GASB Statement No. 45. GASB 75 requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and other non-pension benefits, known as other post-employment benefits (“OPEB”). GASB 75 generally requires that employers account for and report the annual cost of the OPEB and the outstanding obligations and commitments related to OPEB similarly to GASB Statement No. 68 reporting requirements for pensions.

GASB 75 requires state and local governments to measure a defined benefit OPEB plan as the portion of the present value of projected benefit payments to be provided to current active and inactive employees, attributable to past periods of service in order to calculate the total OPEB liability. Total OPEB liability generally is required to be determined through an actuarial valuation using a measurement date that is no earlier than the end of the employer’s prior fiscal year and no later than the end of the employer’s current fiscal year.

GASB 75 requires that most changes in the OPEB liability be included in OPEB expense in the period of the changes. Based on the results of an actuarial valuation, certain changes in the OPEB liability are required to be included in OPEB expense over current and future years.

Nyhart, formerly Alliance Benefit Group of Indiana, has completed its analysis and actuarial valuation of the County’s OPEB obligation as of the fiscal year ended December 31, 2017 in accordance with GASB 75. The Nyhart

report determined that as of December 31, 2017, the County's total OPEB liability was approximately \$5,574,095,000 using a discount rate of 3.44% and healthcare cost trend rates of 9% decreasing to 4.5%. For the year ended December 31, 2017, the County reported deferred outflows of \$216,070,000 and deferred inflows of \$493,250,000.

Should the County be required to fund the total OPEB liability, it could have a material adverse impact upon the County's finances and could force the County to reduce services, raise taxes or both. At the present time, however, there is no current or planned requirement for the County to partially fund its OPEB liability.

At this time, New York State has not developed guidelines for the creation and use of irrevocable trusts for the funding of OPEB. As a result, the County will continue funding this expenditure on a pay-as-you-go basis.

Legislation has been introduced to create an optional investment pool to help the State and local governments fund retiree health insurance and other post employment benefits. The proposed legislation would authorize the creation of irrevocable OPEB trusts so that the State and its local governments can help fund their OPEB liabilities, establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the State and participating eligible local governments, designate the president of the Civil Service Commission as the trustee of the State's OPEB trust and the governing boards as trustee for local governments and allow school districts to transfer certain excess reserve balances to an OPEB trust once it is established. Under the proposed legislation, there would be no limits on how much a local government can deposit into the trust. The County cannot predict whether such legislation will be enacted into law in the foreseeable future.

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***Revenues and Expenditures – General, Police District, Suffolk Tobacco Asset Securitization Corp. and Non-major Governmental Funds***

The following table sets forth revenues and expenditures of the County’s General, Police District, Suffolk Tobacco Asset Securitization Corp. and Non-major Governmental Funds for the five years ended December 31, 2017. On June 24, 2011, the Tax Levy Limitation Law was enacted, which imposes a tax levy limitation upon the municipalities, school districts and fire districts in the State, including the County, without providing an exclusion for debt service on obligations issued by municipalities and fire districts, including the County. (See also “TAX LEVY LIMITATION LAW” herein.)

Revenues and other financing sources:	<u>2013</u>
Real property taxes and tax items .....	\$ 654,375,416
Other taxes .....	1,298,083,810
Departmental .....	264,921,860
State aid .....	267,384,027
Federal aid .....	280,046,699
Other revenues .....	<u>102,320,050</u>
Total revenues .....	2,867,131,862
Transfers from other funds and other financing sources .....	<u>536,626,409</u>
Total revenues and other financing sources .....	<u>3,403,758,271</u>
Expenditures and other financing uses:	
General government support .....	251,653,048
Education .....	179,615,133
Public Safety .....	633,286,939
Health .....	145,518,061
Transportation .....	112,858,132
Economic assistance and opportunity .....	642,688,634
Culture and recreation .....	22,547,724
Home & community services .....	59,773,791
Employee Benefits .....	589,175,147
Debt Service .....	174,564,090
Capital Outlay .....	<u>45,816,247</u>
Total expenditures .....	2,857,496,946
Transfers to other funds .....	<u>381,129,262</u>
Total expenditures and other financing uses .....	<u>3,238,626,208</u>
Excess/(deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses .....	165,132,063
Fund balances, beginning of year .....	<u>141,091,410</u>
Fund balances, end of year .....	<u>\$ 306,223,473</u>

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<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 663,413,331	\$ 701,630,731	\$ 676,586,851	\$ 693,254,446
1,317,106,569	1,328,634,123	1,352,668,032	1,409,558,615
254,606,065	250,739,291	288,628,759	338,137,043
278,714,591	268,677,610	275,915,481	277,736,387
262,213,684	258,646,120	263,691,029	253,754,841
<u>94,976,743</u>	<u>91,831,972</u>	<u>127,847,940</u>	<u>114,532,591</u>
2,871,030,983	2,900,159,847	2,985,338,092	3,086,973,923
<u>479,433,910</u>	<u>574,088,550</u>	<u>569,905,253</u>	<u>865,438,892</u>
<u>3,350,464,893</u>	<u>3,474,248,397</u>	<u>3,555,243,345</u>	<u>3,952,412,815</u>
250,103,814	256,247,282	259,792,731	276,289,346
174,812,588	176,244,321	182,908,987	187,321,905
643,211,942	682,072,974	725,579,250	747,511,282
143,526,375	135,095,593	132,805,340	134,649,931
117,076,485	118,459,368	120,117,926	123,221,331
655,588,544	651,108,760	650,517,546	637,885,067
22,262,009	20,397,496	21,082,145	21,889,140
59,187,191	57,461,058	56,695,479	57,547,213
627,541,459	644,135,633	672,908,146	731,011,751
184,270,361	196,405,618	211,386,323	205,239,599
<u>39,842,728</u>	<u>43,921,468</u>	<u>45,905,201</u>	<u>28,561,895</u>
2,917,423,496	2,981,549,571	3,079,699,074	3,151,128,460
<u>458,030,400</u>	<u>569,888,571</u>	<u>566,019,294</u>	<u>806,287,093</u>
<u>3,375,453,896</u>	<u>3,551,438,142</u>	<u>3,645,718,368</u>	<u>3,957,415,553</u>
(24,989,003)	(77,189,745)	(90,475,023)	(5,002,738)
<u>306,223,473</u>	<u>281,234,470</u>	<u>204,044,725</u>	<u>114,503,173<sup>(1)</sup></u>
<u>\$ 281,234,470</u>	<u>\$ 204,044,725</u>	<u>\$ 113,569,702</u>	<u>\$ 109,500,435</u>

(1) Restated beginning fund balance. See Note I.D. 1 in 2017 Comprehensive Annual Financial Report in Appendix B. Sources: 2013-2017: Derived from audited financial statements. Summary itself is not audited.

**County Budgets – 2018 Adopted Budget, 2018 Estimates, and 2019 Adopted Budget**

The following table sets forth revenues and expenditures for County Governmental Funds prepared on a budget basis. The table excludes internal funds for inter-department services, self-insurance and medical insurance. (See “TAX LEVY LIMITATION LAW” herein.)

	2018 Adopted Budget			
	General Fund	Police District	Other Funds	All Funds
Revenues and other financing sources:				
Real property taxes and tax items	\$ 101,587,038	\$ 576,229,186	\$ 48,751,853	\$ 726,568,077
Other taxes	1,302,636,026	52,673,170	101,314,555	1,456,623,751
Departmental	165,393,866	4,333,154	67,407,607	237,134,627
State Aid	235,592,367	200,000	30,713,012	266,505,379
Federal Aid	225,304,620	0	28,526,546	253,831,166
Other revenues	<u>44,679,847</u>	<u>3,434,346</u>	<u>67,416,900</u>	<u>115,531,093</u>
Total revenues	2,075,193,764	636,869,856	344,130,473	3,056,194,093
Transfers from other funds and other financing sources	<u>66,932,201</u>	<u>47,777,894</u>	<u>116,446,215</u>	<u>231,156,310</u>
Total revenues and other financing sources	<u>2,142,125,965</u>	<u>684,647,750</u>	<u>460,576,688</u>	<u>3,287,350,403</u>
Expenditures and other financing uses:				
General government support	189,464,746	1,262,141	14,426,653	205,153,540
Education	141,381,246	0	0	141,381,246
Public Safety	309,487,459	379,523,553	17,619,997	706,631,009
Health	70,149,452	0	1,149,079	71,298,531
Transportation	103,296,420	0	11,729,864	115,026,284
Economic assistance and opportunity	613,981,487	0	37,217,203	651,198,690
Culture and recreation	79,584,294	9,588,343	4,020,390	93,193,027
Contracts	8,595,591	0	6,216,339	14,811,930
Home & community services	5,262,297	0	53,420,070	58,682,367
Employee Benefits	151,806,080	118,354,483	6,907,587	277,068,150
Debt Service	<u>141,693,852</u>	<u>5,595,202</u>	<u>32,170,174</u>	<u>179,459,228</u>
Total expenditures	1,814,702,924	514,323,722	184,877,356	2,513,904,002
Transfers to other funds	<u>343,676,523</u>	<u>162,602,487</u>	<u>314,816,947</u>	<u>821,095,957<sup>(3)</sup></u>
Total expenditures and other financing uses	<u>2,158,379,447</u>	<u>676,926,209</u>	<u>499,694,303</u>	<u>3,334,999,959</u>
Excess/(deficiency) of revenues and other financing sources over/under expenditures and other financing uses	(16,253,482)	7,721,541	(39,117,615)	(47,649,556)
Fund balances, beginning of year	<u>16,253,482</u>	<u>(7,721,541)</u>	<u>227,975,874</u>	<u>236,507,815</u>
Fund balances, end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$188,858,259<sup>(1)</sup></u>	<u>\$188,858,259<sup>(1)</sup></u>

(1) Includes \$33.2 million reserved for Local Law 35-1999 (Water Quality Protection Program, Open Space Acquisition and Farmland Acquisition) and Local Law 24-2007 (Water Quality Protection & Land Stewardship and Land Acquisition Programs) and excludes \$2.0 million to be transferred to Fund 406 and used for certain enhanced nitrogen removal septic systems.

2018 Estimated Results<sup>(2)</sup>

2019 Adopted Budget<sup>(3)(4)</sup>

General Fund	Police District	Other Funds	All Funds	General Fund	Police District	Other Funds	All Funds
\$ 94,719,806	\$579,211,581	\$ 48,971,810	\$ 722,903,197	\$ 101,719,806	\$ 601,189,681	\$ 46,174,421	\$ 749,083,908
1,328,057,030	52,673,170	102,065,323	1,482,795,523	1,400,007,748	28,619,734	105,121,506	1,533,748,988
161,681,149	3,611,940	65,008,275	230,301,364	165,346,847	4,486,940	65,569,860	235,403,647
238,188,353	366,604	84,248,051	322,803,008	251,983,115	200,000	31,078,978	283,262,093
206,394,389	29,582	46,146,295	252,570,266	209,362,138	0	26,245,884	235,608,022
<u>42,782,311</u>	<u>3,695,955</u>	<u>60,597,094</u>	<u>107,075,360</u>	<u>43,125,916</u>	<u>3,664,859</u>	<u>62,009,482</u>	<u>108,800,257</u>
2,071,823,038	639,588,832	407,036,848	3,118,448,718	2,171,545,570	638,161,214	336,200,131	3,145,906,915
<u>102,809,906</u>	<u>40,970,837</u>	<u>115,174,291</u>	<u>258,955,034</u>	<u>86,959,188</u>	<u>42,296,563</u>	<u>160,354,529</u>	<u>289,610,280</u>
<u>2,174,632,944</u>	<u>680,559,669</u>	<u>522,211,139</u>	<u>3,377,403,752</u>	<u>2,258,504,758</u>	<u>680,457,777</u>	<u>496,554,660</u>	<u>3,435,517,195</u>
188,356,208	1,256,593	54,817,049	244,429,850	191,614,977	1,222,236	12,785,462	205,622,675
147,557,921	0	0	147,557,921	151,225,042	0	0	151,225,042
332,601,812	386,159,574	29,995,213	748,756,599	332,067,433	374,241,688	17,143,778	723,452,899
69,389,557	0	10,642,375	80,031,932	83,059,877	0	1,801,382	84,861,259
105,019,345	0	13,638,156	118,657,501	108,623,965	0	12,970,315	121,594,280
603,274,962	0	37,024,641	640,299,603	622,357,352	0	38,241,542	660,598,894
81,695,026	9,588,343	5,955,190	97,238,559	64,611,229	9,588,343	2,183,179	76,382,751
8,909,013	0	6,453,067	15,362,080	8,983,906	0	6,501,145	15,485,051
5,113,062	0	53,495,266	58,608,328	5,087,425	0	54,584,616	59,672,041
151,941,295	117,985,981	6,751,591	276,678,867	177,803,270	124,238,730	6,828,129	308,870,129
<u>138,904,305</u>	<u>4,994,259</u>	<u>31,301,391</u>	<u>175,199,955</u>	<u>132,259,009</u>	<u>3,704,494</u>	<u>33,071,157</u>	<u>169,034,660</u>
1,832,762,506	519,984,750	250,073,939	2,602,821,195	1,877,693,485	512,995,491	186,110,705	2,576,799,681
<u>331,003,911</u>	<u>155,439,584</u>	<u>287,045,812</u>	<u>773,489,307</u>	<u>382,049,726</u>	<u>150,607,899</u>	<u>341,861,519</u>	<u>874,519,144<sup>(3)</sup></u>
<u>2,163,766,417</u>	<u>675,424,334</u>	<u>537,119,751</u>	<u>3,376,310,502</u>	<u>2,259,743,211</u>	<u>663,603,390</u>	<u>527,972,224</u>	<u>3,451,318,825</u>
10,866,527	5,135,335	(14,908,612)	1,093,250	(1,238,453)	16,854,387	(31,417,564)	(15,801,630)
<u>(9,628,074)</u>	<u>(21,989,724)</u>	<u>208,720,172</u>	<u>177,102,374</u>	<u>1,238,453</u>	<u>(16,854,387)</u>	<u>193,811,560</u>	<u>178,195,626</u>
<u>\$ 1,238,453</u>	<u>\$(16,854,389)</u>	<u>\$193,811,560<sup>(2)</sup></u>	<u>\$178,195,624<sup>(2)</sup></u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$162,393,996<sup>(3)</sup></u>	<u>\$162,393,996<sup>(3)</sup></u>

- (2) Includes \$24.4 million reserved for Local Law 35-1999 (Water Quality Protection Program, Open Space Acquisition and Farmland Acquisition) and Local Law 24-2007 (Water Quality Protection & Land Stewardship and Land Acquisition Programs) and excludes \$2.0 million to be transferred to Fund 406 and used for certain enhanced nitrogen removal septic systems. Preliminary, subject to change.
- (3) Includes \$36.5 million reserved for Local Law 35-1999 (Water Quality Protection Program, Open Space Acquisition and Farmland Acquisition) and Local Law 24-2007 (Water Quality Protection & Land Stewardship and Land Acquisition Programs) and excludes \$2.0 million to be transferred to Fund 406 and used for certain enhanced nitrogen removal septic systems.
- (4) 2018 estimate included transfer of \$32.2 million from Tax Stabilization Reserve Fund. IR1939-2018 authorizing transfer, was withdrawn.

Source: Suffolk County Budget Office.

## **REAL PROPERTY TAXES**

### ***Constitutional Real Property Tax Limit***

In accordance with Section 10 of Article VIII of the State Constitution, the amount which may be levied in the County by taxes on real property in any fiscal year for County purposes, in addition to providing for the interest on and the principal of all indebtedness, may not exceed an amount equal to 1.5 percent of the five-year average full valuation of taxable real property of the County, less certain deductions as prescribed therein. The Tax Levy Limitation Law imposes a statutory limitation on the County's power to increase its annual tax levy. As a result, the power of the County to levy real estate taxes on all the taxable real property within the County is subject to statutory limitations set forth in the Tax Levy Limitation Law, unless the County complies with certain procedural requirements to permit the County to levy certain year-to-year increases in real property taxes. See "TAX LEVY LIMITATION LAW" herein. The total real estate tax levy for 2019 for County purposes subject to the tax levy limit is \$591,176,138.

### ***Real Property Tax Collection***

Real property tax payments become a lien on December 1 and may be paid in two equal installments, the first half without penalty until January 10 and the second half without penalty until May 31. A one percent per month interest charge accrues on delinquent payments, and an additional five percent penalty accrues on delinquent payments outstanding after May 31.

Under The Suffolk County Tax Act ("Tax Act"), taxes levied for school district, town, and County purposes are collected by the appropriate town receiver of taxes in two installments. In January, each town distributes to the school districts within such town, as the first installment, one-half of the total taxes levied for school district purposes, or such part thereof as does not in the aggregate exceed one-half of the total amount of taxes collected by the receiver at the time, and retains the remainder for town tax purposes. In June, each town pays to the school districts within such town the balance of the amount of school district taxes levied for school district purposes, or such part thereof as does not in the aggregate exceed one-half of the total amount collected by the receiver at the time of such payment. After making payment to the school districts, each town retains the amount necessary to satisfy its tax levy and returns to the County any remaining moneys as a payment, in part, for taxes levied for County purposes. At the same time, each receiver returns to the County the tax roll indicating the amount of uncollected taxes for school district, town, and County purposes. Pursuant to Resolution No. 206-1998, prior to the return to the County, the towns are authorized to collect delinquent property taxes through additional partial or installment payments. It is the County's responsibility for collecting such unpaid taxes. The County may borrow in anticipation of the collection of these uncollected real property taxes as well as exercising foreclosure remedies as set forth in the Tax Act. (See "TAX LEVY LIMITATION LAW" herein.)

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## ***Taxable Full Valuation - Six-Year Summary***

The table below sets forth for 2013 through 2018, a summary of tax rates, assessed valuation, and full valuation of taxable real property within the County:

<u>Year</u>	<u>Assessed Valuation of Taxable Real Property in the County<sup>(1)</sup></u>	<u>Full Valuation of Taxable Real Property in the County<sup>(1)</sup></u>	<u>County Tax Rate Per \$1,000 of Full Valuation<sup>(2)</sup></u>	<u>Full Valuation of Taxable Real Property in the Police District<sup>(2)</sup></u>	<u>Police District Tax Rate Per \$1,000 of Full Valuation<sup>(2)</sup></u>
2014	\$64,737,635,412 <sup>(3)</sup>	\$254,605,437,448	\$0.19	\$148,963,844,097	\$3.32
2015	65,502,093,119	255,389,963,430	0.19	148,609,661,602	3.41
2016	67,651,606,257 <sup>(4)</sup>	266,561,907,916 <sup>(4)</sup>	0.18	152,510,232,027	3.42
2017	70,813,844,065 <sup>(5)</sup>	275,268,903,698 <sup>(5)</sup>	0.18	154,882,668,852	3.50
2018	73,998,850,034	285,017,347,513	0.17	159,070,041,929	3.58
2019	77,492,172,113	298,662,597,127	0.17	175,489,367,905	3.52

- (1) The full valuation of taxable real property is determined by totaling the full valuation of the component towns. See "Assessed and Taxable Full Valuation - Towns." These figures reflect the most current amounts available from the New York State Office of Real Property Tax Services and not necessarily those of the adopted budget for said fiscal years.
- (2) Obtained from final budgets for the respective fiscal years. (2013 County and Police District Rates corrected.)
- (3) Assessed valuation amended by MA 144.
- (4) Amended by Resolution No. 1189-2016.
- (5) Amended by Resolution No. 1059-2016.

## ***State Equalization Rates***

Equalization rates are calculated each year based on the prior year's assessment roll and current market values.

<u>Town</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Babylon	1.23%	1.25%	1.19%	1.18%	1.12%	1.07%
Brookhaven	0.95	0.95	0.95	0.91	0.90	0.86
East Hampton	0.73	0.73	0.64	0.59	0.57	0.58
Huntington	0.90	0.89	0.86	0.85	0.84	0.80
Islip	13.20	13.20	12.70	12.70	12.12	11.35
Riverhead	15.98	15.40	14.58	14.66	13.87	13.52
Shelter Island	100.00	100.00	100.00	100.00	100.00	100.00
Smithtown	1.37	1.37	1.30	1.32	1.31	1.23
Southampton	100.00	100.00	100.00	100.00	100.00	100.00
Southold	1.18	1.17	1.10	1.08	1.01	0.94

Source: New York State Office of Real Property Services.

### ***Selected Listing of Large Taxable Properties***

The following table sets forth the larger taxable properties in the County, their location by town, the type of business, and the estimated full valuation on the 2017 assessment roll<sup>(1)</sup>:

<u>Name</u>	<u>Town</u>	<u>Assessed Value</u>	<u>Type</u>	<u>Full Valuation<sup>(1)</sup></u>
Marketspan	Various	\$ 60,045,725	Utility	\$ 5,793,097,459
Long Island Power Authority	Various	79,866,215	Utility	2,608,291,073
Keyspan	Various	61,144,215	Utility	1,453,489,011
Long Island Lighting Co.	Various	48,019,495	Utility	1,076,098,526
Verizon	Various	52,949,843	Utility	446,720,063
Westland South Shore	Islip	30,261,400	Retail	249,681,518
Blue Turtles Inc	Southampton	248,684,000	Residential	248,684,000
The Retail Property Trust	Huntington	2,000,000	Commercial	238,095,238
PSEG Long Island	Southampton	230,142,189	Utility	230,142,189
Avalon Bay Communities	Various	1,633,310	Real Estate	191,161,230
Mall at Smith Haven LLC	Various	1,733,697	Commercial	176,208,553
Heatherwood House	Various	13,698,640	Commercial	141,521,496
Peconic Landing at Southold	Southold	1,202,500	Nursing Home	119,059,406
Target Group	Various	6,314,770	Commercial	111,117,028
Airport Plaza LLC	Babylon	1,216,350	Commercial	108,602,679
Tanger Properties LP	Riverhead	14,427,500	Retail	104,019,466
Reckson Operating Partnership LP	Huntington	801,465	Commercial	95,412,500
Olde Towne SH Associates LLC	Southampton	90,058,800	Commercial	90,058,800
Island Headquarters	Islip	9,816,600	Commercial	80,995,050
National Grid	Southampton	<u>80,540,274</u>	Utility	<u>80,540,274</u>
Totals		<u>\$1,034,556,988</u>		<u>\$13,642,995,560</u>

<sup>(1)</sup> Assessment rolls established in 2017 for levy and collection of taxes during 2018 fiscal year. Full valuation is calculated by dividing 2017 Assessed Value by the 2017 Equalization Rate.

Sources: Assessors' Offices of the respective towns located within the County.

## Real Property Tax Warrants and Collection Record

The following table sets forth for 2014 through 2018, and as available for 2019, the tax warrants for all purposes, the amounts collected and the amounts remaining uncollected at the end of each year as well as the tax warrant for the current year.

	Fiscal Year Ended December 31		
	2014	2015	2016
County Taxes:			
County General Tax	\$ 49,037,038	\$ 49,037,038	\$ 49,037,038
Suffolk County Community College Tax	5,250,467	5,250,467	5,250,467
Police District Tax	494,892,794	506,872,160	521,492,609
Sewer Districts	61,747,377	61,958,350	55,673,132
MTA Commuter Tax	2,852,204	2,852,204	2,852,204
Other Items <sup>(1)</sup>	<u>120,781,367<sup>(5)</sup></u>	<u>139,241,788</u>	<u>130,166,857<sup>(6)</sup></u>
Subtotal	<u>734,561,247</u>	<u>765,212,007</u>	<u>764,472,307</u>
Town Taxes	1,008,463,397 <sup>(5)</sup>	1,027,314,222	1,049,329,153
School District Taxes	<u>\$3,713,638,630<sup>(3)(4)(5)</sup></u>	<u>\$3,790,829,553</u>	<u>\$3,859,089,286<sup>(6)</sup></u>
Total Tax Warrant	<u>\$5,456,663,274</u>	<u>\$5,583,355,782</u>	<u>\$5,672,890,746</u>
Collected During Year	\$5,372,989,951	\$5,499,943,359	\$5,589,898,061
Uncollected End of Year <sup>(2)</sup> :			
Amount	\$83,673,323	\$83,412,423	\$82,922,685
Percent	1.53%	1.49%	1.46%
Uncollected as of October 31, 2018	\$4,820,428	\$19,644,296	\$32,130,610
	Fiscal Year Ending December 31		
	2017	2018	2019
County Taxes:			
County General Tax	\$ 49,037,038	\$ 49,037,038	\$ 49,037,038
Suffolk County Community College Tax	5,250,467	5,250,466	5,250,467
Police District Tax	542,278,671	569,329,186	591,307,286
Sewer Districts	41,896,517	34,935,981	32,298,685
MTA Commuter Tax	2,852,204	2,852,204	2,852,204
Other Items <sup>(1)</sup>	<u>119,619,239</u>	<u>73,515,810</u>	<u>66,635,729</u>
Subtotal	<u>760,934,136</u>	<u>734,920,685</u>	<u>747,381,409</u>
Town Taxes	1,077,420,766	1,108,345,013	1,145,292,458
School District Taxes	<u>\$3,912,016,695</u>	<u>\$4,002,881,288</u>	<u>\$4,130,541,841</u>
Total Tax Warrant	<u>\$5,750,371,597</u>	<u>\$5,846,146,986</u>	<u>\$6,023,215,708</u>
Collected During Year	\$5,665,883,375	N/A	N/A
Uncollected End of Year <sup>(2)</sup> :			
Amount	\$84,448,222	N/A	N/A
Percent	1.47%	N/A	N/A
Uncollected as of October 31, 2018	\$57,491,593	N/A	N/A

(1) Includes various debits and credits, District Court taxes, relieved items, etc.

(2) Net of penalties and interest.

(3) Resolution 1233-2013 amended Brookhaven and Southold Tax Warrants.

(4) Resolution 162-2014 amended East Hampton and Southampton Tax Warrants.

(5) Resolution 309-2014 amended East Hampton Tax Warrant.

(6) Resolution 1174-2015 amended Brookhaven and Shelter Island Tax Warrants.

## Assessed and Taxable Full Valuation - Towns

There are ten towns in the County within which are also included 31 incorporated villages. Valuations of real estate of the towns taxable by the County for fiscal years 2014 through 2019, are shown below:

Town	2014 Assessed Valuation <sup>(2)</sup>	2014 Full Valuation	2015 Assessed Valuation <sup>(3)</sup>	2015 Full Valuation
Babylon	\$ 245,456,759	\$ 19,955,834,065	\$ 244,921,923	\$ 19,593,753,840
Brookhaven	457,831,888 <sup>(1)</sup>	48,192,830,316	457,182,058	48,124,427,158
East Hampton	197,545,920	27,061,084,932	198,154,219	27,144,413,562
Huntington	327,205,498 <sup>(1)</sup>	36,356,166,444	325,971,798	36,626,044,719
Islip	4,364,057,892	33,061,044,636	4,336,052,345	32,848,881,402
Riverhead	809,995,644	5,068,808,786	821,458,520	5,334,146,234
Shelter Island	2,963,844,407	2,963,844,407	3,071,084,694	3,071,084,694
Smithtown	243,976,947	17,808,536,277	243,425,813	17,768,307,518
Southampton	55,020,138,093	55,020,138,093	55,696,406,525	55,696,406,525
Southold	<u>107,582,364</u>	<u>9,117,149,492</u>	<u>107,435,224</u>	<u>9,182,497,778</u>
Totals	<u>\$64,737,635,412</u>	<u>\$254,605,437,448</u>	<u>\$65,502,093,119</u>	<u>\$255,389,963,430</u>

Town	2016 Assessed Valuation <sup>(4)</sup>	2016 Full Valuation	2017 Assessed Valuation <sup>(5)</sup>	2017 Full Valuation
Babylon	\$ 244,626,105	\$ 20,556,815,546	\$ 244,492,069	\$ 20,719,666,864
Brookhaven	455,288,892	47,925,146,526	456,880,067	50,206,600,769
East Hampton	198,620,361	31,034,431,406	199,658,928	33,840,496,271
Huntington	325,198,542	37,813,783,953	324,495,014	38,175,884,000
Islip	4,335,576,442	34,138,397,181	4,333,832,701	34,124,666,937
Riverhead	826,725,035	5,670,267,730	831,467,682	5,671,675,866
Shelter Island	3,201,639,679	3,201,639,679	3,387,323,394	3,387,323,394
Smithtown	243,062,871	18,697,143,923	243,297,644	18,431,639,697
Southampton	57,712,943,608	57,712,943,608	60,684,106,659	60,684,106,659
Southold	<u>107,924,722</u>	<u>9,811,338,364</u>	<u>108,289,907</u>	<u>10,026,843,241</u>
Totals	<u>\$67,651,606,257</u>	<u>\$266,561,907,916</u>	<u>\$70,813,844,065</u>	<u>\$275,268,903,698</u>

Town	2018 Assessed Valuation <sup>(6)</sup>	2018 Full Valuation	2019 Assessed Valuation <sup>(7)</sup>	2019 Full Valuation
Babylon	\$ 244,602,924	\$ 21,839,546,786	\$ 245,775,322	\$ 22,969,656,262
Brookhaven	458,395,503	50,932,833,667	460,295,708	53,522,756,744
East Hampton	200,465,483	35,169,382,982	201,651,639	34,767,523,966
Huntington	323,690,602	38,534,595,476	322,923,047	40,365,380,875
Islip	4,353,090,717	35,916,590,074	4,375,409,829	38,549,866,335
Riverhead	834,398,413	6,015,850,129	839,897,329	6,212,258,351
Shelter Island	3,541,702,845	3,541,702,845	3,689,417,903	3,689,417,903
Smithtown	243,591,217	18,594,749,389	244,996,461	19,918,411,463
Southampton	63,690,013,293	63,690,013,293	67,002,152,249	67,002,152,249
Southold	<u>108,899,037</u>	<u>10,782,082,871</u>	<u>109,652,626</u>	<u>11,665,172,979</u>
Totals	<u>\$73,998,850,034</u>	<u>\$285,017,347,513</u>	<u>\$77,492,172,113</u>	<u>\$298,662,597,127</u>

(1) Amended by MA 144.

(2) Per Resolution 1069 of 2013.

(3) Per Resolution 1056 of 2014.

(4) Per Resolution 985 of 2015 amended by 1056-2016 and 1189-2016.

(5) Per Resolution 926-2016 amended by 1059-2016.

(6) Per Resolution 922-2017.

(7) Per Resolution 895-2018

Source: New York State Office of Real Property Services.

***Other Tax and Assessment Information***

Real property subject to County taxes is assessed by the ten towns (See “Real Property Tax Collection” herein). Veterans’ and Senior Citizens’ Exemptions are offered to those who qualify.

The total taxable valuation of the County consists of approximately 89.3% residential properties and 10.7% non-residential properties.

The total tax bill of a typical residential property located in the County, outside of a village is approximately \$10,283. This includes all school, town county and special district taxes, but excludes the small amounts raised separately by villages.

Source: Budget Review Office.

**STATISTICAL INFORMATION**

***Population and Land Areas - By Towns***

The 2010 population of the County is 1,493,350<sup>(1)</sup> according to the U.S. Census Bureau.

<u>Town</u>	<u>Area In Square Miles</u>	<u>U. S. Census</u>				
		<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>
Babylon	52.3	203,570	203,483	202,940	211,792	213,603
Brookhaven	259.4	245,260	365,015	407,977	448,248	486,040
East Hampton	73.3	10,980	14,029	16,132	19,719	21,457
Huntington	94.0	200,172	201,512	191,474	195,289	203,264
Islip	105.2	278,880	298,897	299,587	322,612	335,543
Riverhead	67.4	18,909	20,243	23,011	27,680	33,506
Shelter Island	12.1	1,644	2,071	2,263	2,228	2,392
Smithtown	53.6	114,657	116,663	113,406	115,715	117,801
Southampton	140.2	36,154	43,146	45,351	54,712	56,790
Southold	<u>53.7</u>	<u>16,804</u>	<u>19,172</u>	<u>19,836</u>	<u>20,899</u>	<u>21,968</u>
County Total	<u>911.2</u>	<u>1,127,030</u>	<u>1,284,231</u>	<u>1,321,977</u>	<u>1,418,894</u>	<u>1,492,364</u>

(1) The total County population is also inclusive of the population of the Shinnecock and Poospatuck Indian reservations which are not included in any of the town populations.

Sources: U.S. Bureau of the Census

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## Employment Statistics

The average number of persons employed and unemployed in the County, plus the County, State, and United States average unemployment rates, for the last ten years and monthly for 2018, as available, are set forth below (unemployment rates are not seasonally adjusted).

Year	Number of Persons <u>Employed</u>	Number of Persons <u>Unemployed</u>	<u>Unemployment Rate</u>		
			<u>County</u>	New York <u>State</u>	United <u>States</u>
2008	759,900	40,100	5.0%	5.4%	5.8%
2009	734,300	57,600	7.3	8.3	9.3
2010	717,600	60,300	7.7	8.6	9.6
2011	711,900	58,600	7.6	8.3	9.0
2012	718,700	60,700	7.8	8.5	8.1
2013	730,000	51,600	6.6	7.7	7.4
2014	728,100	41,400	5.4	6.3	6.2
2015	743,900	36,700	4.7	5.3	5.3
2016	745,200	34,000	4.4	4.8	4.9
2017	747,100	35,500	4.5	4.7	4.4

### 2018 Actual Employment Statistics

January	732,300	40,700	5.3%	5.1%	4.5%
February	726,300	41,600	5.4	5.1	4.4
March	732,400	37,300	4.8	4.8	4.1
April	741,000	32,000	4.1	4.3	3.7
May	752,000	28,000	3.6	3.7	3.6
June	770,500	30,500	3.8	4.2	4.2
July	769,600	32,300	4.0	4.2	4.1
August	763,300	31,700	4.0	4.1	3.9
September	762,900	26,500	3.4	3.8	3.6

Source: New York State and United States Department of Labor.

The following table shows the number of residents of the County employed in various categories of non-agricultural work in 1990, 2000 and 2010.

<u>Categories</u>	<u>1990</u>	<u>Percent</u>	<u>2000</u>	<u>Percent</u>	<u>2010</u>	<u>Percent</u>
Construction	45,328	6.8%	51,079	7.5%	56,469	7.9%
Manufacturing	96,828	14.6	65,316	9.6	55,922	7.8
Transportation, Utilities	56,557	8.5	40,393	5.9	40,414	5.6
Information	N/A	N/A	27,290	4.0	20,802	2.9
Trade	139,700	21.0	112,235	16.5	113,105	15.7
Services, Misc.	235,969	35.4	292,746	43.0	339,463	47.2
Public Administration	35,080	5.3	38,124	5.6	40,745	5.7
Finance, Insurance & Real Estate	<u>55,720</u>	<u>8.4</u>	<u>53,510</u>	<u>7.9</u>	<u>51,642</u>	<u>7.2</u>
Total	<u>665,182</u>	<u>100.0</u>	<u>680,693</u>	<u>100.0</u>	<u>718,562</u>	<u>100.0</u>

Source: U.S. Census Bureau.

## ***Largest Non-Government Employers***

The following is a selected list of non-governmental firms in the County having large numbers of employees and the number of persons employed by each according to the *Newsday* Research Department for 2016:

<u>Firm Name/Location<sup>(1)</sup></u>	<u>Approximate Number Of Employees</u>	<u>Type of Business</u>
Northwell Health	31,153	Healthcare System
Catholic Health Services	17,000	Healthcare System
Stop & Shop	8,100	Commercial
Winthrop University Hospital	7,700	Hospital
Walmart	5,056	Commercial
Home Depot	4,361	Commercial
CVS	3,800	Commercial
King Kullen	3,649	Commercial
Verizon	3,499	Utility
Geico	3,200	Insurance

(1) These firms conduct business in both Nassau and Suffolk Counties and the statistics are for both counties.

Source: *Newsday – 2017 from U.S. Department of Labor; Bureau of Labor Statistics; New York State Department of Labor; Newsday data for town figures; individual employers.*

## **LITIGATION**

In the opinion of the County Attorney, unless otherwise set forth in this section and apart from matters provided for by applicable insurance coverage, there are no claims or actions pending which, if determined against the County, would have a material adverse effect on the financial condition of the County and its ability to make timely payments of debt service on the Notes.

The County is subject to a number of lawsuits and claims in the ordinary conduct of its affairs. The County has elected to self-insure for workers' compensation claims, general liability claims, automobile liability claims, and medical malpractice claims. The County maintains catastrophe excess coverage for general liability and automobile liability with self-insured retentions in the amount of \$5,000,000 per occurrence.

As a result of the forecasting in budgeting by the County, it is the opinion of the County that the County's Insurance Budget included, in all prior years, adequate amounts for the payment of general liability, automobile liability, medical malpractice and workers' compensation claims to be paid during such year. To the extent that the amount of medical malpractice claims exceeds amounts appropriated in the County's Insurance Budget for those claims, the County intends to issue bonds to finance the amount of the claims not covered by appropriations in the County's Insurance Budget. Other than as stated herein, general liability, automobile liability, medical malpractice and worker's compensation claims, individually or in the aggregate, are not likely to have a material adverse effect on the financial condition or operations of the County.

**Medical Malpractice Infant Claims:** There are several medical malpractice claims against the County involving infants that have been in the notice of claim stage for quite some time. The statute of limitations is tolled in each of those cases due to infancy and some, all or none of those cases could result in lawsuits being filed in the future. At this time the potential for damages in these cases is unknown and in most instances where this situation occurs, no lawsuits are filed.

**Andersen, Danny v. Samuel D. Roberts, as Commissioner of the New York State Office of Temporary and Disability assistance, and John F. O'Neil, as Commissioner of the Suffolk County Department of Social Services:** This is a hybrid Article 78/Declaratory Judgement Class Action brought against the Commissioner of the New York State Office of Temporary and Disability Assistance and the Commissioner of the Suffolk County

Department of Social Services (“DSS”) in Supreme Court, Albany County, on behalf of a former County recipient of public assistance. The claim asserted is that the named plaintiff (and those similarly situated for six years preceding commencement of the action), who was placed in the “Work Experience” program by DSS, as a condition of receiving benefits, is considered an “employee” under the Federal Fair Labor Standards and is therefore entitled to be credited for work performed at the rate of the minimum wage for purposes of calculating the amount he will owe to DSS via the mortgage on his real property that DSS required him to execute as a condition of receiving benefits. The parties met to discuss settlement on several occasions, most recently on August 16, 2018 and have been submitting periodic status reports to the Court, the last of which was on November 13, 2018 and the next of which is due on December 21, 2018. The County’s and the State’s motions to dismiss were denied and an amended petition/complaint adding another Suffolk County petitioner/plaintiff and a St. Lawrence County petitioner/plaintiff and adding the County of St. Lawrence as a respondent/defendant has been filed. Time to respond to the amended petition/complaint has been extended, without date, pending continuation of settlement discussions and court direction after the next status report.

**Ayo, Barbara, et al. v. County of Suffolk, et al.:** A lawsuit on behalf of thirty plaintiffs was filed in Suffolk County Supreme Court in connection with a residual firefighting suppressant alleged to be a contaminant that was used by the Air National Guard, a tenant at County-owned Gabreski Airport. The plaintiffs allege that the firefighting suppressant has contaminated the water supply to their homes. In addition to the County, numerous corporate entities have been sued, including: the 3M Company, Tyco Fire Products, the Ansul Company, Angus Fire Company, National Foam, Buckeye Fire Protection Company, Kidde PLC, Inc. and Chemguard. The defendants removed the case to federal court. The plaintiffs made a motion to remand the case back to State court, which was denied. The chemical manufacturing defendants submitted a motion for a stay on this action and the related *Green, Singer* and *Py* actions. The court has granted the motion for a stay. The stay was granted because a motion has been made before the “Judicial Panel on Multidistrict Litigation” to transfer all similar cases around the country to one federal district court. The motion is pending. The United States Department of Defense has recently indicated that it is suspending the negotiation of a cooperative agreement with the County regarding the suppressant pending additional legal review. The State Department of Environmental Conservation has this matter under review.

**Baruch/Belli/Arundel/Crai/Lipets/DiMonte/Grabina/Schulman v. County of Suffolk, et al.:** This case arises out of a two vehicle accident that occurred at the intersection of a County road and a Town road. Several young females in their early twenties were in a limousine, which was struck by a pick-up truck as the limousine was attempting a u-turn. Four of the limousine passengers were killed. 50-h hearings have been conducted. All eight cases are now in suit. Discovery is ongoing. All plaintiffs have amended their complaints to include a product defect claim against the stretch limousine company.

**Booker, Gregory as admin of Mary Alice Booker, Jacqueline & Anthony McCoy:** The police were allegedly pursuing a vehicle stolen by Londell Skinner when Skinner crashed into the Booker vehicle, killing Mary Alice Booker and Jacqueline and Anthony McCoy. Mary Alice was Gregory’s mother; Jacqueline was his sister; and Anthony was his brother. A fourth passenger in the vehicle, Tameka Foster, who was Anthony’s girlfriend and the mother of his children, was also killed, as was a passenger in Skinner’s vehicle. The County has not received a claim on behalf of either of those two decedents, Foster and the passenger in Skinner’s vehicle. The claim is of an improper pursuit. A notice of claim has been filed and a 50-h hearing has been held. A complaint has not yet been filed.

**Bronyard, et al. v. County of Suffolk, et al.:** This is a potential class action lawsuit commenced in Supreme Court Suffolk County on February 2, 2015. Plaintiffs are seeking to have declared null and void a reserve fund for the Southwest Sewer District as having been illegally established, holding an excess balance, having its balance returned to the taxpayers of the District, and to have the Court grant injunctive relief. The amount in question alleged in the original complaint is the fund balance of approximately \$117 million. The County answered the complaint and the plaintiffs are, by motion, seeking to amend the complaint to enlarge the amount in dispute by \$145 million and have moved for class certification and for summary judgment. Following a court conference, the plaintiffs served an amended complaint seeking the return of a total of approximately \$255 million and the County has answered, moved to dismiss the amended complaint, opposed the motions for summary judgement and class certification and cross-moved to disqualify plaintiffs’ counsel. All motions were marked fully submitted on October 31, 2017. The four motions have been decided by the Court, as follows: Plaintiffs’ motion for class certification was denied. The County’s cross motion to disqualify one of plaintiffs’ co-counsel was granted. The plaintiffs’ motion for summary judgment was denied. The County’s motion to dismiss the plaintiffs’ third amended complaint was denied. Due to Justice Mayer’s retirement, the case has been reassigned to Justice Reilly for further proceedings.

**Jannie Butler, as Administratrix of the Estate of Arthur Lee Thomas, deceased v. the County of Suffolk, et al.**

A Notice of Claim and complaint were served on the County alleging medical malpractice, negligence and a violation of decedent-plaintiff's civil rights. It is alleged that from April 12, 2012 through June 12, 2012, while decedent-plaintiff was incarcerated at the Riverhead Correctional Facility, the County deviated from acceptable medical care in the community by failing to care and treat decedent-plaintiff's tracheotomy and failing to transfer decedent-plaintiff to a facility where proper medical care could be rendered. It is claimed that as a result, decedent-plaintiff died. An answer was interposed and the matter is in discovery.

**Butler (class action) v. County of Suffolk:** This is a class action federal court lawsuit brought by present and former inmates of the Suffolk County Correctional Facilities. The plaintiffs claim that various conditions at the jails violate their civil rights. Plaintiffs have made an \$85 million settlement demand. Discovery is complete and both parties are in the process of submitting summary judgment motions.

**Calverton Hills Homeowners Association, et ano. v. Nugent Building Corp, et al.** Despite Calverton Hills Homeowners Association's signed consent order with Suffolk County Department of Health Services to rebuild a sewer treatment plant in 2008, homeowners at the Calverton town house complex have filed a federal lawsuit against the County in a dispute over a sewage treatment system that serves the development's homes. Leaders of the Calverton Hills Homeowners Association say the County is requiring residents to install a new wastewater plant that would cost about \$7 million, far more than many residents can afford. The plaintiffs are asking the federal court to order the County to repair or replace the sewage system. The complaint was dismissed in its entirety on the County's motion on December 26, 2017. Plaintiffs appealed from the judgment and briefs were filed. The appeal was argued before the U.S. Court of Appeals for the Second Circuit on October 3, 2018. A decision was rendered on October 11, 2018, affirming the dismissal. On November 1, 2018, the Court of Appeals issued its Mandate affirming the dismissal.

**Cella, et al. v. Suffolk County.** The plaintiffs identify themselves as individuals who have paid a County "tax map verification fee" fixed in the County Code, suing on behalf of others similarly situated. The complaint does not demand any specific dollar amount, but instead generally demands a refund of fees paid under the Code. Plaintiffs seek (i) a declaratory judgment that fees collected under County Code § 18-3(G) are unlawful, invalid and unenforceable, (ii) an injunction preventing the County from charging and collecting fees not reasonably calculated to defray the cost of providing services related to the County Real Property Tax Service Agency, (iii) a refund of the fees paid, and attorney's fees. The complaint does not allege the size of the class or the amount of fees paid by putative class members. The County filed an Answer on February 5, 2018 including several affirmative defenses. In April, Plaintiffs filed two motions: (1) motion for conditional class certification; and (2) motion for partial summary judgment. The County filed its opposition papers to the two motions filed.

**Coleman, Destiny, an infant by her mother, Krystle Atkins v. Robert Lipari, et. al.:** A summons and complaint were served on the County alleging negligence and medical malpractice by defendants in the obstetrical care and treatment rendered to the infant-plaintiff in failing to practice according to generally accepted medical and obstetrical standards. It is claimed that as a result of such malpractice, the infant-plaintiff sustained Erb's palsy. No Notice of Claim was ever served on the County in connection with this claim. An answer has been interposed. The matter is in discovery.

**DiLorenzo, Patrizia, as Administratrix of the Estate of Robert DiLorenzo, deceased v. County of Suffolk, et al.:** A Notice of Claim and complaint were served on the County alleging medical malpractice and negligence by defendants in the care and treatment of decedent-plaintiff during 2010 at the Suffolk County Marilyn Shellabarger South Brookhaven Family Health Center East. It is alleged that from November 28, 2010 until December 6, 2010, decedent-plaintiff was caused to sustain severe injuries, including death, due to defendants' failure to properly diagnose a heart condition and to otherwise render appropriate care. The case is in discovery.

**Flores-Melendez, et al. v. County of Suffolk:** The County received five Notices of Claim arising out of an accident involving a police vehicle. A police vehicle was involved in an accident with another vehicle and the police vehicle was propelled onto the sidewalk. Several infants walking on the sidewalk were injured. Although several of the claims are simply for "zone of danger" injuries, one infant claims he sustained a leg injury which required multiple surgeries and a lengthy hospitalization. The 50-H hearings have been held and all plaintiffs have filed suit. Discovery is ongoing.

**Gonzales-Mugaburu, Cesar v. County of Suffolk:** Plaintiff was a foster parent who fostered over 140 children at his home in the County. He was supervised by the Department of Social Services and the Saint Christopher's Otilie Agency. In January 2016, two of plaintiff's foster children told social workers that plaintiff was having sexual relations with the family dog. As a result, all foster children were removed from plaintiff's home. Eventually, numerous other foster children advised Suffolk County Detectives that they had been sexually assaulted by plaintiff. Plaintiff was indicted on 17 counts of sexual abuse and was incarcerated for sixteen months before being found not guilty on all counts after a jury trial. Plaintiff sued the County and the two detectives who investigated the charges for both federal and state claims of false arrest; malicious prosecution; denial of a fair trial; abuse of process; defamation; and coercion and intimidation of defense witnesses. Specifically, plaintiff alleges that the investigating detectives coerced the children to falsify the claims of sexual abuse. Plaintiff's lawsuit demands 100 million dollars in damages, plus attorney's fees. A complaint has been filed and the County interposed an answer. Discovery is ongoing.

**Green, Isaac, et al. v County of Suffolk, et al.:** A proposed class action suit was filed by fifteen individual plaintiffs in Suffolk County Supreme Court in connection with a residual firefighting suppressant alleged to be a contaminant that was used by the Air National Guard, a tenant at County-owned Gabreski Airport. In addition to the County, several corporate entities have been sued: the 3M Company; Tyco Fire Products; the Ansul Company; Angus Fire Company; National Foam; Buckeye Fire Protection Company and Chemguard. The defendants removed the case to Federal court. The District court issued a briefing schedule for the defendants' motions to dismiss. The defendants' motion to dismiss has been fully briefed. However, the chemical manufacturing defendants submitted a motion for a stay on this action and the related *Ayo*, *Singer* and *Py* actions. The court has granted the motion for a stay. The stay was granted because a motion has been made before the "Judicial Panel on Multidistrict Litigation" to transfer all similar cases around the country to one federal district court. The motion is pending. The State Department of Environmental Conservation has this matter under review. The plaintiffs allege that the firefighting suppressant has contaminated the water supply to their homes.

**Johnson, Lashakem, as Parent and Natural Guardian of Z.A.J. an Infant v. Suffolk County Brentwood Family Health Center, et al.:** A late Notice of Claim was served on the County in July 2017 in connection with an incident that allegedly occurred between April 1, 2013 and December 28, 2013 involving the claimants. It is alleged that claimant Lashakem Johnson received prenatal care and treatment at the Suffolk County Brentwood Family Health Center ("Health Center") from on or about April 1, 2013 through December 23, 2013 and labor and delivery care at Southside Hospital between December 23, 2013 and December 28, 2013 (date of discharge), and that such care resulted in injuries to the claimants. It is further alleged that the Health Center was negligent in, among other things, failing to treat the pregnancy as high risk, failing to timely perform sonograms, failing to monitor fetal growth, failing to take proper tests, failing to recognize fetal distress, failing to do proper blood counts, and failing to do a timely Cesarean section. The injuries alleged are global developmental delays, brain damage, cerebral palsy, motor delays and diminished earning capacity and enjoyment of life. The Notice of Claim was rejected as untimely.

**Kennedy, Jessica v. County of Suffolk:** A Notice of Claim was served wherein claimant asserts violations of her civil rights and State law allegations of medical malpractice and negligent hiring and training while claimant was an inmate at the Suffolk County Correctional Facility. Claimant alleges that as a result of such civil rights violations, medical malpractice and negligent hiring and training, she was denied proper medical care for the duration of her pregnancy and was caused to give birth to a premature baby girl. The claimant alleges multiple kidney infections, 2 days of excruciating labor, and other non-disclosed complications from the failure to provide proper pre-natal care.

**Lawrence, Shawn v. County of Suffolk:** Plaintiff was convicted of murder and spent approximately five years in prison. Eventually, the conviction was overturned because the court found that the District Attorney withheld Brady material during plaintiff's trial. Plaintiff also alleges that detectives ignored exculpatory evidence and witnesses. Plaintiff has filed a Notice of Claim, alleging false arrest and malicious prosecution. The 50-h hearing has been held.

**Long Island Pine Barrens Society, et al. v. County of Suffolk, et al.:** Resolution #625-2011, a Charter Law regarding use of Assessment Stabilization Reserve Fund ("ASRF") surpluses to enhance sewer capacity and provide tax relief, was adopted on August 2, 2011 by the County Legislature. This legislation establishes a limit for the balance of the Sewer District Tax Rate Stabilization fund at \$140 million for the fiscal years 2011 through 2021, inclusive. In fiscal years 2011, 2012 and 2013, of the fund balance which exceeded \$140 million, 62.5% of the excess funds were required to be used for sewer projects approved by the County Legislature and 37.5% was appropriated by resolution to a reserve fund for bonded indebtedness or to a retirement contribution reserve. Should

the fund balance exceed \$140 million in 2014 through 2021, the excess fund balance shall be used exclusively for sewer projects as approved by legislative resolutions. In September 2011, two environmental groups filed a lawsuit to block the County Executive and the County Legislature from using the surplus in this manner without voter approval. In a decision by the New York State Supreme Court on July 19, 2012, the Court found that the plaintiffs lacked the necessary standing to challenge the law. Plaintiffs appealed the decision and the Appellate Division, Second Department declared the law to be null and void and remanded the case to the New York State Supreme Court for, inter alia, entry of judgment. Judgment has been entered nullifying the 2011 law, but no damages were awarded in the judgment. Plaintiffs appealed from the judgment and briefs were filed. The appeal was argued before the Appellate Division, Second Department, on October 17, 2018 and decision was reserved.

**Long Island Power Authority and Long Island Lighting Company d/b/a LIPA v. County of Suffolk, Suffolk County Comptroller:** LIPA has commenced this action seeking a declaratory judgment and permanent injunction declaring that purported tax liens and tax sales held by the County on LIPA properties are illegal and void and should be cancelled. LIPA seeks to permanently enjoin the County from taking liens, holding any tax sales and issuing any tax deeds regarding LIPA properties in the future. The County Comptroller has previously purchased tax liens and has indicated its intent to issue tax deeds to remedy partial remittances by LIPA to towns and/or school districts for sums owed as payments in lieu of taxes (“PILOTs”). Pursuant to the Public Authorities Law, the PILOT payments are to be made to the subject taxing jurisdictions, however, year over year increases are not to exceed two percent. As a result of an ongoing billing dispute between LIPA and the other taxing jurisdictions, the remitted PILOTs are less than the amounts actually charged. Due to the method by which payments are remitted and dispersed in the County under law, school districts and towns take one hundred percent of their respective amounts billed and the County is owed the difference between what was billed and what was actually paid by LIPA. Successful prosecution of this action by LIPA could render the unpaid PILOT charges for which the liens were issued uncollectable by the County. LIPA made a motion for a preliminary injunction restraining the County from enforcing unpaid property taxes against certain LIPA properties and the County has brought all of the towns into the case and cross-moved for a preliminary injunction directing LIPA to pay all unpaid taxes. The motions have been briefed and are pending decision.

**Lyons, Kimberly v. County of Suffolk:** Plaintiff was hit in the rear by a police vehicle. She alleges serious neck injuries requiring a double discectomy with titanium plates and screws. This case is on the trial calendar. This case is on the trial calendar and a jury selection date will be scheduled.

**Maddox, Andrea, et al. v. County of Suffolk, et al.** A proposed federal class action lawsuit alleging that defendants deprived the plaintiffs and others similarly situated of property rights, statutory protections and contractual rights without due process of law in connection with the seizure of their vehicles. The complaint was filed on September 28, 2018 and the County is in the process of reviewing the allegations.

**Mahadeo v. Suffolk County Department of Health Services:** Medical malpractice notice of claim and summons and complaint served wherein plaintiffs allege that between February 1, 2014 and November 24, 2014, at the Marilyn Shellabarger South Brookhaven Health Center East, claimant Monica Mahadeo received improper medical care and treatment relating to Ms. Mahadeo’s pregnancy and delivery, which resulted in the death of claimants’ child. It is alleged that the improper treatment included, inter alia, failure to properly test the mother for fetal abnormalities, the failure to properly order sonograms, the failure to properly interpret sonograms, the failure to inform claimants that their child suffered from Hypertrophic Cardiomyopathy, and the failure to offer claimants counseling. The injuries alleged are as follows: psychiatric and psychological pain, inability to sleep, loss of appetite, loss of libido, and loss of interest in daily activities of life. The matter is in discovery.

**Matter of a Remedial Program for Suffolk County Firematics, Order on Consent and Administrative Settlement:** This is a Consent Order between the County and the New York State Department of Environmental Conservation pertaining to the implementation of a remediation program at Suffolk County Firematics, the County Fire Academy in Yaphank. The Order provides for the initial expenditure by the County of not less than \$1,200,000 to fund certain initial remedial measures for contamination caused by a foam firefighting suppressant used at the Academy. Interim remediation measures include connection of certain affected properties to the public water supply or to alternative water supply filtration systems, investigative and feasibility studies, and associated site management.

**McGrath, Robert v. County of Suffolk:** This is an action pending in Suffolk County Supreme Court wherein Plaintiff is challenging the constitutionality of the Traffic Violations Bureau’s \$30.00 administrative fee, which is

added to the \$50.00 fine for red light camera convictions. Plaintiff's complaint indicates that he will be requesting that the case be given "class action" status in the future. Plaintiff argues that the New York State Vehicle and Traffic Law prohibits the imposition of the thirty-dollar fee. Plaintiff argues that the fee is an improper revenue generating penalty, not a true administrative fee. Plaintiff seeks a declaration from the court that the imposition of the administrative fee is unconstitutional; that the defendants have committed fraud; and seeks an order directing restitution of the thirty-dollar fees to the putative class members. The County has submitted a motion for summary judgment, asking the court to find, as a matter of law that the fee is not unconstitutional. The Plaintiff has crossed-moved for summary judgment and has opposed the County's motion for summary judgment. In the County's reply, it advised the court of a similar case brought in Nassau County by the same attorneys, Guthart v. Nassau County, which was dismissed by Judge Palmieri and is up on appeal to the Second Department. All motions marked "fully submitted" by Judge Ford on May 17, 2018 and a status conference was held on May 30, 2018 wherein the judge indicated that he may schedule an oral argument date regarding the motions, but no such date is scheduled as of yet.

**Mendez-Castaneda, an Infant By Her Mother and Natural Guardian, Aleida Castaneda and Aleida Castaneda Individually v. Patricia O'Sullivan, MD and Southside Hospital:** This is a medical malpractice lawsuit whereby it is alleged that from on or about December 7, 2010, leading to the birth of the infant plaintiff on December 7, 2010, and continuing until the infant plaintiff's discharge/transfer on December 15, 2010, and continuing through the infant plaintiff's pediatric visits and admissions, defendants were negligent and committed malpractice in their treatment of the infant plaintiff and the infant plaintiff's mother by failing to timely and properly deliver. It is alleged that the infant plaintiff sustained global developmental delays, brain damage, cerebral palsy, neurological/cognitive deficits, motor delays, inability to live independently, and loss of enjoyment of life. No Notice of Claim was ever served on the County. The County filed a motion for summary judgment to dismiss the complaint and the motion was granted on July 18, 2018. The time for plaintiff to appeal has not expired.

**Monteleone, Daniel v. County of Suffolk:** A motorcyclist was involved in an accident with another vehicle on a County owned roadway. Injuries to the motorcyclist included a leg amputation. Suit has been filed and discovery is ongoing.

**Montella, Nicole v. County of Suffolk:** Federal lawsuit wherein plaintiff claims violations of Federal law (8<sup>th</sup> and 14<sup>th</sup> amendment of the Constitution) and a State law allegation of medical malpractice while plaintiff was an inmate at the Suffolk County Correctional Facility. Plaintiff claims that as a result of the Federal law violations and medical malpractice, she was caused to experience a stillborn delivery of a fetus at 37 weeks gestation at Peconic Bay Medical Center on August 27, 2015. The plaintiff claims psychological and psychiatric injury and loss of income as a result of this occurrence. The matter is in discovery.

**Pena, Reyna and Rodriguez, Lorenzo v. County of Suffolk:** Plaintiffs were driving in their car when they were struck by a vehicle being chased by the Suffolk County Police Department. Both plaintiffs sustained injuries. Rodriguez claims internal injuries, resulting in removal of his appendix, some of his intestine and some of his liver. The case is in suit and discovery is ongoing.

**Plaintiffs #1-21, individually and on behalf of all others similarly situated v. County of Suffolk et al.:** Federal lawsuit wherein plaintiffs claim that they were the victims of discriminatory policing by the Suffolk County Police Department ("SCPD"), in that Latinos have been subjected to unlawful arrests and seizures; subjected to a violation of equal protection in that the SCPD has failed to provide police services to Latino individuals; that two individual SCPD police officers have stolen property from Latino individuals; and that the County has created a policy sanctioning all of these constitutional violations. Discovery has been extended through April 2019. Defendant Green has filed multiple motions for appointed counsel, which the Court continues to deny. Discovery is ongoing.

**Py et al. v. County of Suffolk:** This is a class action lawsuit arising out of alleged water contamination in the area surrounding the Suffolk County Fire Academy in Yaphank. Plaintiffs, who are homeowners who live near the Academy, allege that their water supply has been contaminated by a foam firefighting suppressant used at the Academy. The plaintiffs sued the County and the manufacturers of the foam. The plaintiffs brought suit in state court and the defendants removed the case to federal court. The chemical manufacturing defendants have submitted a motion for stay on this action and the related *Ayo*, *Singer* and *Green* actions. The court has granted the motion for a stay. The stay was granted because a motion has been made before the "Judicial Panel on Multidistrict Litigation" to transfer all similar cases around the country to one federal district court. The motion is pending.

**Pyzikiewicz, Theresa v. County of Suffolk, et al.:** Plaintiff was involved in an accident with a police vehicle. She sustained fractures of her cervical spine and rib fractures, which resulted in hospitalization, surgery with cervical screws and a lengthy stay in a rehabilitation facility. A complaint has been received; discovery is ongoing.

**Ray v. County of Suffolk et al:** This action is brought pursuant to General Municipal Law §51 seeking to recoup allegedly illegal payments made from New York State and or federal asset forfeiture funds as salary enhancements to assistant District Attorneys for the period of approximately 2012 to the present time in an estimated amount of \$3.25 million dollars.

**Reyes, Oralia v. Peconic Bay Medical Center, et al.:** Medical malpractice case whereby plaintiff is alleging that between November 15, 2010 and December 2, 2010, the plaintiff was treated for her pregnancy, delivery and symphyseal separation. It is further alleged that the doctors failed to appropriately deliver the plaintiff's child by caesarean section and caused traumatic damage to her urethra. It is alleged that as a result of the foregoing, and due to the doctors' failure to properly suture the plaintiff, plaintiff has been severely damaged. None of plaintiff's injuries are itemized in the complaint. No Notice of Claim was served. A summons and verified complaint have been served and the County has interposed an answer on behalf of one of the doctors. Discovery has been completed.

**Rogers, Grant v. Suffolk County:** A notice of claim was served regarding this medical malpractice matter whereby claimant alleges that while he was an inmate at the Suffolk County jail (between December 2017 and March 2018), the County failed to timely diagnose and treat a detached retina to claimant's left eye despite claimant's repeated complaints of severe pain and loss of vision to his left eye.

**Rosado, Wanda, as Proposed Administrator of the Estate of Vazquez v. Suffolk County Department of Health Services - Division of Patient Care Services, et al.:** A Notice of Claim was served in this medical malpractice matter whereby claimant is alleging the wrongful death of claimant-decedent Vazquez on June 10, 2015 as a result of the negligent care and treatment rendered to her while a patient at the Brentwood Family Health Center. It was claimed that, among other things, respondents ignored claimant-decedent's long standing complaints of lower back pain, failed to order appropriate tests and failed to institute appropriate and timely treatment of a malignant liver mass which has metastasized. The 50-h hearing has been conducted.

**R.S., an infant and Debra Schaefer on behalf of herself and of R.S. as R.S.'s custodian v. Suffolk County Executive Steven Bellone, et al.:** This is an action pending in federal court, brought against the County Executive, Comptroller, former District Attorney Tom Spota, and five former Assistant District Attorneys seeking the return of approximately \$3,250,000 in bonuses paid out to the Assistant District Attorneys from civil forfeiture monies collected by the District Attorney's Office. In addition to the return of the forfeiture money, the suit asks for triple damages under federal civil RICO statutes, punitive damages and attorney's fees. All defendants have submitted motions to dismiss. The plaintiff's time to oppose the motion is December 20, 2018; the defendants' reply papers are due on January 21, 2018; and oral argument will be held on February 27, 2018.

**Singer, Diane, et al. v County of Suffolk:** This is a class action lawsuit arising out of the water contamination issue at the Yaphank Firematics Training Facility (the "Training Facility"). Plaintiffs are residents of the neighborhoods surrounding the Training Facility and allege that the use of aqueous firefighting foam containing perfluorooctane sulfonate (PFOS) and perfluorooctanoic acid (PFOA) chemicals at the facility has resulted in contamination of their water supply. In addition to the County, the plaintiffs have sued the manufacturers of the firefighting foam. The case was originally filed in Suffolk County Supreme Court, but the defendants removed it to federal court. The plaintiff's motion to remand the case back to state court has been denied. The defendants' motions to dismiss have been fully briefed. However, the chemical manufacturing defendants have submitted a motion for stay on this action and the related *Ayo*, *Py* and *Green* actions. The court has granted the motion for a stay. The stay was granted because a motion has been made before the "Judicial Panel on Multidistrict Litigation" to transfer all similar cases around the country to one federal district court. The motion is pending.

**Trinidad, Sebastian v. County of Suffolk:** Plaintiff was involved in an accident at the intersection of a Town and County road. The claim is negligent roadway/traffic control design and defect. Plaintiff suffered a traumatic amputation of his leg. A summons and complaint has been received, discovery is ongoing.

**Scott, Tawana as admin of Turner, Kevin v. County of Suffolk:** Plaintiff estate sues in federal court for violation of his civil rights. Plaintiff was involved in an altercation with the police during which he sustained head injuries. He remained in a coma for six months prior to his death. Discovery is ongoing.

**Yac v. Suffolk County, et al.:** Medical malpractice claim wherein it alleged that decedent, Demetrio Yac, was under the care and treatment of the Marilyn Shellabarger South Brookhaven Family Health Center and the County failed to, among other things, investigate, diagnose and treat pyelonephritis, bacteremia, sepsis, pulmonary congestion, and jaundice. It is alleged that as a result of such failures, decedent sustained multiple and fatal bodily injuries including, but not limited to pyelonephrities, bacteremia, sepsis pulmonary congestion, jaundice, and death. Notice of Claim was served in May 2010. A summons and complaint were subsequently served. Discovery was completed, the trial proceeded and the County obtained a verdict in its favor. The plaintiff has filed a motion for a directed verdict in the plaintiff's favor or for a new trial. The County has opposed the motion.

**End of Appendix A**

## **APPENDIX B**

### **Link to Audited Financial Statements\***

**For the Year Ended**

**December 31, 2017**

**(With Auditors' Report Thereon)**

**\* The County's financial statements for the year ended December 31, 2017 and opinion are intended to be representative only as of the date thereof. The financial statements referenced above are hereby incorporated by referral into the attached Official Statement. Deloitte & Touche LLP, Independent Auditors, has not been requested by the County to further review and/or update such Financial Statements or opinion in connection with the preparation and dissemination of this Official Statement.**

**The County's financial statements for the fiscal year ended December 31, 2017 have been filed with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system ("EMMA").**

**Copies of the County's audited financial statements for the fiscal year ended December 31, 2017 are available on EMMA and can be viewed and downloaded at the following web address: (<https://emma.msrb.org/EP1200423.pdf>).**

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## APPENDIX C

### Cash Flow Statements

*The County of Suffolk (the "County") does not as a matter of course make public projections as to future cash flows. However, the County has prepared the prospective financial information set forth below to present the projected portion of the operating cash flow for fiscal years 2018 and 2019. The accompanying prospective financial information was not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information, but, in the view of the County, was prepared on a reasonable basis, reflects the best currently available estimates and judgments and presents, to the best of management's knowledge and belief, the expected course of action and the expected future financial performance of the County. However, this information is not fact and should not be relied upon as necessarily indicative of future results, and readers of this projected portion of the operating cash flow for fiscal years 2018 and 2019 are cautioned not to place undue reliance on the prospective financial information.*

*Neither the County's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.*

*The assumptions and estimates underlying the projected financial information are inherently uncertain and, though considered reasonable by the County as of the date hereof, are subject to a wide variety of significant uncertainties that could cause actual results to differ materially from those contained in the projected financial information. Accordingly, there can be no assurance that the projected results are indicative of the future performance of the County or that actual results will not be materially different than those contained in the projected financial information. Inclusion of the projected financial information in this official statement should not be regarded as a representation by any person that the results contained in the projected financial information will be achieved.*

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**SUFFOLK COUNTY**  
**OPERATING CASH FLOW - FUNDS 001, 003, 016, 102, 105, 115, 121, 133, AND SEWERS**  
**PROJECTED CASHFLOW FOR FISCAL YEAR 2018**

ALL FIGURES IN THOUSANDS

	ACTUAL										PROJECTED 2018			CASH EST
	JAN	FEB	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPT	OCT	NOV	DEC		
CASH BALANCE	208,137	46,149	13,784	10,406	12,099	21,706	99,467	68,892	63,603	9,711	88,799	85,158		
TOTAL CASH RECEIPTS	273,774	198,727	293,121	259,771	251,302	797,198	606,494	272,018	336,261	234,148	193,082	337,325	4,053,221	
REAL PROPERTY TAX	2,830	11,974	10,874	6,973	9,452	571,692	32,540	35,292	11,221	16,000	15,000	11,152	735,000	
PAYMENTS IN LIEU OF TAXES	1,020	3,797	0	13	20	6,876	92	0	924	100	100	108	13,050	
INT AND PENALTIES	790	372	375	291	2,232	888	792	1,230	1,793	2,000	3,000	17,237	31,000	
SALES TAX	87,407	108,074	89,536	116,661	100,735	151,853	91,845	112,700	112,867	148,382	100,316	143,624	1,364,000	
DEPT. AND OTHER	19,838	21,406	17,550	16,318	19,907	22,992	11,747	29,971	27,327	20,000	22,000	39,944	269,000	
INTERFUNDS - BUDGETARY	18,586	2,376	1,799	17,332	2,024	3,051	1,614	2,265	2,268	3,000	7,000	54,852	116,167	
INTERFUNDS - NON-BUDGET	86,449	28,863	126,423	71,302	87,300	6,012	441,694	5,954	136,009	3,666	3,666	3,666	1,001,004	
FEDERAL AND STATE AID	9,174	6,194	17,126	13,540	10,512	12,416	14,115	45,933	14,477	22,000	15,000	17,513	198,000	
FEDERAL & STATE AID - SOCIAL SERVICES	42,594	10,774	23,977	12,804	14,431	17,133	8,906	36,297	27,487	16,000	25,000	33,597	269,000	
SEWERS	5,086	4,897	5,461	4,537	4,689	4,285	3,149	2,376	1,888	3,000	2,000	15,632	57,000	
TOTAL CASH AVAILABLE	481,911	244,876	306,905	270,177	263,401	818,904	705,961	340,910	399,864	243,859	281,881	422,483		
TOTAL CASH DISBURSEMENTS	435,762	231,092	251,499	303,078	241,695	719,437	227,069	277,307	290,153	255,060	196,723	566,604	3,995,479	
PAYROLL	81,831	69,427	76,689	98,463	77,144	73,768	75,021	115,185	74,249	70,000	74,000	103,223	989,000	
EQUIPMENT	699	443	30	187	10	211	145	425	417	200	200	33	3,000	
SUPPLIES	3,851	7,250	2,691	5,475	1,965	4,078	2,099	3,909	2,974	3,000	3,000	708	41,000	
UTILITIES & OTHER EXPENSES	4,968	4,647	6,659	3,859	2,925	4,826	3,641	6,739	4,413	5,000	3,000	2,323	53,000	
FEES FOR SERVICES	2,117	2,810	892	2,262	1,295	2,299	731	2,030	1,569	2,000	1,000	995	20,000	
CHILDREN WITH SPECIAL NEEDS	12,315	8,249	11,303	19,038	5,933	21,340	11,713	7,969	10,139	9,000	8,000	4,001	129,000	
MISCELLANEOUS EXPENSE	1,344	5,367	3,047	10,327	1,755	4,840	1,751	3,846	2,488	3,000	3,000	235	41,000	
CONTRACTED SERVICES	7,240	12,084	7,907	21,764	11,946	21,425	13,091	30,844	14,451	18,000	14,000	34,248	207,000	
DEBT SERVICE	0	18,632	11,665	14,848	28,761	21,247	9,983	1,313	4,021	43,493	6,296	3,241	163,500	
FRINGE BENEFITS	243,426	33,622	24,702	37,358	22,559	34,145	41,904	37,921	18,025	42,000	29,000	55,338	620,000	
INTERFUNDS - BUDGETARY	8,090	4,202	2,604	2,734	12,449	39,959	3,728	4,402	3,248	1,000	1,000	8,584	92,000	
INTERFUNDS - NON-BUDGET	9,284	14,072	48,573	37,299	21,366	437,185	13,300	13,494	111,533	3,666	3,666	264,541	977,979	
FUND 16	5,440	3,925	3,461	3,147	2,792	2,799	2,164	2,799	3,339	2,500	2,000	2,634	37,000	
SEWERS	8,642	4,726	5,218	5,374	3,498	4,650	4,137	5,477	3,492	4,000	3,000	24,786	77,000	
SOCIAL SERVICES	20,523	20,773	23,031	21,225	20,074	24,091	18,759	20,773	15,857	19,000	20,000	33,894	258,000	
MMIS	23,201	18,561	18,561	18,390	22,987	18,390	22,987	18,390	18,390	23,201	18,561	20,381	242,000	
CERTIORARI PAYMENTS	2,791	2,302	4,466	1,328	4,236	4,184	1,915	1,791	1,548	6,000	7,000	7,439	45,000	
TOTAL CASH	46,149	13,784	55,406	(32,901)	21,706	99,467	478,892	63,603	109,711	(11,201)	85,158	(144,121)		
NEW BORROWINGS	0	0	0	45,000	0	0	0	0	0	100,000	0	410,000	555,000	
REPAYMENTS	0	0	45,000	0	0	0	410,000	0	100,000	0	0	0	555,000	
NET CASH AVAILABLE	46,149	13,784	10,406	12,099	21,706	99,467	68,892	63,603	9,711	88,799	85,158	265,879		
RESTRICTED CASH, ADDITIONS		0	45,000	0	0	410,000	0	0	100,000	0	0	0	555,000	
RESTRICTED CASH, DELETIONS	0	0	45,000	0	0	0	410,000	0	100,000	0	0	0	555,000	
TOTAL RESTRICTED YTD	0	0	0	0	0	410,000	0	0	0	0	0	0		
TOTAL CASH-RESTRICTED & NON	46,149	13,784	10,406	12,099	21,706	509,467	68,892	63,603	9,711	88,799	85,158	265,879		
ALTERNATIVE LIQUIDITY :	214,814	198,603	152,571	96,269	24,820	25,630	33,540	27,404	30,337	26,125	24,760	277,871		

Beginning cash is estimate based on actual cashflow through December, 2017

Disbursements for the retirement bill in January totals \$189.6 million and is reflected as follows: Fringe Benefits \$184.5 million; Fund 016 \$1.95 million; Sewers \$3.1 million.

Notice of disclaimer: This projection has been prepared based on the 2017 cash flow and the latest available information of an adopted budget.

However, it is subject to change based upon a reconciliation to the published adopted budget.

Payroll is actual through October, 2018

Sales Tax is actual through November, 2018

**SUFFOLK COUNTY**  
**OPERATING CASH FLOW - FUNDS 001, 003, 016, 102, 105, 115, 121, 133, AND SEWERS**  
**PROJECTED CASHFLOW FOR FISCAL YEAR 2019**

ALL FIGURES IN THOUSANDS

	PROJECTED 2019												CASH EST
	JAN	FEB	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPT	OCT	NOV	DEC	
CASH BALANCE	265,879	39,930	44,059	47,041	60,459	66,730	546,903	142,111	127,489	51,161	96,744	114,469	
TOTAL CASH RECEIPTS	247,667	231,667	303,667	219,767	281,267	773,667	643,667	237,267	317,766	210,766	205,766	273,066	3,946,000
REAL PROPERTY TAX	9,000	9,000	12,000	8,000	21,000	543,000	58,000	28,000	16,000	12,000	16,000	18,000	750,000
PAYMENTS IN LIEU OF TAXES	2,000	2,000	1,000	100	100	3,000	0	100	100	100	100	2,400	11,000
INT AND PENALTIES	2,000	1,000	2,000	1,000	2,500	2,000	3,000	4,500	3,000	2,000	3,000	2,000	28,000
SALES TAX	97,000	109,000	92,000	124,000	107,000	151,000	96,000	120,000	120,000	149,000	106,000	142,000	1,413,000
DEPT. AND OTHER	19,000	14,000	17,000	19,000	34,000	26,000	24,000	22,000	14,000	19,000	19,000	19,000	246,000
INTERFUNDS - BUDGETARY	11,000	8,000	6,000	8,000	11,000	3,000	2,000	7,000	9,000	3,000	10,000	23,000	101,000
INTERFUNDS - NON-BUDGET	73,667	63,667	108,667	48,667	43,667	3,667	413,667	3,667	103,666	3,666	3,666	3,666	874,000
FEDERAL AND STATE AID	12,000	9,000	21,000	3,000	29,000	20,000	18,000	23,000	22,000	11,000	21,000	24,000	213,000
FEDERAL & STATE AID - SOCIAL SERVICES	20,000	13,000	37,000	3,000	29,000	16,000	25,000	26,000	26,000	9,000	25,000	34,000	263,000
SEWERS	2,000	3,000	7,000	5,000	4,000	6,000	4,000	3,000	4,000	2,000	2,000	5,000	47,000
TOTAL CASH AVAILABLE	513,546	271,597	347,726	266,808	341,726	840,397	1,190,570	379,378	445,255	261,927	302,510	387,535	
TOTAL CASH DISBURSEMENTS	473,616	227,538	255,685	251,349	274,996	293,494	638,459	251,889	294,094	265,183	188,041	525,656	3,940,000
PAYROLL	98,000	71,000	65,000	100,000	78,000	75,000	83,000	109,000	68,000	79,000	70,000	101,000	997,000
EQUIPMENT	400	250	400	250	200	250	105	125	220	1,200	200	400	4,000
SUPPLIES	4,000	5,000	3,000	4,000	4,000	4,000	3,000	4,000	2,000	3,000	3,000	3,000	42,000
UTILITIES & OTHER EXPENSES	6,000	6,000	5,000	4,000	4,000	4,000	4,000	6,000	5,000	4,000	3,000	1,000	52,000
FEES FOR SERVICES	2,000	1,500	1,000	1,000	1,500	2,000	1,500	2,000	2,000	2,000	1,000	4,500	22,000
CHILDREN WITH SPECIAL NEEDS	8,000	12,000	12,000	12,000	9,000	16,000	13,000	8,000	7,000	13,000	8,000	9,000	127,000
MISCELLANEOUS EXPENSE	2,000	3,000	7,000	3,000	1,000	2,000	2,000	2,000	3,000	6,000	4,000	2,000	37,000
CONTRACTED SERVICES	18,000	21,000	19,000	14,000	10,000	23,000	18,000	25,000	13,000	17,000	14,000	18,000	210,000
DEBT SERVICE	0	15,731	1,228	13,338	29,154	25,102	6,093	6,622	5,733	47,223	3,700	4,076	158,000
FRINGE BENEFITS	253,062	32,000	31,000	34,000	36,000	35,000	33,000	34,000	34,000	35,000	30,000	30,938	618,000
INTERFUNDS - BUDGETARY	17,000	9,000	8,000	13,000	47,000	52,000	6,000	5,000	3,000	2,000	2,000	1,000	165,000
INTERFUNDS - NON-BUDGET	3,667	3,667	48,667	3,667	3,667	3,667	413,667	3,667	103,666	3,666	3,666	278,666	874,000
FUND 16	4,500	3,000	2,000	3,000	2,000	3,000	3,000	3,000	3,000	3,000	3,000	1,500	34,000
SEWERS	7,000	3,000	9,000	5,000	4,000	3,000	3,000	3,000	4,000	3,000	3,000	17,000	64,000
SOCIAL SERVICES	21,000	20,000	23,000	16,000	25,000	23,000	22,000	21,000	19,000	20,000	19,000	27,000	256,000
MMIS	22,987	18,390	18,390	23,094	18,475	18,475	23,094	18,475	18,475	23,094	18,475	23,576	245,000
CERTIORARI PAYMENTS	6,000	3,000	2,000	2,000	2,000	4,000	4,000	1,000	3,000	3,000	2,000	3,000	35,000
TOTAL CASH	39,930	44,059	92,041	15,459	66,730	546,903	552,111	127,489	151,161	(3,256)	114,469	(138,121)	
NEW BORROWINGS	0	0	0	45,000	0	0	0	0	0	100,000	0	410,000	555,000
REPAYMENTS	0	0	45,000	0	0	0	410,000	0	100,000	0	0	0	555,000
NET CASH AVAILABLE	39,930	44,059	47,041	60,459	66,730	546,903	142,111	127,489	51,161	96,744	114,469	271,879	
RESTRICTED CASH, ADDITIONS	0	0	45,000	0	0	0	410,000	0	100,000	0	0	0	555,000
RESTRICTED CASH, DELETIONS	0	0	45,000	0	0	0	410,000	0	100,000	0	0	0	555,000
TOTAL RESTRICTED YTD	0	0	0	0	0	0	0	0	0	0	0	0	
TOTAL CASH-RESTRICTED & NON	39,930	44,059	47,041	60,459	66,730	546,903	142,111	127,489	51,161	96,744	114,469	271,879	
ALTERNATIVE LIQUIDITY :	213,401	154,926	100,390	59,744	21,812	27,277	32,740	37,253	42,716	42,569	47,445	238,191	

Beginning cash is estimate based on actual cashflow through August, 2018

Disbursements for the retirement bill in January totals \$230.74 million and is reflected as follows: Fringe Benefits \$224.56 million; Fund 016 \$2.45 million; Sewers \$3.73 million.

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However, it is subject to change based upon a reconciliation to the published adopted budget.