

# **POPULAR ANNUAL FINANCIAL REPORT**



**County of Suffolk, New York**

For the year ended  
December 31, 2013



Suffolk County, New York  
Popular Annual Financial Report  
For the Fiscal Year Ended December 31, 2013

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Additional copies of this report and Suffolk County's Comprehensive Annual Financial Report (CAFR) may be obtained by contacting:

Suffolk County Office of the Comptroller  
H. Lee Dennison Building  
100 Veterans Memorial Highway  
P.O. Box 6100  
Hauppauge, NY 11788-0099  
(631) 853-5040

In addition, the PAFR and CAFR are made available on the Suffolk County Comptroller's website by visiting <http://suffolkcountyny.gov/comptroller/Reports/FinancialReports.aspx>





Joseph Sawicki, Jr.

County Comptroller



June 27, 2014

The Citizens of the County of Suffolk:

The County of Suffolk is pleased to present the Suffolk County Popular Annual Financial Report (PAFR) for the fiscal year ended December 31, 2013. This report provides a brief analysis of where County revenues come from and where those dollars are spent, as well as an overview of the County's demographics.

Most of the information in this report has been taken from the 2013 Suffolk County Comprehensive Annual Financial Report (CAFR). The CAFR is comprised of 192 pages of detailed financial statements, notes, schedules, and reports. The CAFR was prepared in conformance with Generally Accepted Accounting Principles (GAAP) and audited by the County's independent auditor, Ernst & Young LLP, and received an unmodified opinion. An unmodified opinion is given when an auditor can state that the financial statements are materially correct. The PAFR is unaudited and presented on a GAAP basis. This is a summarized report that presents selected statistical and primary government information. Reported within the primary government are the County's general fund, which is the primary operating fund, forty-eight special revenue funds which are used to report the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes, three capital funds which are used to report financial resources that are restricted to expenditures for capital outlays, and three enterprise funds. This report does not include the County's discretely presented component units, legally separate entities that the County is considered to be financially accountable for and fiduciary funds information.

Suffolk County has received the Certificate of Achievement for Excellence in Financial Reporting for its CAFR for the 30<sup>th</sup> consecutive year from the Government Finance Officers Association (GFOA) of the United States and Canada. This is the highest award for excellence in governmental accounting. The 2013 CAFR has been submitted to the GFOA for evaluation for the 31<sup>st</sup> Certificate of Achievement.

With all of the financial and statistical information available, it is often difficult to determine what information is important and how to use this information. The Popular Annual Financial Report of Suffolk County provides to the public the County's significant financial and economic activities presented in an easy to read overview. I hope that you will find this report both useful and informative.

Sincerely,

Joseph Sawicki, Jr.  
County Comptroller

# *The Government Finance Officers Association*

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to Suffolk County, New York for its Popular Annual Financial Report for the fiscal year ended December 31, 2012. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report (PAFR), whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting our 2013 PAFR to GFOA.



Government Finance Officers Association

## **Award for Outstanding Achievement in Popular Annual Financial Reporting**

Presented to

**Suffolk County  
New York**

For its Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2012**

A handwritten signature in black ink, reading 'Jeffrey R. Egan'.

Executive Director/CEO



# SUFFOLK COUNTY, NEW YORK

## List of Principal Officials

At December 31, 2013

### Suffolk County Legislature

#### District

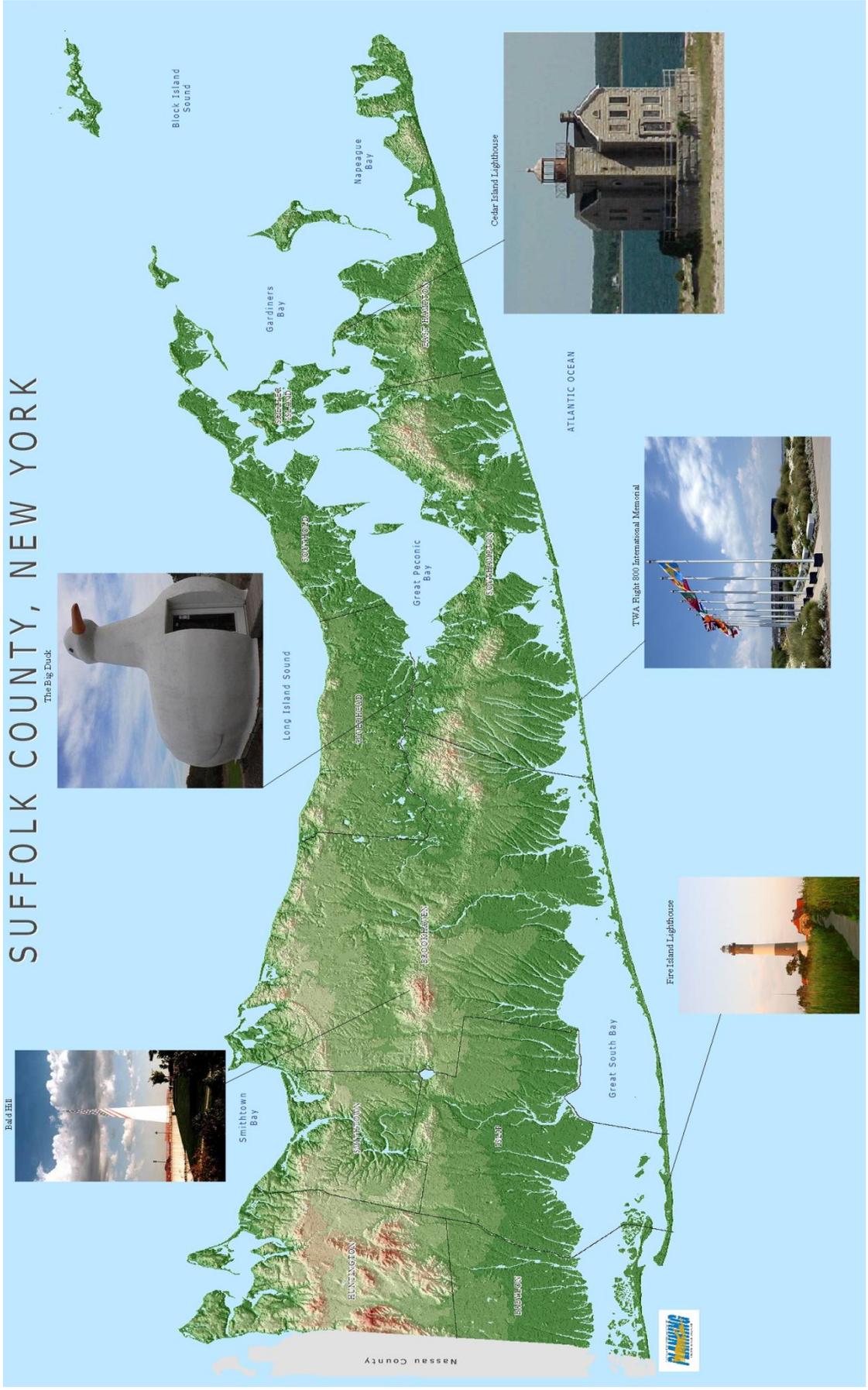
1 <sup>st</sup>	Al Krupski
2 <sup>nd</sup>	Jay H. Schneiderman
3 <sup>rd</sup>	Kate M. Browning
4 <sup>th</sup>	Tom Muratore
5 <sup>th</sup>	Kara Hahn
6 <sup>th</sup>	Sarah S. Anker
7 <sup>th</sup>	Robert Calarco
8 <sup>th</sup>	William J. Lindsay
9 <sup>th</sup>	Ricardo Montano
10 <sup>th</sup>	Tom Cilmi
11 <sup>th</sup>	Thomas F. Barraga
12 <sup>th</sup>	John M. Kennedy, Jr.
13 <sup>th</sup>	Lynne C. Nowick
14 <sup>th</sup>	Wayne R. Horsley**
15 <sup>th</sup>	DuWayne Gregory
16 <sup>th</sup>	Steven H. Stern
17 <sup>th</sup>	Louis D'Amaro
18 <sup>th</sup>	William Spencer

County Executive	Steven Bellone
County Comptroller	Joseph Sawicki, Jr.
County Treasurer	Angie M. Carpenter
County Clerk	Judith A. Pascale
District Attorney	Thomas J. Spota
Sheriff	Vincent F. DeMarco

#### *Notes:*

\*\* Presiding Officer

# SUFFOLK COUNTY, NEW YORK



Smithtown Bay

Long Island Sound

Block Island Sound

Gardiners Bay

Napeague Bay

Great Peconic Bay

ATLANTIC OCEAN

Great South Bay

Nassau County



Bald Hill

The Big Duck

Fire Island Lighthouse

TWA Flight 800 International Memorial

Cedar Island Lighthouse

# County of Suffolk

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Suffolk County was established on November 1, 1683, as one of the ten original counties of what became the State of New York. Since 1960, Suffolk County has operated under a charter form of government that provides for an executive administration of County affairs. On January 1, 1970, an 18-member County Legislature was organized, consisting of representatives elected from 18 districts of approximately equal population, based upon the most recently completed Federal Census. 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 County Legislature is the principal policy-making body of the County, and its members are elected to two-year terms. The County Executive, who heads the executive branch of the County, and the County Comptroller, who is the Chief Fiscal Officer of the County, are each elected to four-year terms. The County Treasurer is also elected to a four-year term and is responsible for the receipt and custody of all County funds.

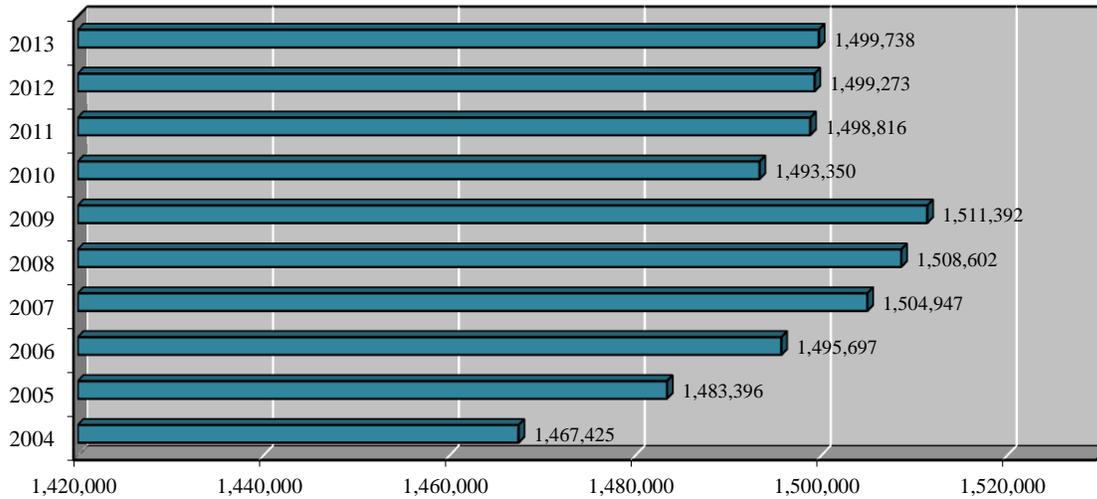
Suffolk County comprises the eastern two-thirds of Long Island and, with a 2013 population of 1,499,738, contains slightly more than one-half the population of Long Island. Suffolk County's western border is approximately 15 miles from the eastern border of the City of New York and the County is bordered by Nassau County to the west, Long Island Sound to the north and the Atlantic Ocean to the south and east. It covers an area of approximately 911 square miles of land.

Suffolk County's charter specifies that it provide certain services, including police and law enforcement, economic assistance, health and nursing services, education, home and community services, transportation and maintenance of County roads, parks and waterways. The County operates several enterprise activities, including a nursing home, airport, and ballpark.

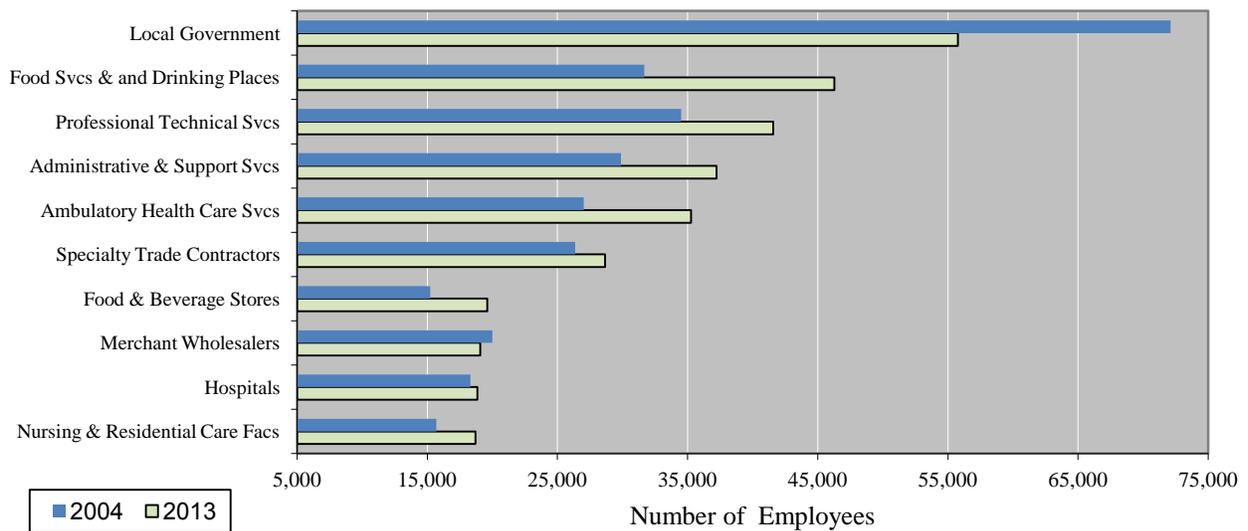


# Demographics

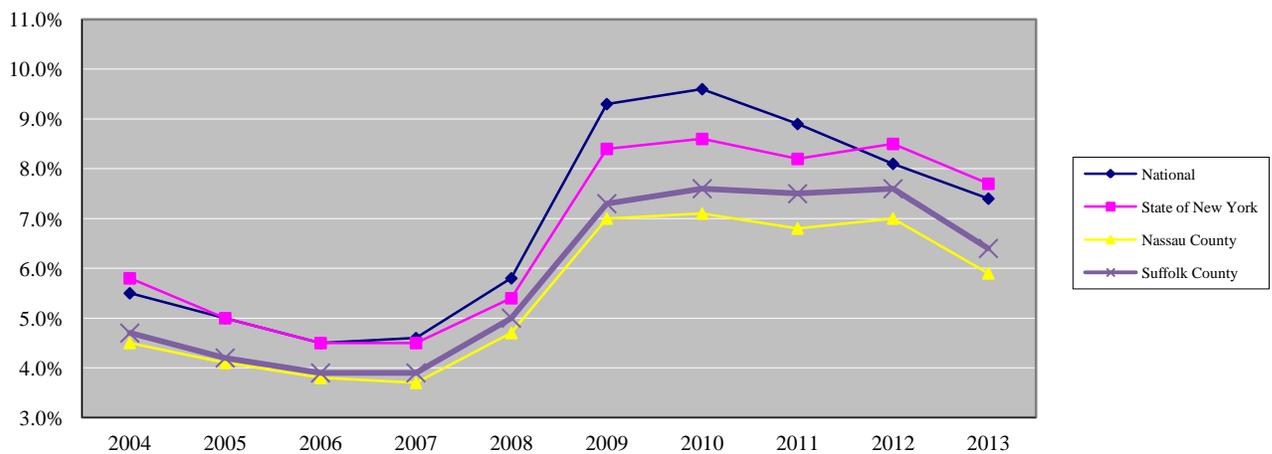
## Population



## Principal Employment Sectors 2013 & 2004

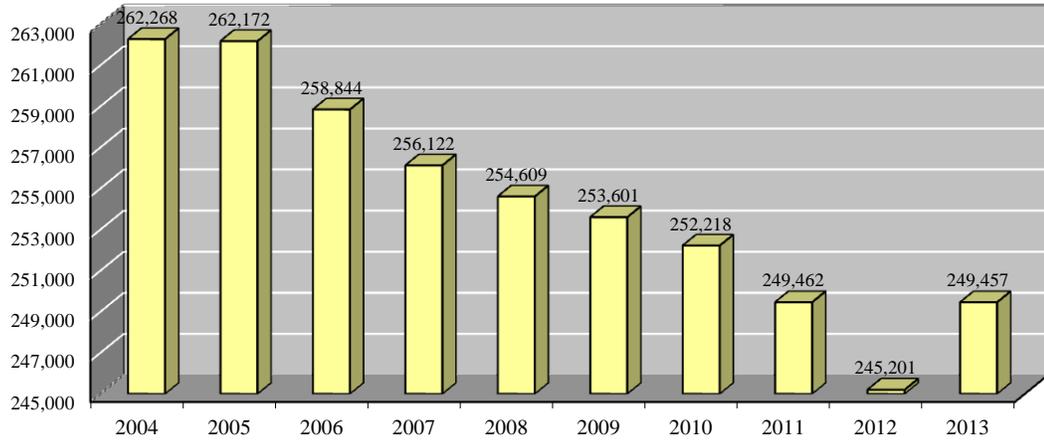


## Unemployment Rate - National, State, and County

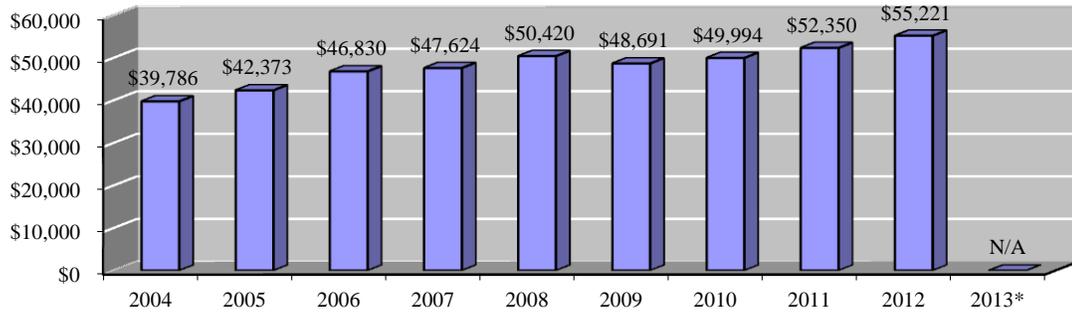


# Demographics

### Public School Enrollment

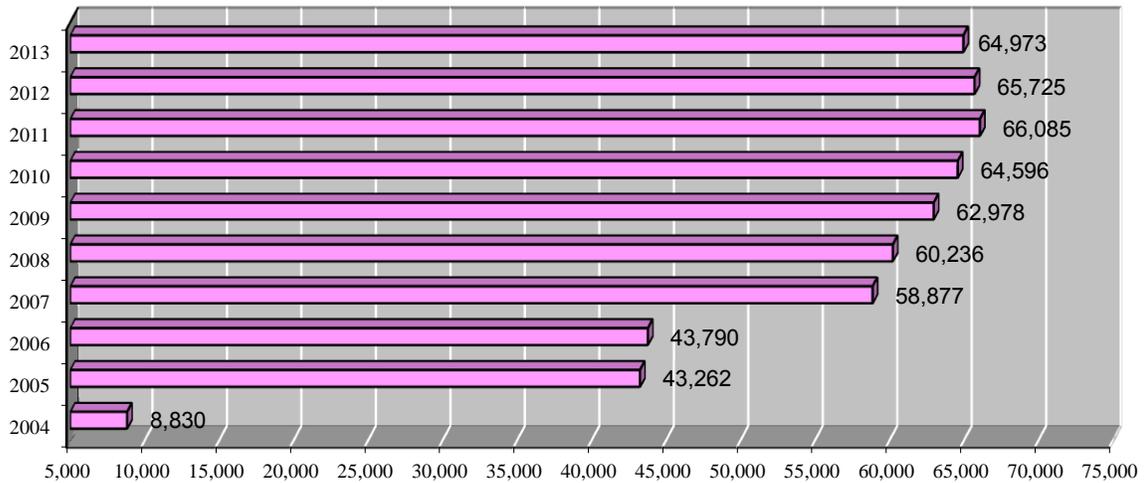


### Income Per Capita



\*Information not available for 2013

### Assessed Property Values\* (in millions of dollars)



\* The Town of Southampton began assessing the value of real property at full value in 2005; therefore, a significant increase in assessed value totals occurred from 2004 to 2005.

# Major Initiatives

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The New York State Commission of Correction (COC) mandated the construction of a new correctional facility (Phase I) in Yaphank which opened in April 2013 and cost \$173,196,513. Total cost of construction for Phases I and II is estimated at \$289,855,270 with Phase II costs estimated at \$113.8 million.



Land was acquired during 2013 pursuant to various land preservation and protection programs at a cost of \$15 million. These land acquisition programs support the preservation of Suffolk County's open spaces, parks, rich farmland, and water quality.

Phases I and II of the new civil court building addition, courthouse annex renovations, and three other court buildings at the County Civil Court Complex in Riverhead were completed in 2012 for a total cost of \$44,941,369. Phase III renovations are in progress and the total cost of all renovations is estimated at \$50,095,000.



The H. Lee Dennison property in Hauppauge was sold to the Suffolk County Judicial Facilities Agency (JFA) in November 2013 for a total cost of \$68,614,850.

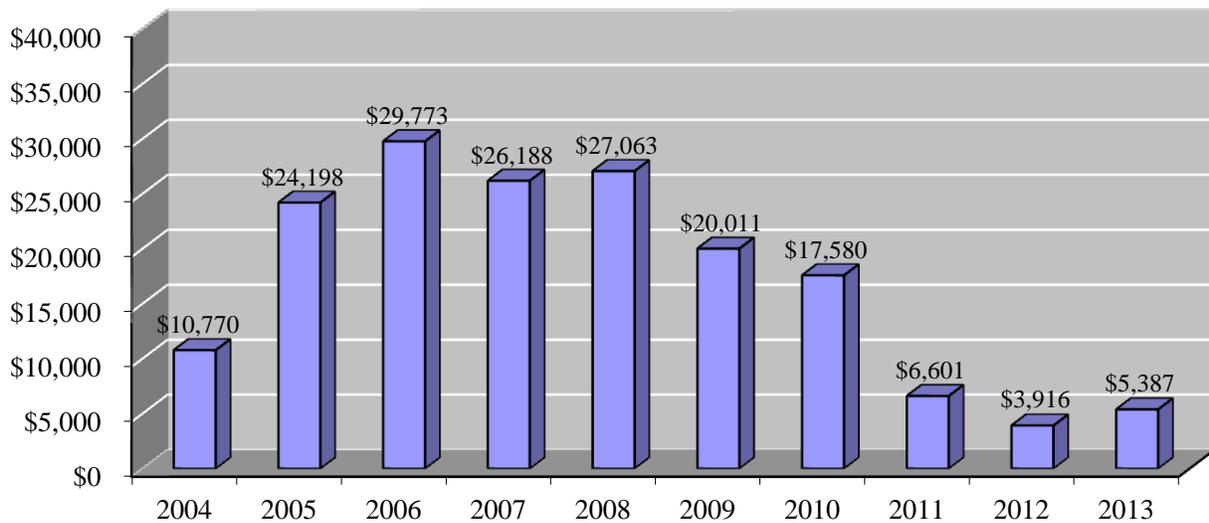
# Investments

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At December 31, 2013, Suffolk County's bank balance in all financial institutions was \$781,629,304. The entire bank balance was either covered by federal depository insurance or by collateral held by the County's agent in the County's name.

The County's investment policy, approved by the Suffolk County Legislature, annually authorizes investments by the Suffolk County Treasurer in investments governed by New York State statute. The Treasurer invests monies not required for immediate expenditure for terms not to exceed the County's cash flow needs in the following types of investments: certificate of deposit, time deposits, obligations of NY State, obligations of the United States government, repurchase agreements, obligations of agencies of the Federal government if principal and interest are guaranteed by the United States government, obligations issued pursuant to Local Finance Law Section 24 or 25 (with the approval of the State Comptroller) by any municipality, school district or district corporation other than Suffolk County, and participation in a cooperative investment program.

**Investment Earnings (Amounts in 000's)**

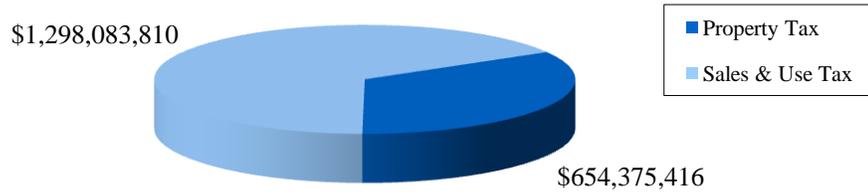


Investment earnings represent the amount of interest income earned by the County. The factors affecting interest income are interest rates and portfolio size, which fluctuate over time.

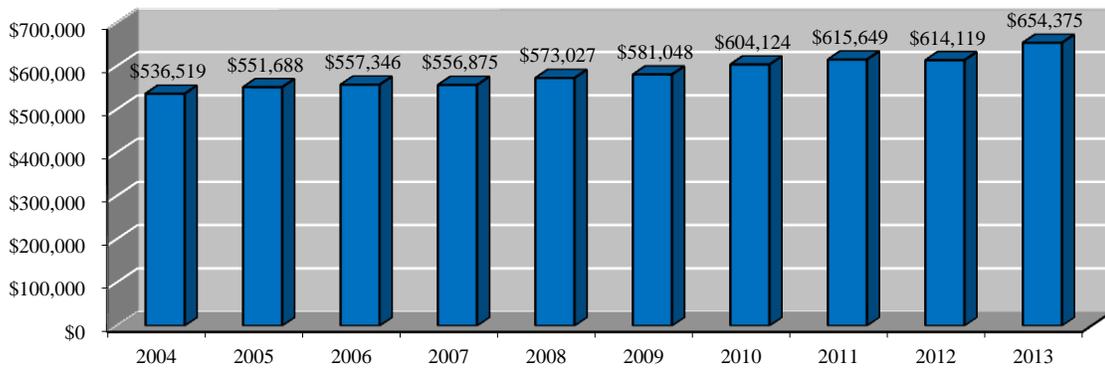
# Taxes

During 2013, Suffolk County received \$1.9 billion in tax revenue. The following chart shows the proportion derived from each type of tax.

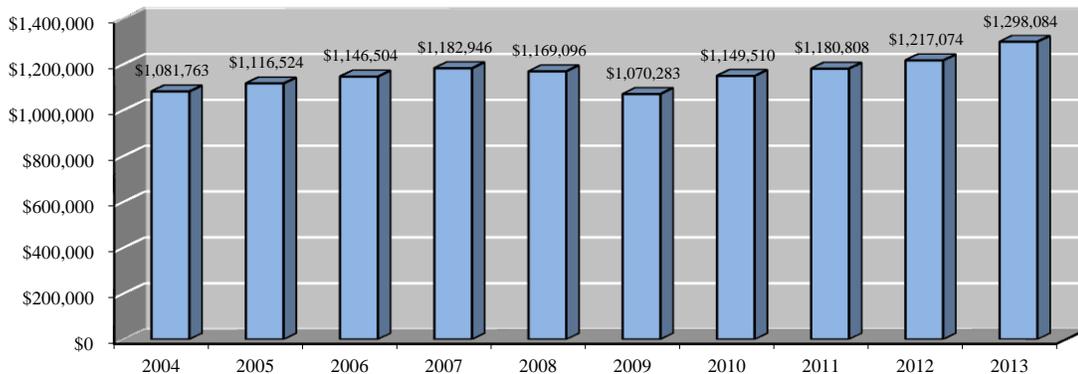
**Tax Revenue**



**Suffolk County Real Property Tax Revenue (Amounts in 000's)**



**Suffolk County Sales and Use Tax Revenue (Amounts in 000's)**



# Financial Position

The County's financial statements account for the financial activities within funds. These funds are identified as either Governmental or Business-type. The majority of the County's activities are accounted for as Governmental funds and are financed primarily by taxes, grants, charges for services, and other intergovernmental revenues. The County's Business-type activities consist of three enterprise funds, in which user fees and charges constitute the majority of these funds' revenues.

## Outstanding Debt and Other Long-Term Obligations

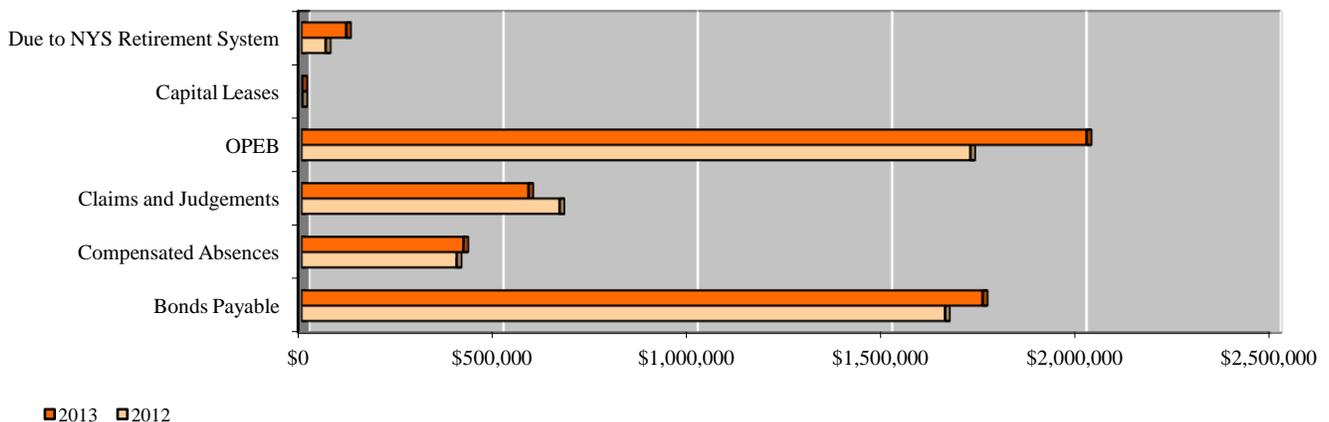
The outstanding debt and other long-term obligations for governmental and business-type activities for the year ended December 31, 2013 are shown below:

Suffolk County Outstanding Debt & Other Long-Term Obligations  
(Amounts in 000's)

	2013 Beginning Balance	Additions	Reductions	2013 Ending Balance
General Obligation debt (inclusive of advanced refunding)	\$ 1,348,704	\$ 150,236	\$ 119,100	\$ 1,379,839
STASC	302,384	1,537	1,203	302,718
Lease revenue bonds	-	69,996	6	69,990
<b>Total Bonds Payable</b>	<b>1,651,088</b>	<b>221,769</b>	<b>120,309</b>	<b>1,752,548</b>
Compensated Absences	399,409	32,607	15,364	416,653
Claims and Judgements	664,012	49,736	129,680	584,068
OPEB (Other Post Employment Benefits)	1,720,870	446,581	147,541	2,019,910
Capital Leases	2,422	-	449	1,972
Due to NYS Retirement System	62,312	60,721	8,036	114,997
<b>Total Long-Term Liabilities</b>	<b>\$ 4,500,113</b>	<b>\$ 811,415</b>	<b>\$ 421,379</b>	<b>\$ 4,890,148</b>

A bond credit rating assesses the credit worthiness of a municipality's debt issues. Suffolk County maintains an "A+" with a negative outlook rating from Standard & Poor's, an "A" with a stable outlook rating from Fitch and an "A3" with a stable outlook rating from Moody's for general obligation debt. All three ratings represent a quality of bond in the upper medium grade. The County's ratings indicate a strong capacity to meet its financial commitments, but are somewhat more susceptible to changes in economic conditions.

2012 & 2013 Long-Term Obligations  
(Amounts in 000's)



# Financial Position

## Capital Assets

The composition of the capital assets for governmental and business-type activities at December 31, 2013 is shown below:

Suffolk County Capital Assets  
(December 31; net of depreciation, amounts in 000's)

	2013	2012
Land	\$ 883,716	\$ 871,591
Development Rights	243,314	243,315
Historic Buildings	4,608	4,608
Construction in Progress	293,494	547,333
Buildings	666,945	364,110
Improvements other than Buildings	45,815	41,604
Vehicles and Equipment	116,483	120,279
Infrastructure	655,954	610,506
<b>Total</b>	<b>\$ 2,910,329</b>	<b>\$ 2,803,347</b>

The net increase in Suffolk County's investment in capital assets for the current fiscal year was \$107 million, which represents a 3.82 percent increase.

### Land

The total amount of land purchased and owned by Suffolk County. Land is characterized as having an unlimited life.

### Development Rights

Development rights legally restrict the use of the land by the owner. The County does not own the land only the right to restrict the use of the land.

### Historic Buildings

This includes buildings of historic significance, and generally is listed on the national or state register of historic places.

### Construction in Progress (CIP)

Reflects the economic construction activity status of buildings and other structures, which are substantially incomplete.

### Buildings

Any structure erected to stand permanently. The amount is the cost to purchase or the cost of construction of the building.

### Improvements other than Buildings

Assets built, installed, or established to enhance the quality or facilitate the use of land for a particular purpose. Some examples include parking lots, landscaping, and fencing.

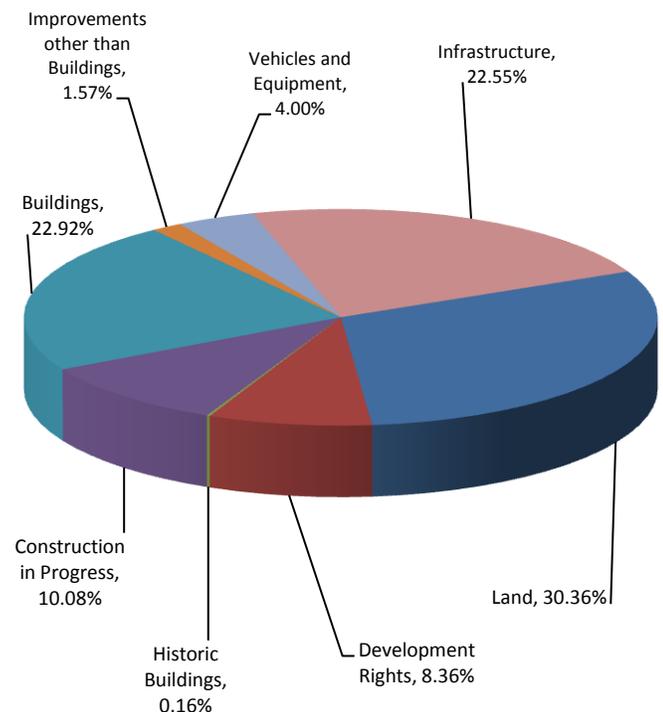
### Vehicles and Equipment

Fixed or movable tangible assets such as equipment, machinery, vehicles, boats, and aircraft.

### Infrastructure

Long lived capital assets that normally are stationary in nature such as roads, bridges, waterways, light systems, and airport runways.

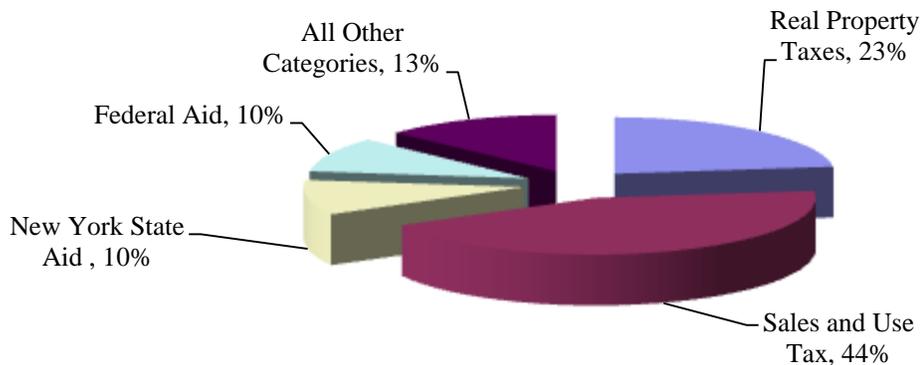
2013 Capital Assets



# Governmental Fund Revenues

The revenues presented are the total governmental funds reported in the 2013 CAFR's Statement of Revenues, Expenditures, and Changes in Fund Balances. The primary revenue sources are Sales and Use Tax, and Real Property Taxes.

## Revenue Percent by Source



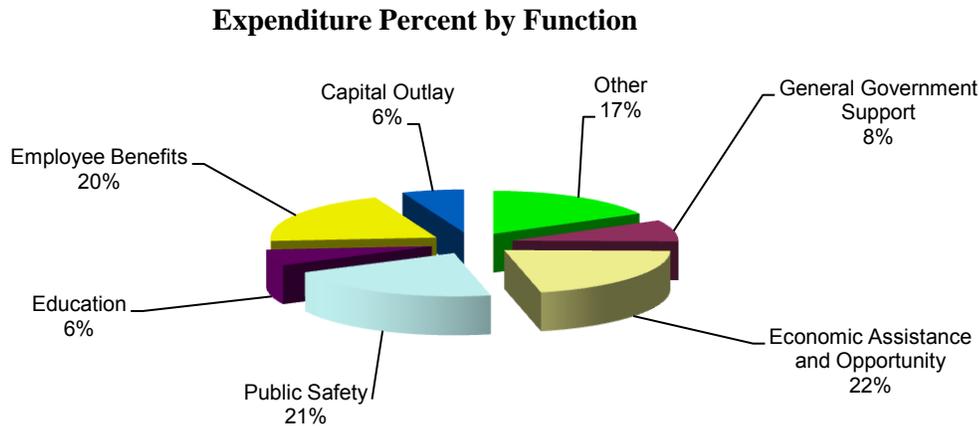
A comparison of these same revenue sources for the past two years is presented below.

(Amounts in 000's)				
Revenues	2013 Actual	2012 Actual	\$ Change	% Change
Real Property Taxes	\$ 654,375	\$ 614,119	\$ 40,256	6.56%
Sales and Use Tax	1,298,084	1,217,074	81,009	6.66%
State Aid	286,501	285,852	649	0.23%
Federal Aid	300,080	293,093	6,987	2.38%
All Other Categories	378,101	302,741	75,360	24.89%
	<u>\$ 2,917,141</u>	<u>\$ 2,712,879</u>	<u>\$ 204,263</u>	7.53%

- Sales Tax increased (6.66%) in part, from delayed consumer spending due to Super Storm Sandy which hit Suffolk County in October 2012. Improvements in the local economy also contributed to the increase in sales tax.
- Other revenues increased (24.89%) primarily due to the sale of the H. Lee Dennison building for \$68.6 million to the Suffolk County Judicial Facilities Agency (JFA).
- Improvements in the local economy have also resulted in increased (6.56%) real property taxes, and, interest and penalty collections.

# Governmental Fund Expenditures

The expenditures presented are the total governmental funds reported in the 2013 CAFR's Statement of Revenues, Expenditures, and Changes in Fund Balances. The primary expenditure functions are Public Safety, Economic Assistance and Opportunity, and Employee Benefits.



A comparison of these same expenditures for the past two years is presented below.

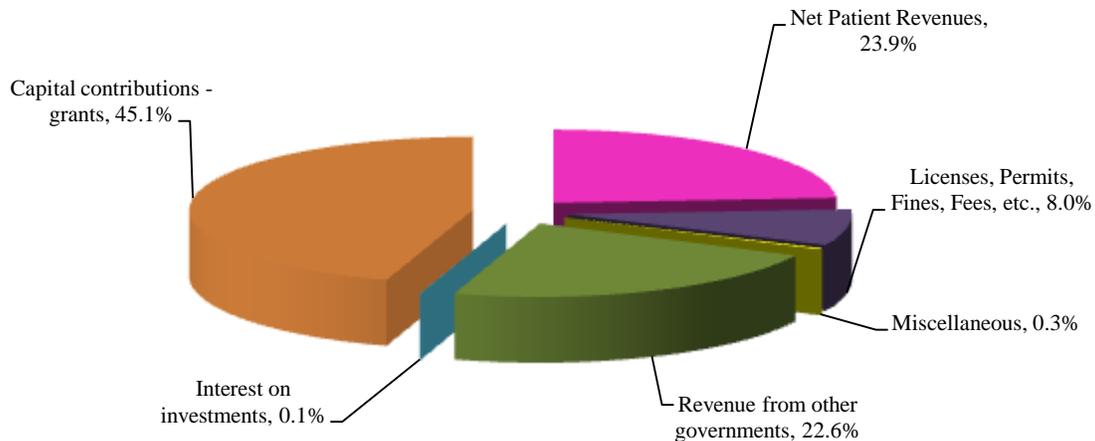
(Amounts in 000's)				
Expenditures	2013 Actual	2012 Actual	\$ Change	% Change
General Government Support	\$ 251,653	\$ 226,603	\$ 25,050	11.05%
Economic Assistance & Opportunity	642,689	644,339	(1,650)	-0.26%
Public Safety	633,287	673,450	(40,163)	-5.96%
Education	179,615	197,642	(18,027)	-9.12%
Employee Benefits	589,175	562,237	26,938	4.79%
Capital Outlays	186,692	202,058	(15,366)	-7.60%
Other	515,262	500,945	14,317	2.86%
	<u>\$ 2,998,373</u>	<u>\$ 3,007,274</u>	<u>\$ (8,901)</u>	-0.30%

- General Government Support increased (11.05%) as a result of current year increases in workers compensation, the operation of the new traffic violations bureau, and continued costs related to the cleanup of Super Storm Sandy.
- Education decreased (9.12%) due to a decline in the enrollment in the Children with Special Needs program.
- The decrease (5.96%) in Public Safety is attributable to higher 2012 expenditures resulting from the arbitration settlement for the Correction Officers Association.
- Employee Benefits increased (4.79%) primarily due to delayed savings from late implementation of changes to the County's prescription drug plan.
- The decrease (7.6%) in Capital outlays relates primarily to the completion of Phase I of the new correctional facility in Yaphank.

# Enterprise Fund Revenues

The enterprise funds consist of the Suffolk County Ball Park, Francis S. Gabreski Airport, and the John J. Foley Skilled Nursing Facility. The primary revenue sources for the enterprise funds are capital contributions, net patient revenues, and revenue from other governments.

## Revenue Percent by Source



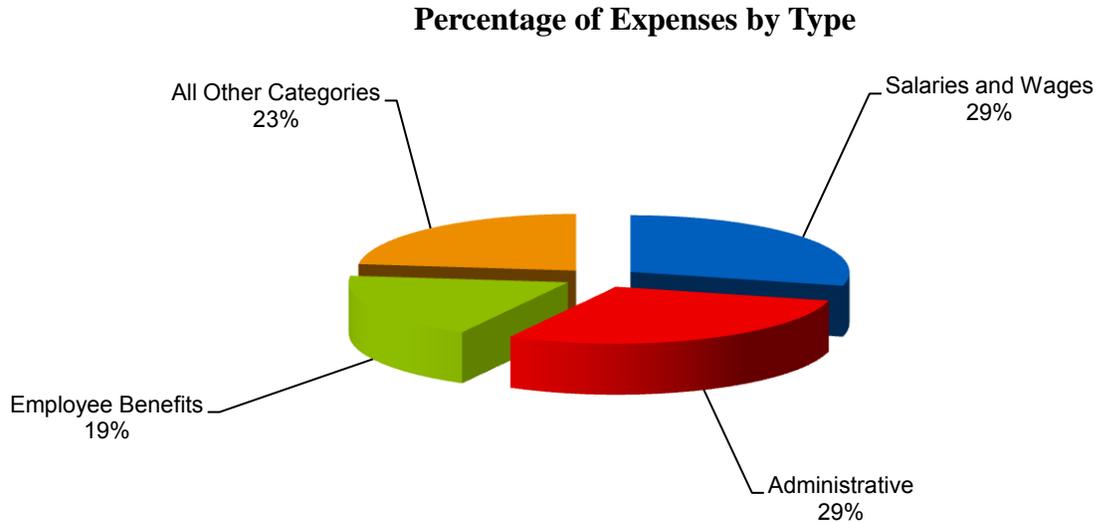
A comparison of these same revenue sources for the past two years is presented below.

Revenues	2013 Actual	2012 Actual	\$ Change	% Change
Net Patient Revenues	\$ 8,682	\$ 21,245	\$ (12,563)	-59.13%
Licenses, Permits, Fines, Fees, Etc.	2,898	1,857	1,041	56.08%
Miscellaneous	112	345	(233)	-67.44%
Revenue from other governments	8,220	4,782	3,438	71.88%
Interest on investments	23	12	11	91.67%
Capital contributions - grants	16,370	1,559	14,811	950.23%
	<u>\$ 36,305</u>	<u>\$ 29,800</u>	<u>\$ 6,505</u>	21.83%

- Capital contributions increased (950.23%) as a result of the NYS HEAL grant received by Foley to defease the remaining debt prior to the closure of the facility.
- Revenue from other governments increased (71.88%) because of the NYS Intergovernmental transfer received by John J. Foley Skilled Nursing Facility (Foley).
- The decreases in net patient revenues (59.13%) and miscellaneous revenues (67.44%) are attributable to the closure of Foley on June 30, 2013.
- Licenses, permits, fines, fees, etc. increased (56.08%) due to increases in airport fees and rents at the Gabreski Airport.

# Enterprise Fund Expenses

Suffolk County uses enterprise funds to account for the Suffolk County Ball Park, Francis S. Gabreski Airport, and the John J. Foley Skilled Nursing Facility. The primary expenses for the enterprise funds are Salaries and Wages, and Administrative.



A comparison of these same expenses for the past two years is presented below.

(Amounts in 000's)				
Expenses	2013 Actual	2012 Actual	\$ Change	% Change
Salaries and Wages	\$ 5,450	\$ 11,901	\$ (6,451)	-54.21%
Administrative	5,475	9,847	(4,372)	-44.40%
Employee Benefits	3,552	10,415	(6,863)	-65.89%
All Other Categories	4,365	3,942	423	10.72%
	<u>\$ 18,842</u>	<u>\$ 36,105</u>	<u>\$ (17,263)</u>	-47.81%

- The decreases in salaries and wages (54.21%), administrative expenses (44.40%) and employee benefits (65.89%) are a result of the discontinuation of operations at the John J. Foley Skilled Nursing Facility (Foley) on June 30, 2013.
- Other categories increased (10.72%) as the result of increased interest paid on Foley's debt that was called as part of the closure plan. Foley's debt was defeased using NYS grant revenues.



# SUFFOLK'S SENSATIONAL SITES

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- ❖ Suffolk County is known for beautiful beaches located along nearly 1,000 miles of marine coastline. Suffolk County Department of Parks operates some of Suffolk County's over 100 beaches including Smith Point Beach in Shirley, Cupsogue Beach in Westhampton, and Meschutt Beach located in Hampton Bays.
- ❖ Many New York State parks and beaches are also in Suffolk such as Bayard Cutting Arboretum State Park in Oakdale, Hither Hills State Park in Montauk, and Wildwood State Park in Wading River.
- ❖ The National Parks Service owns approximately 3,000 acres of the Fire Island National Seashore in Suffolk County. The Fire Island Lighthouse, completed in 1858, is listed on the National Register of Historic Places.
- ❖ The Montauk Point Lighthouse located in Montauk Point State Park was completed in 1796 and is the first lighthouse in New York State.
- ❖ The Suffolk County Department of Parks manages over 200 historic sites and with the help from local historical societies provides guided tours and special events. These sites include the Sagtikos Manor in West Bay Shore built in 1692 and the Old Field Farm in Setauket built in 1931.
- ❖ The Big Duck, located at the entrance to Sears Bellows County Park in Flanders, was built in 1931 and is listed on the National Register of Historic Places. Long Island's most famous landmark now serves as a gift shop and as a tourist information center for the Long Island Convention and Visitors Bureau.
- ❖ Suffolk County has a wide variety of museums such as the Long Island Maritime Museum in West Sayville, the Long Island Museum of American Art, History & Carriages in Stony Brook, the Heckscher Museum of Art in Huntington, and the Cold Spring Harbor Whaling Museum in Cold Spring Harbor.
- ❖ The Vanderbilt Museum & Planetarium is located in Centerport on a 43 acre estate, overlooking Northport Harbor. The 238 seat, state of the art planetarium features 3 different shows on weekends and holidays.
- ❖ Long Island's wine region encompasses both the north fork and south fork of Long Island. This part of Long Island, located at the east end of Suffolk County, is home to over 50 vineyards and over 30 wineries. Tours and wine tasting are available throughout the region.

For an extensive list of the sites within Suffolk County visit [www.suffolkcountyny.gov](http://www.suffolkcountyny.gov).