

# **POPULAR ANNUAL FINANCIAL REPORT**



**County of Suffolk, New York**

For the year ended  
December 31, 2014



Suffolk County, New York  
Popular Annual Financial Report  
For the Fiscal Year Ended December 31, 2014

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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>





**John M. Kennedy, Jr.**  
Suffolk County Comptroller



June 29, 2015

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, 2014. 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 2014 Suffolk County Comprehensive Annual Financial Report (CAFR). The CAFR is comprised of 188 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 31<sup>st</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 2014 CAFR has been submitted to the GFOA for evaluation for the 32<sup>nd</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,

John M. Kennedy, Jr.  
Suffolk 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, 2013. 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 2014 PAFR to GFOA.



Government Finance Officers Association

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

Presented to

**Suffolk County  
New York**

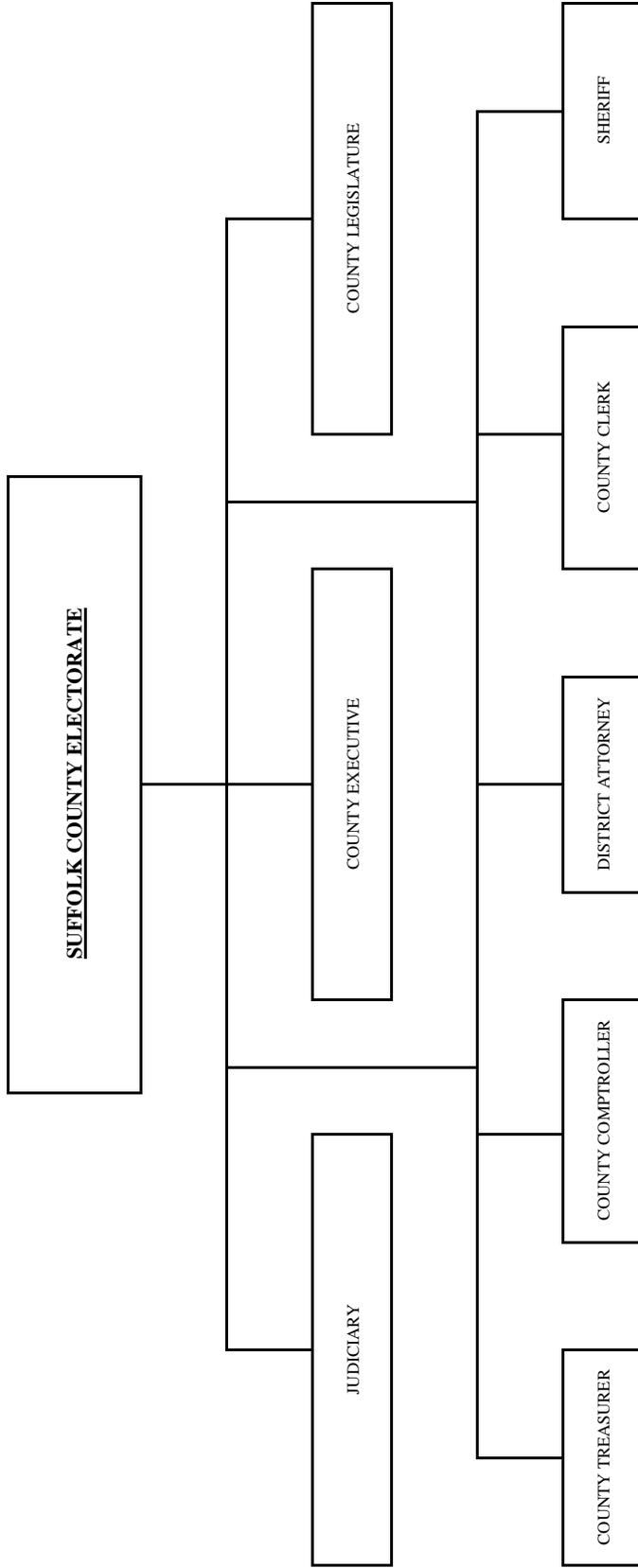
For its Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2013**

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

Executive Director/CEO

**SUFFOLK COUNTY ORGANIZATIONAL CHART**



# SUFFOLK COUNTY, NEW YORK

## List of Principal Officials

At December 31, 2014

### 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 III
9 <sup>th</sup>	Monica Martinez
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>	Robert Trotta
14 <sup>th</sup>	Kevin McCaffrey
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:*

\* Deputy Presiding Officer

\*\* Presiding Officer

# SUFFOLK COUNTY, NEW YORK



Thompson House



Long Island Vineyards



Windmill in the Hamptons



Deep Hollow Ranch



Maritime Museum

# 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. However, subject to permissive referendum, the Office of the County Treasurer will be abolished, and the County Comptroller will perform the functions of both offices as early as January 1, 2016.

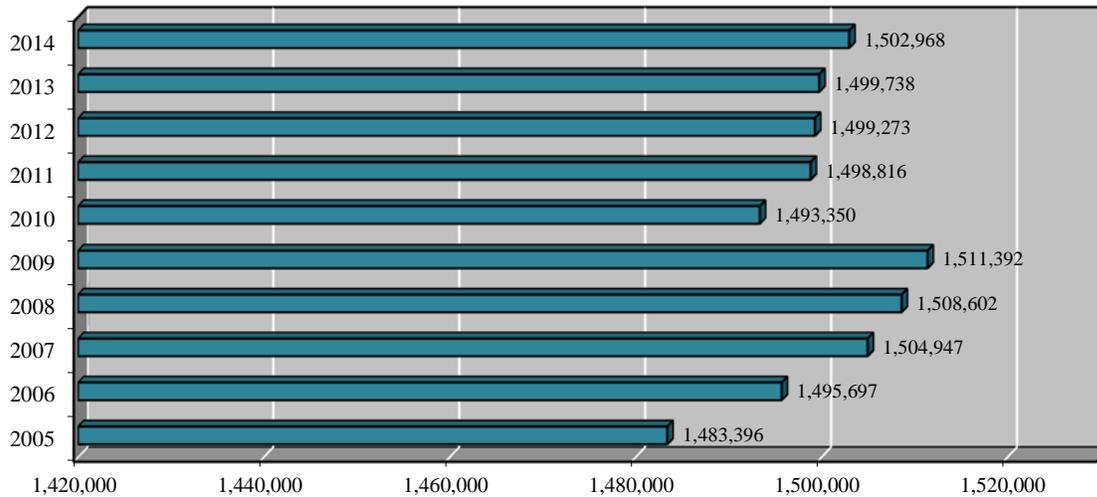
Suffolk County comprises the eastern two-thirds of Long Island and, with a 2014 population of 1,502,968 contains slightly more than one-half the population of Long Island. Suffolk County's western border is approximately 15 miles from the eastern border of the City of New York and the County is bordered 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.

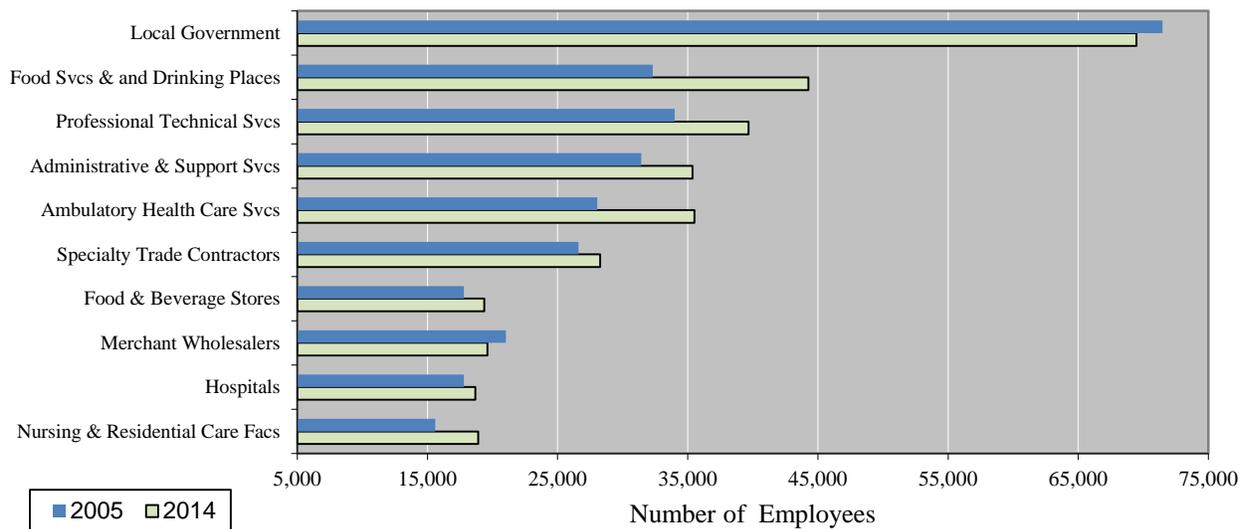


# Demographics

## Population

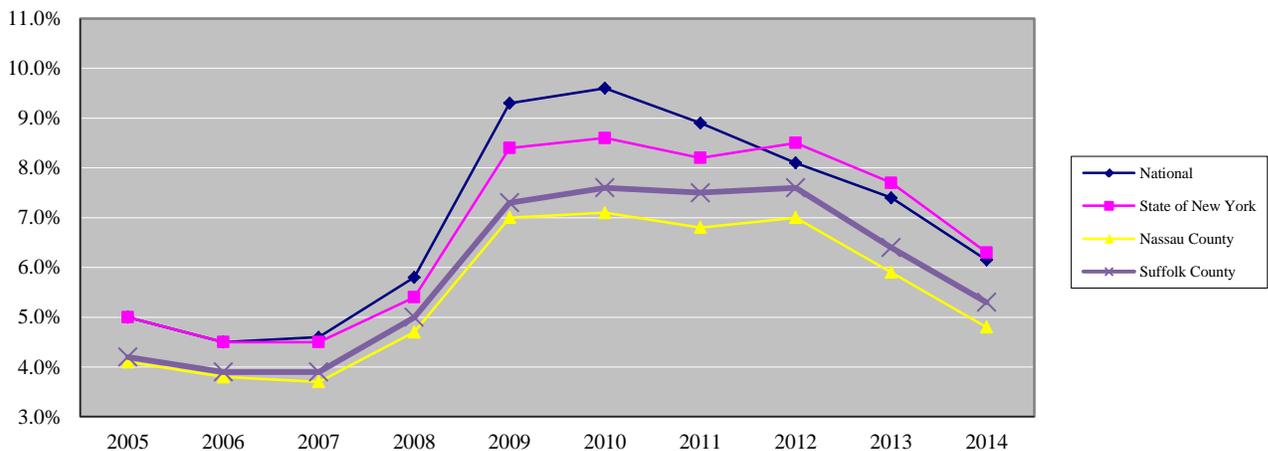


## Principal Employment Sectors\* 2014 & 2005



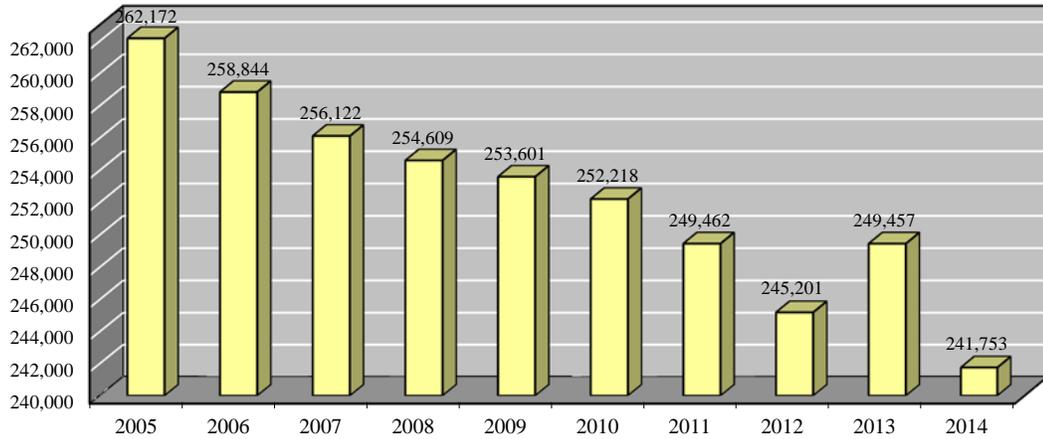
\*The 1<sup>st</sup> three quarters were compared because 4<sup>th</sup> quarter data for 2014 was unavailable.

## Unemployment Rate - National, State, and County

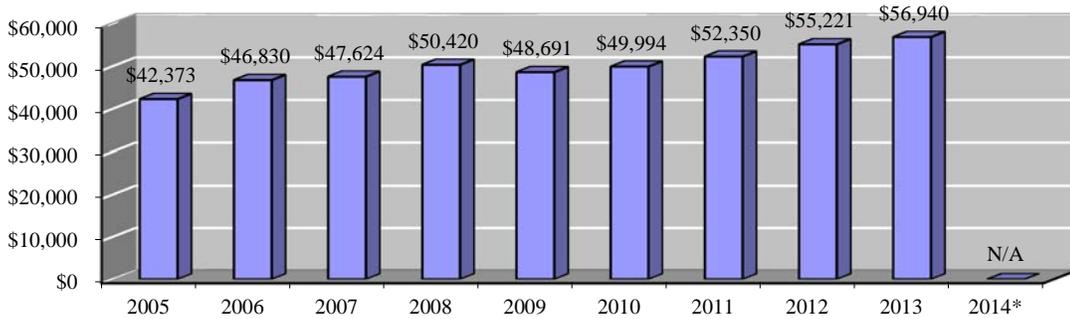


# Demographics

## Public School Enrollment



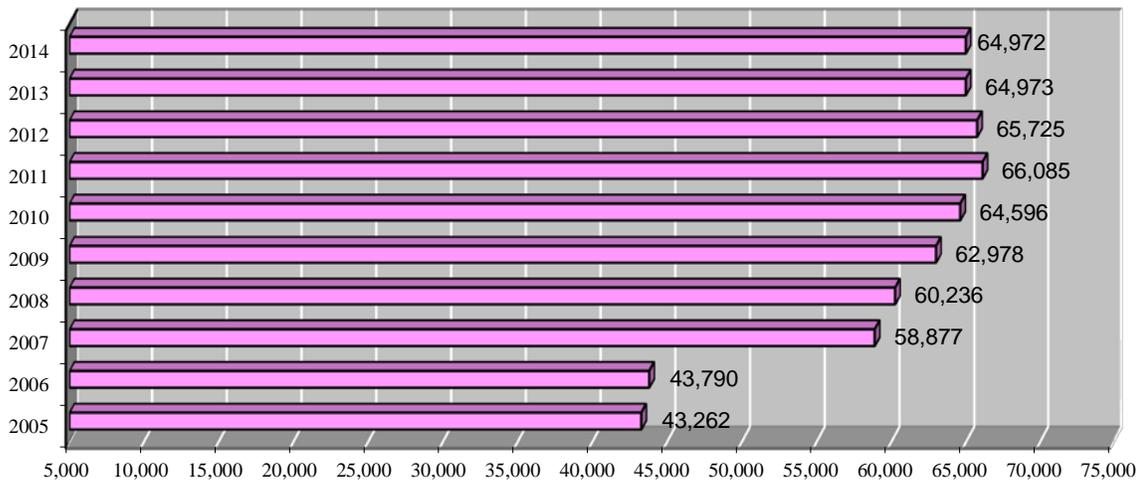
## Income Per Capita



\*Information not available for 2014

## Assessed Property Values

(in millions of dollars)



# Major Initiatives

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Phases I and II renovations at the County Civil Court Complex in Riverhead were completed in 2012 for a total cost of \$44,941,369. Phase III exterior renovations of three court buildings are in progress and projected completion is set for 2015. Construction-in-progress through 2014 totaled \$6,658,541. Energy savings and extended life are expected as a result of these renovations.



Land and farmland development rights were acquired during 2014 pursuant to various land preservation and protection programs at a total cost of \$8.8 million. These land acquisition programs support the preservation of Suffolk County's open spaces, parks, rich farmland, and water quality.

The New York State Economic Development Corporation selected Suffolk County to operate a land bank to facilitate the return of vacant, abandoned, environmentally-distressed, underutilized, tax-delinquent properties to productive uses. During 2014, site assessments were performed on 19 properties. The County will use a \$1.9 million grant to acquire and rehabilitate these properties.



Suffolk County is responsible for 24 sewer districts. Maintenance and expansion of the sewer system infrastructure has become a top priority for the County in light of recent natural disasters. Sewer construction projects began, completed, and continued in 2014. By year end, sewer system construction costs reached \$129.4 million with \$35.2 million expended during 2014.

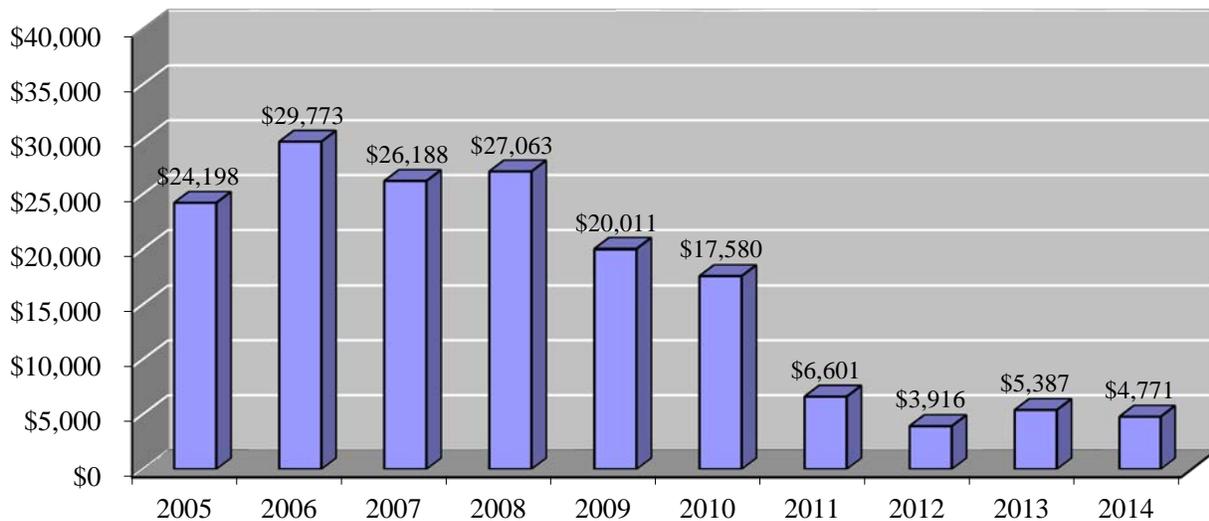
# Investments

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At December 31, 2014, Suffolk County's bank balance in all financial institutions was \$873,951,105. The entire bank balance was covered either 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)**

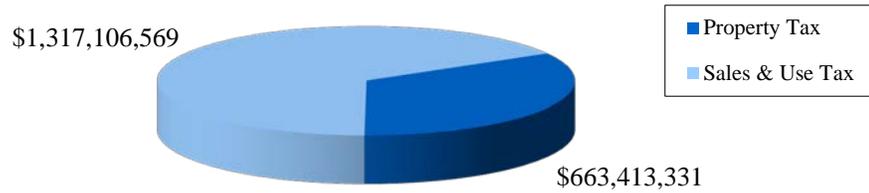


Investment earnings represent the amount of interest income earned by the County. The factors affecting interest income are interest rates and portfolio size, which fluctuate over time.

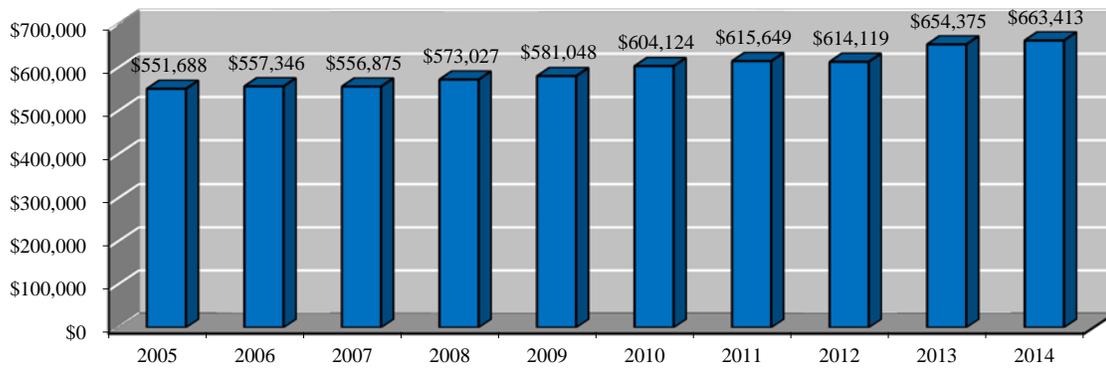
# Taxes

During 2014, Suffolk County received \$1.98 billion in tax revenue. The following chart shows the proportion derived from each type of tax.

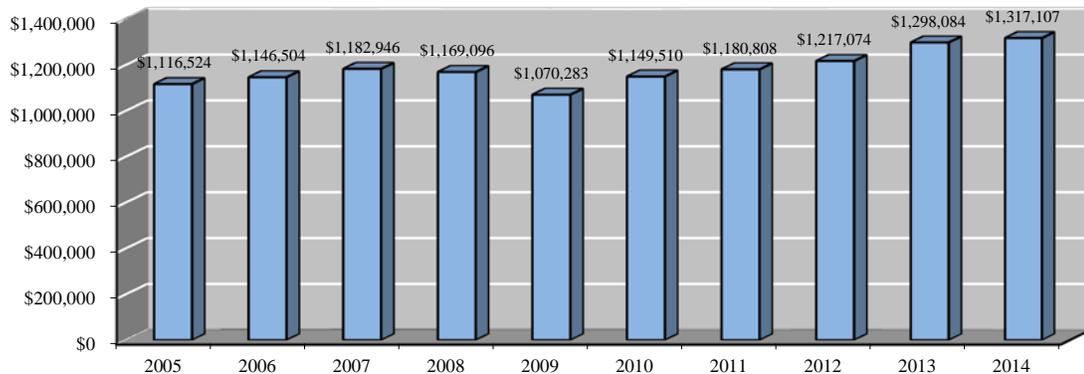
**Tax Revenue**



**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

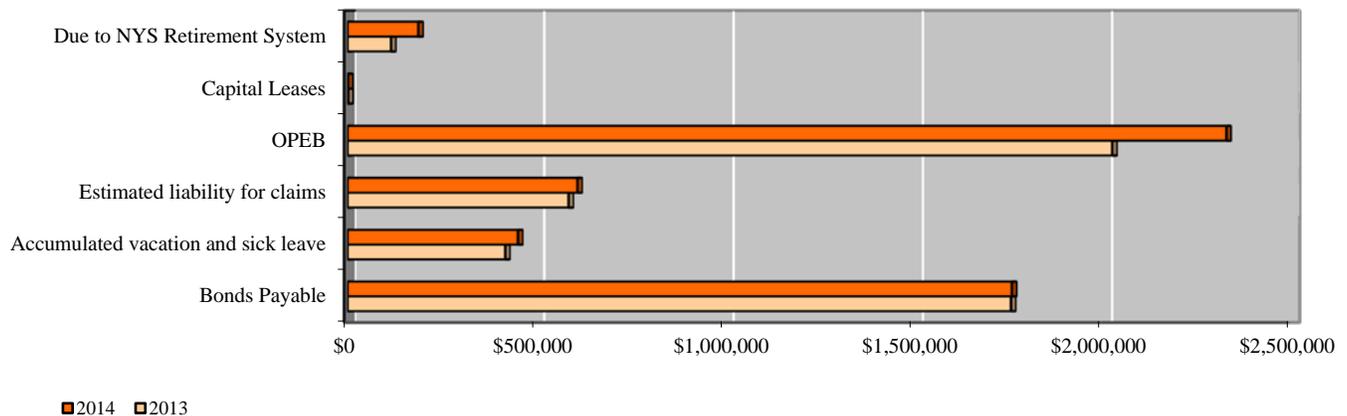
The outstanding debt and other long-term obligations for governmental and business-type activities for the year ended December 31, 2014 are shown below:

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

	2014 Beginning Balance	Additions	Reductions	2014 Ending Balance
General Obligation debt (inclusive of advanced refunding)	\$ 1,379,839	\$ 184,097	\$ 179,867	\$ 1,384,069
STASC	302,718	1,663	1,358	303,023
Lease revenue bonds	69,990	-	2,166	67,824
<b>Total Bonds Payable</b>	<b>1,752,548</b>	<b>185,760</b>	<b>183,391</b>	<b>1,754,916</b>
Accumulated vacation and sick leave	416,653	47,820	14,317	450,156
Estimated liability for claims	584,068	60,733	37,575	607,227
OPEB (Other Post Employment Benefits)	2,019,910	419,601	116,131	2,323,380
Capital Leases	1,972	-	458	1,514
Due to NYS Retirement System	114,997	87,102	15,154	186,945
<b>Total Long-Term Liabilities</b>	<b>\$ 4,890,148</b>	<b>\$ 801,017</b>	<b>\$ 367,026</b>	<b>\$ 5,324,139</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.

2013 & 2014 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, 2014 is shown below:

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

	2014	2013
Land	\$ 887,830	\$ 883,716
Development Rights	248,031	243,314
Historic Buildings	4,608	4,608
Construction in Progress	253,497	293,494
Buildings	656,481	666,945
Improvements other than Buildings	54,303	45,815
Vehicles and Equipment	121,168	116,483
Infrastructure	752,281	655,954
<b>Total</b>	<b>\$ 2,978,199</b>	<b>\$ 2,910,329</b>

The net increase in Suffolk County's investment in capital assets for the current fiscal year was \$67.9 million, which represents a 2.33 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.

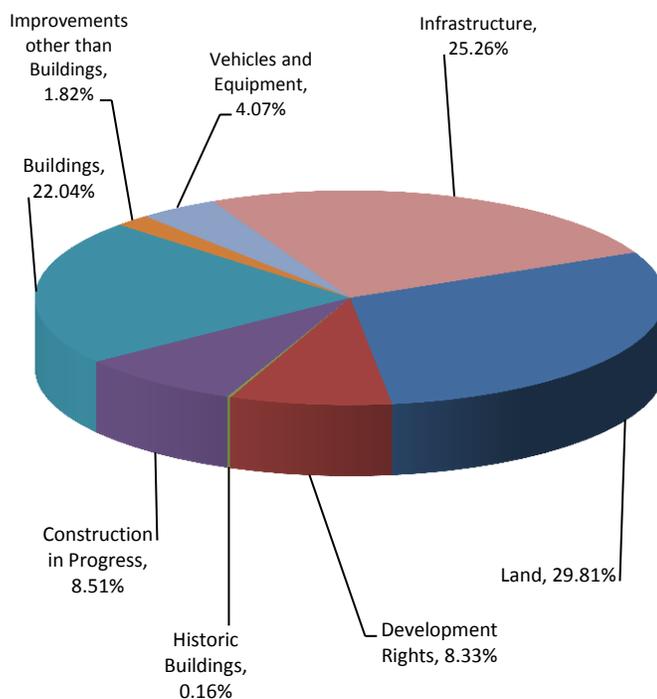
### Vehicles and Equipment

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.

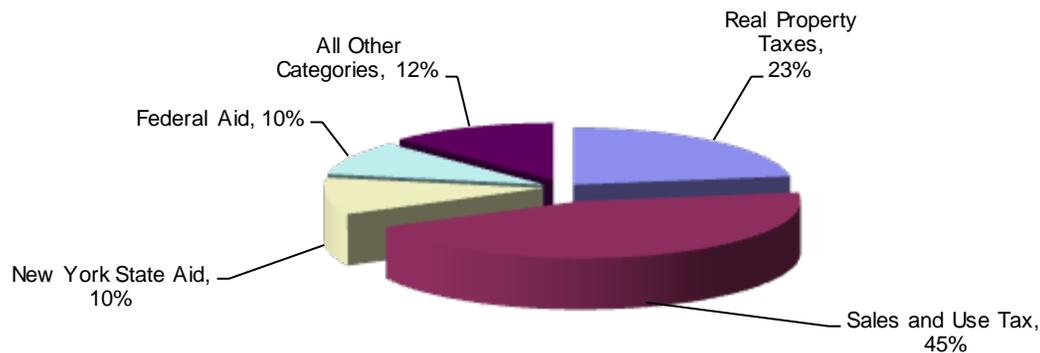
**2014 Capital Assets**



# Governmental Fund Revenues

The revenues presented are the total governmental funds reported in the 2014 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.

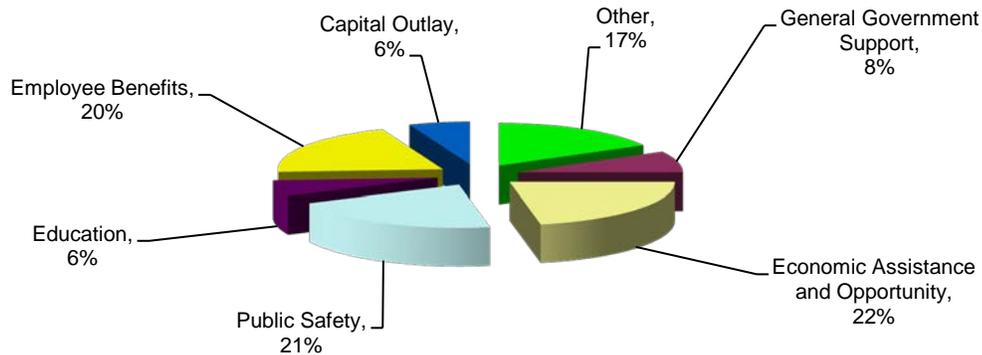
(Amounts in 000's)				
Revenues	2014 Actual	2013 Actual	\$ Change	% Change
Real Property Taxes	\$ 663,413	\$ 654,375	\$ 9,038	1.38%
Sales and Use Tax	1,317,107	1,298,084	19,023	1.47%
State Aid	305,797	286,501	19,296	6.74%
Federal Aid	283,859	300,080	(16,221)	-5.41%
All Other Categories	363,468	378,101	(14,633)	-3.87%
	<u>\$ 2,933,644</u>	<u>\$ 2,917,141</u>	<u>\$ 16,503</u>	0.57%

- State Aid increased (6.74%) mainly due to aid received for several capital improvement projects to the County's Community College which were completed to accommodate increased enrollment. Under New York State Education Law community college capital costs are reimbursed by New York State at a rate of fifty percent.
- Federal Aid declined (5.41%) over the last year as a result of the receipt of Federal Emergency Management Agency (FEMA) reimbursements for storm mitigation in 2013.
- The decrease (3.87%) in other revenues resulted from a non-recurring revenue, the sale of excess County owned land in 2013 in the amount of \$19 million. This decline in revenues was partially offset by a growth in revenue from the County's Traffic Violations Bureau due to increases in fines and administrative fees.

# Governmental Fund Expenditures

The expenditures presented are the total governmental funds reported in the 2014 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.

**Expenditure Percent by Function**



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

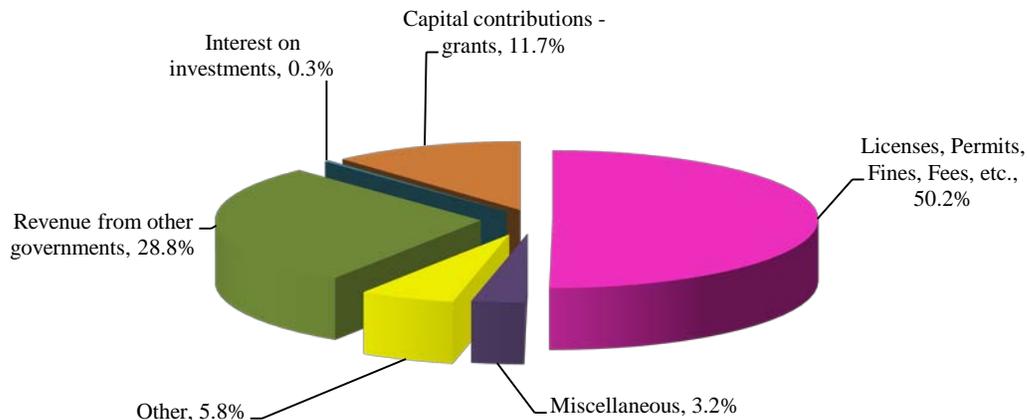
(Amounts in 000's)				
Expenditures	2014 Actual	2013 Actual	\$ Change	% Change
General Government Support	\$ 250,104	\$ 251,653	\$ (1,549)	-0.62%
Economic Assistance & Opportunity	655,589	642,689	12,900	2.01%
Public Safety	643,212	633,287	9,925	1.57%
Education	174,813	179,615	(4,802)	-2.67%
Employee Benefits	627,541	589,175	38,366	6.51%
Capital Outlay	180,689	186,692	(6,003)	-3.22%
Other	526,322	515,262	11,060	2.15%
	<u>\$ 3,058,270</u>	<u>\$ 2,998,373</u>	<u>\$ 59,897</u>	2.00%

- The increase (6.51%) in Employee Benefits is primarily attributable to a decline in pension amortization, thereby increasing the pension costs in 2014.
- The decline (3.22%) in Capital Outlay resulted from major improvements during 2013 to the Hauppauge Sewer District for the Hauppauge industrial park.
- Economic Assistance and Opportunity increased (2.01%) due to increased placements of people to emergency shelters and increased housing for the homeless in 2014.
- The decrease (2.67%) in Education is attributable to a reduction of mandated costs in the County's Children with Special Needs program resulting from a new payment system implemented by NYS Department of Health which changes the County's status from a primary cost reimbursement entity to a secondary, after Medicaid and third party insurance plans.

# 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 licenses and other fees, capital contributions, and revenue from other governments.

## Revenue Percent by Source



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

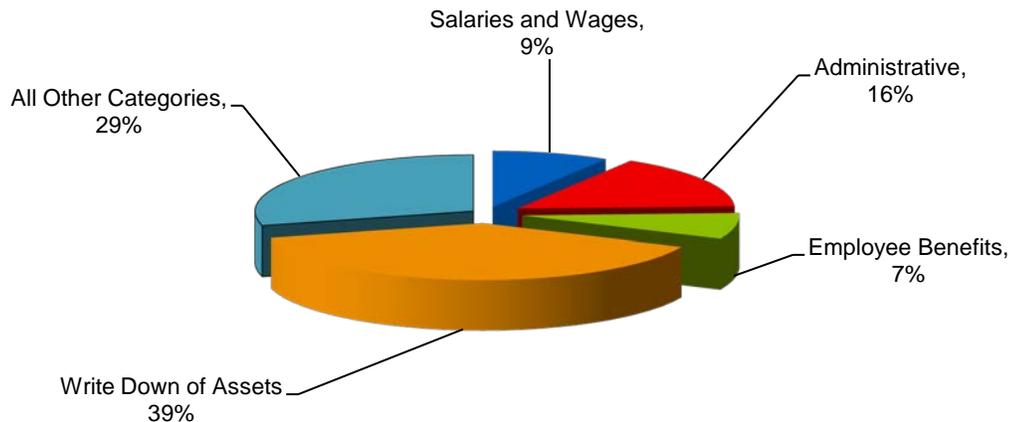
Revenues	(Amounts in 000's)			
	2014 Actual	2013 Actual	\$ Change	% Change
Net Patient Revenues	\$ -	\$ 8,682	\$ (8,682)	-100%
Licenses, Permits, Fines, Fees, Etc.	2,965	2,898	67	2.31%
Miscellaneous	188	112	76	67.86%
Revenue from other governments	1,699	8,220	(6,521)	-79.33%
Interest on investments	18	23	(5)	-21.74%
Capital contributions - grants	692	16,370	(15,678)	-95.77%
Other	345		345	100%
	<u>\$ 5,907</u>	<u>\$ 36,305</u>	<u>\$ (30,398)</u>	<u>-83.73%</u>

- The decreases in Net patient revenues (100%), Capital contributions (95.77%) and Revenue from other governments (79.33%) are attributable to the closure of the John J. Foley Skilled Nursing Facility (Foley) on June 30, 2013. Foley received a New York State Health Care Efficiency and Affordability Law (HEAL) grant in 2013 to defease debt on the closed facility. In addition, Foley received the last full year's Inter-Governmental Transfer (IGT) payment in 2013 and a partial year IGT Federal payment in 2014.
- Other revenue is the result of receivables that were written off with the closure of Foley in 2013 and recovered in 2014.

# 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.

**Percentage of Expenses by Type**



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

Expenses	(Amounts in 000's)			
	2014 Actual	2013 Actual	\$ Change	% Change
Salaries and Wages	\$ 497	\$ 5,450	\$ (4,953)	-90.88%
Administrative	895	5,475	(4,580)	-83.65%
Employee Benefits	427	3,552	(3,125)	-87.98%
Write Down of Assets	2,237	-	2,237	100%
All Other Categories	1,678	4,365	(2,687)	-61.56%
	<u>\$ 5,734</u>	<u>\$ 18,842</u>	<u>\$ (13,108)</u>	<u>-69.57%</u>

- The decreases in salaries and wages (90.88%), administrative expenses (83.65%), employee benefits (87.98%), and other categories (61.56%) are a result of the discontinuation of operations at the John J. Foley Skilled Nursing Facility (Foley) on June 30, 2013.
- The write down of assets is related to the Foley building that is being held for sale and the adjustment to its fair value.



# SUFFOLK'S SENSATIONAL SITES

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- ❖ Cedar Island Lighthouse, located in Cedar Point County Park, was built in 1860 and guided ships in and out of Sag Harbor.
  
- ❖ The Old Field Farm, built by philanthropist Ward Melville in 1931, is located on 13 scenic acres in Setauket. This equestrian complex, originally known as the North Shore Horse Show Grounds, was acquired by the County in 1986.
  
- ❖ The Big Duck, located 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.
  
- ❖ The St. James General Store, located within the boundaries of the Deepwells Farm Historic Park, is the oldest continuously operating general store in the United States and is listed on the National Register of Historic Places. The store is open year round and has a post office sub-station inside.
  
- ❖ The Fire Island Lighthouse, completed in 1858, was an important landmark for ships coming into New York Harbor at the turn of the last century. In 1984, the lighthouse was placed on the National Register of Historic Places and still remains on all charts as a private aid to navigation.
  
- ❖ The Scully Estate, located in Islip, was built in 1917 by architect Grosvenor Atterbury. In the early 1980's, the property was donated to the National Audubon Society and, in 2004, the County purchased the 70 acre property from Audubon. The estate building now houses the Suffolk County Environmental Center, which is operated by the Seatuck Environmental Association.
  
- ❖ Coindre Hall, built in 1912 for pharmaceutical giant George McKesson, is an 80,000 square foot mansion overlooking Huntington Harbor. In 1973, the County acquired the estate and it has become a popular site for weddings and other celebrations.
  
- ❖ The Blydenburgh Historic District is located on the north side of Blydenburgh County Park in Smithtown. It includes the 1798 New Mill, the 1802 Miller's House, the circa 1860 Farm Cottage, outbuildings and the circa 1820 Blydenburgh Farmhouse. In 1798, this milling center was established by the Smith and Blydenburgh families.

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