

POPULAR ANNUAL FINANCIAL REPORT



County of Suffolk, New York

For the year ended
December 31, 2015

Suffolk County, New York
Popular Annual Financial Report
For the Fiscal Year Ended December 31, 2015

TABLE OF CONTENTS

Additional Copies of PAFR and CAFR.....	1
Comptroller’s Message	3
2014 PAFR Award.....	4
Organizational Chart.....	5
List of Principal Officials.....	6
County Map	7
County Overview	8
Demographics	9-10
Major Initiatives.....	11
Investments	12
Taxes	13
Financial Position.....	14-15
Governmental Fund Revenues	16
Governmental Fund Expenditures	17
Enterprise Fund Revenues	18
Enterprise Fund Expenses.....	19
Suffolk’s Sensational Sites	21

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 30, 2016

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, 2015. 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 2015 Suffolk County Comprehensive Annual Financial Report (CAFR). The CAFR is comprised of 198 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, Deloitte & Touche 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-seven 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 32nd 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 2015 CAFR has been submitted to the GFOA for evaluation for the 33rd 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,

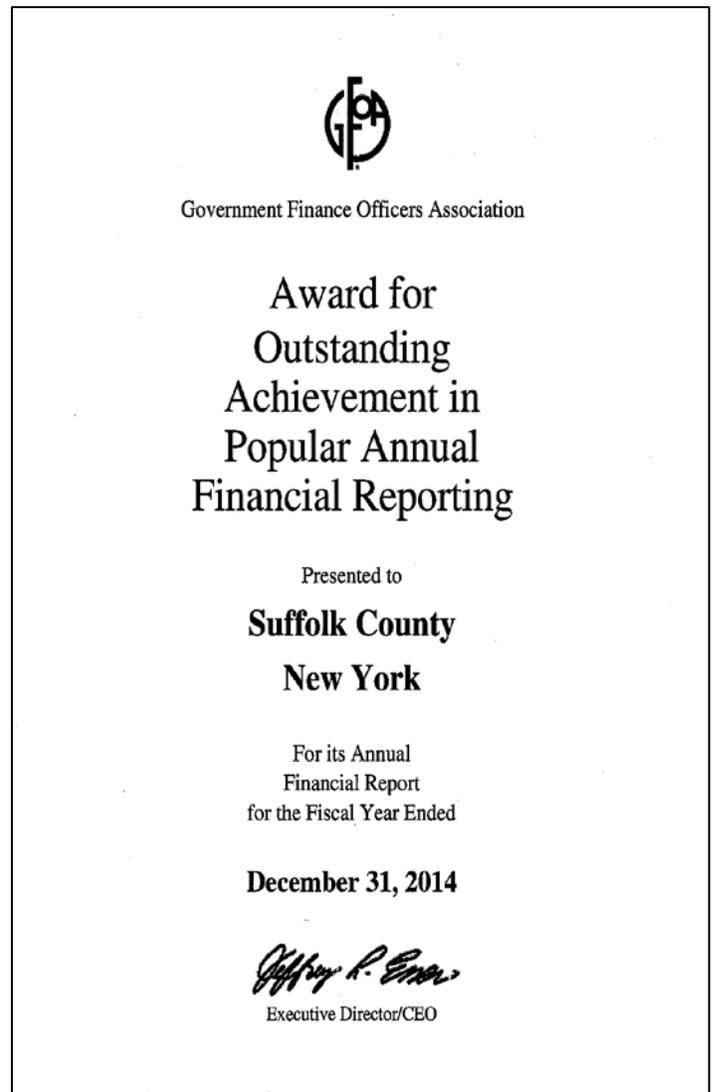
John M. Kennedy, Jr.
Suffolk County Comptroller

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, 2014. 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.

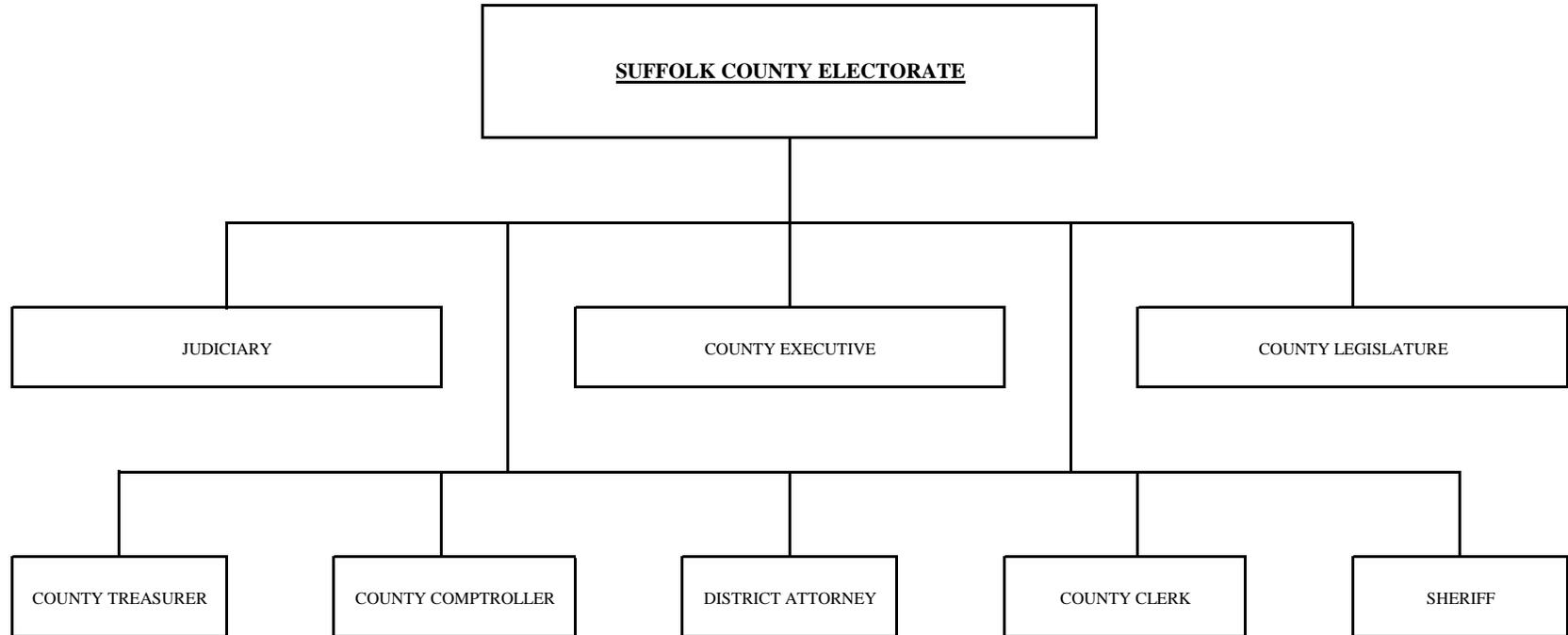
In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report (PAFR), whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

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 2015 PAFR to GFOA.



SUFFOLK COUNTY ORGANIZATIONAL CHART

At December 31, 2015



SUFFOLK COUNTY, NEW YORK

List of Principal Officials

At December 31, 2015

Suffolk County Legislature

District

1 st	Al Krupski
2 nd	Jay H. Schneiderman*
3 rd	Kate M. Browning
4 th	Tom Muratore
5 th	Kara Hahn
6 th	Sarah S. Anker
7 th	Robert Calarco
8 th	William J. Lindsay III
9 th	Monica R. Martinez
10 th	Tom Cilmi
11 th	Thomas F. Barraga
12 th	Leslie Kennedy
13 th	Robert Trotta
14 th	Kevin J. McCaffrey
15 th	DuWayne Gregory**
16 th	Steven H. Stern
17 th	Louis D'Amaro
18 th	William Spencer

County Executive	Steven Bellone
County Comptroller	John M. Kennedy, Jr.
County Treasurer	Barry S. Paul
County Clerk	Judith A. Pascale
District Attorney	Thomas J. Spota
Sheriff	Vincent F. DeMarco

Notes:

* Deputy Presiding Officer

** Presiding Officer

SUFFOLK COUNTY, NEW YORK

Coindre Hall

Blydenburgh Historic District

Smithtown Bay

Long Island Sound

Block Island Sound

Gardiners Bay

Napeague Bay

HUNTINGTON

SMITHTOWN

BROOKHAVEN

GREENHEAD

SOUTHOLD

SOUTHAMPTON

EAST HAMPTON

Great Peconic Bay

ATLANTIC OCEAN

Great South Bay

Cedar Island Lighthouse

The Big Duck

Fire Island Lighthouse

Nassau County

PLANNING

County of Suffolk

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, beginning in 2016, the Office of the County Treasurer was abolished, and the County Comptroller has assumed the functions of both offices.

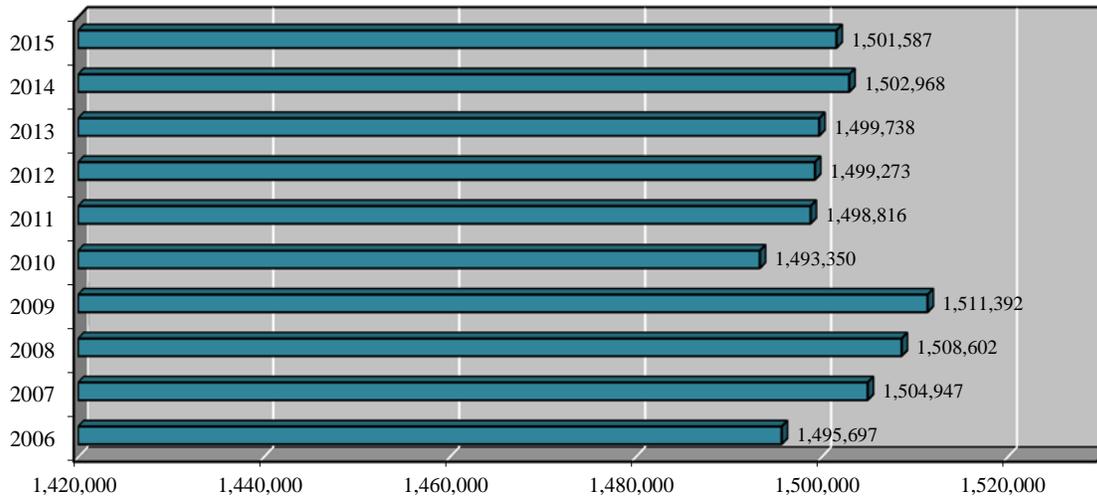
Suffolk County comprises the eastern two-thirds of Long Island and, with a 2015 population of 1,501,587 contains slightly more than one-half the population of Long Island. Suffolk County's western border is approximately 15 miles from the eastern border of the City of New York and the County is bordered 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.

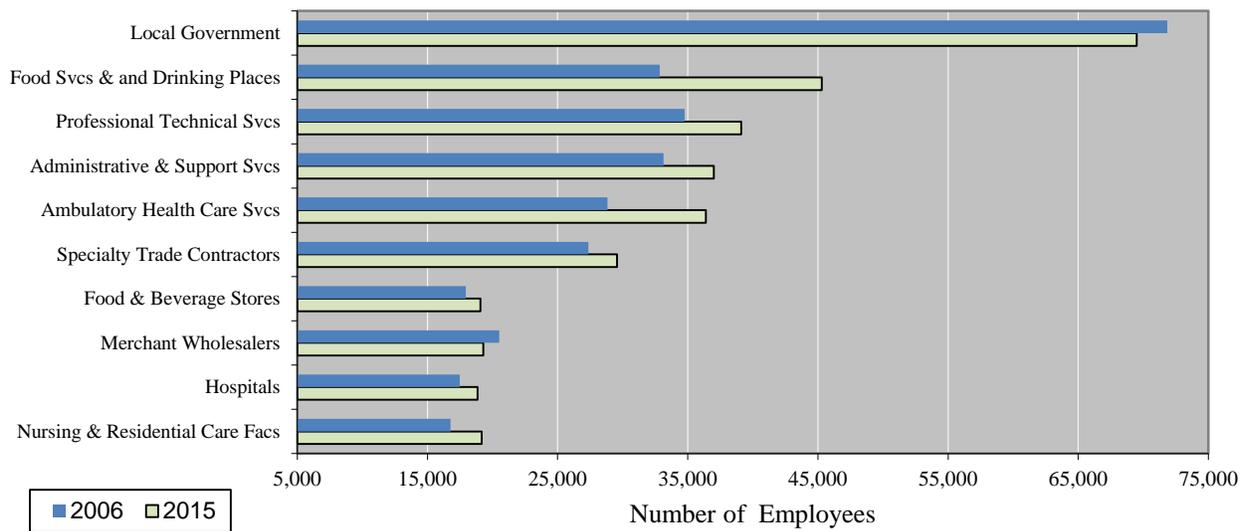


Demographics

Population

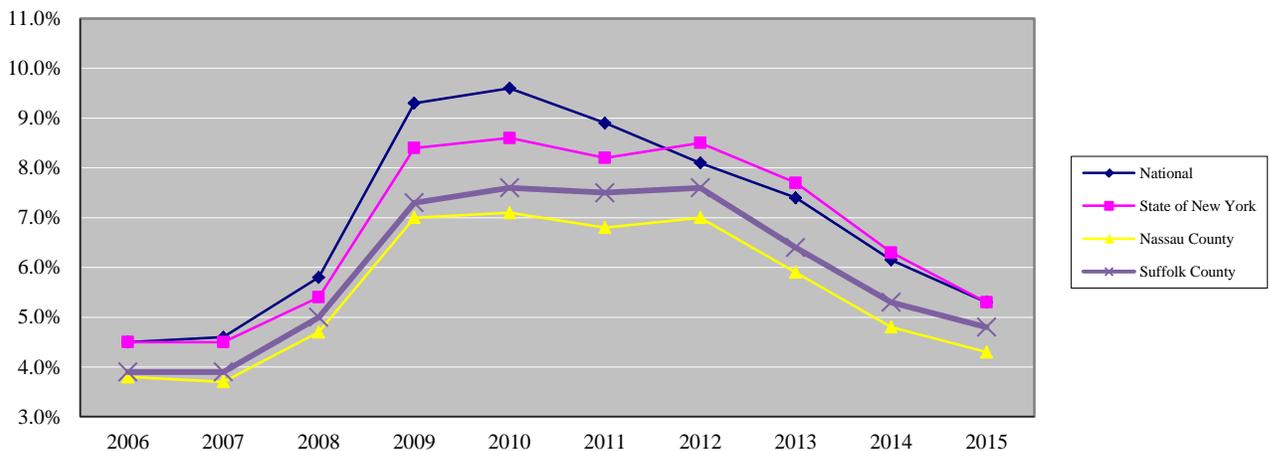


Principal Employment Sectors* 2015 & 2006



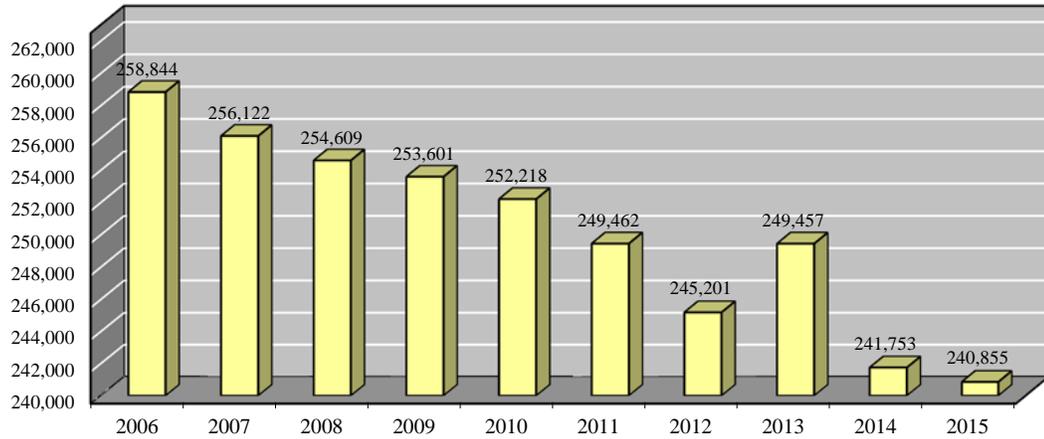
*The 1st three quarters were compared because 4th quarter data for 2015 was unavailable.

Unemployment Rate - National, State, and County

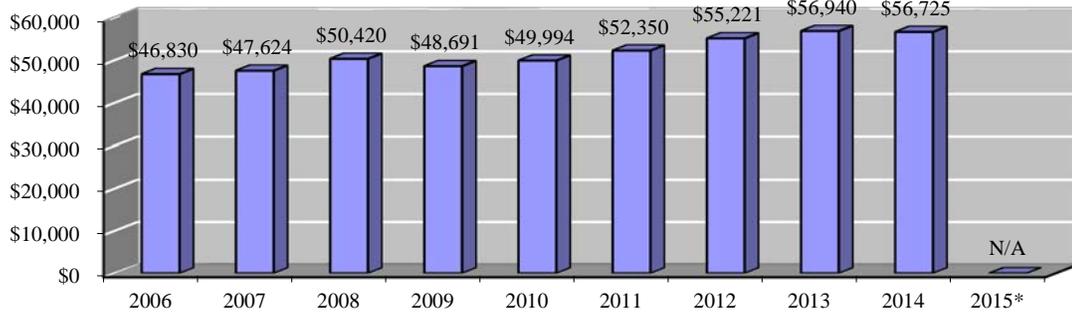


Demographics

Public School Enrollment



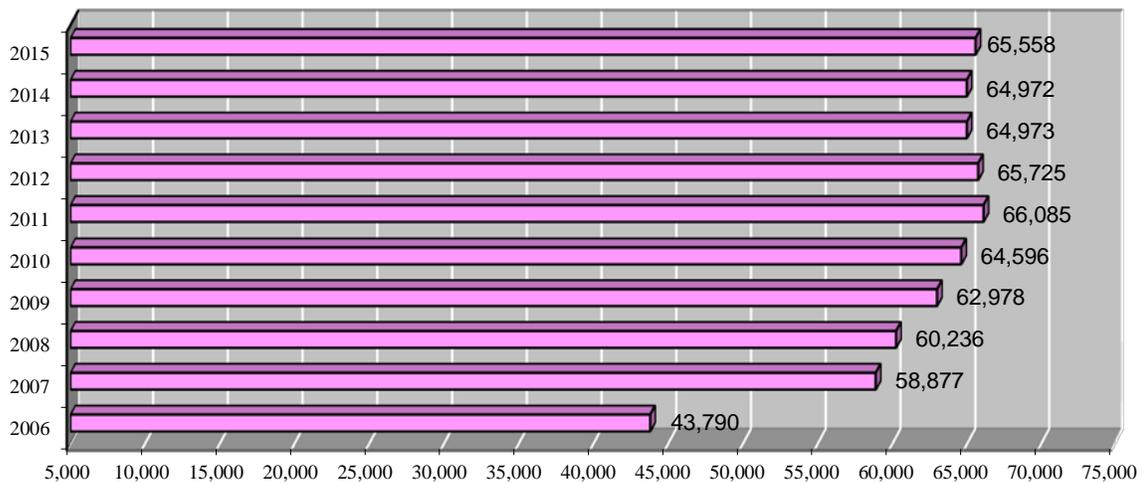
Income Per Capita



*Information not available for 2015

Assessed Property Values

(in millions of dollars)



Major Initiatives

Phases I, II, IIB, and III renovations at the Suffolk County Court Complex in Riverhead were completed through 2015 for a total cost of \$51,586,179. At the fiscal year end, remaining construction in progress costs for Phase III exterior renovations of two court buildings totaled \$1,634,247. Suffolk County expects energy savings and extended building lives as result of these renovations.



Land and farmland development rights were acquired during 2015 pursuant to various land preservation and protection programs at a total cost of \$13.1 million. These land acquisition programs support the preservation of Suffolk County’s open spaces, parks, rich farmland, and water quality.

The Suffolk County Landbank Corporation is a nonprofit entity authorized under New York State’s Land Bank Act of 2011. The Corporation’s mission is to assist in returning distressed/underutilized properties to productive uses. In 2015, the Corporation performed site assessments and remedial investigations on six tax delinquent properties and acquired five vacant, bank foreclosed homes for rehabilitation/resale.



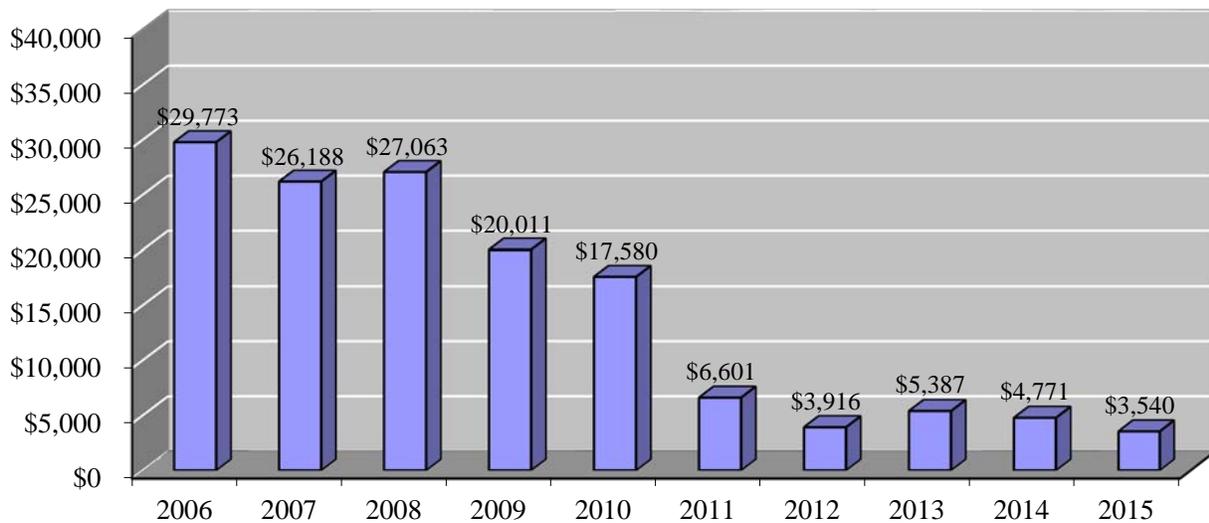
Suffolk County is responsible for 24 sewer districts and over 1250 miles of sewer piping. Plant capacities range in size from 35,000 gallons/day to 30.5 million gallons/day. Sewer system projects began, continued, and finished in 2015. At year end, sewer system construction costs reached \$149.5 million with \$11.3 million completed improvements in 2015.

Investments

At December 31, 2015, Suffolk County's bank balance in all financial institutions was \$870,013,918. 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 governed by New York State statute. The County 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.

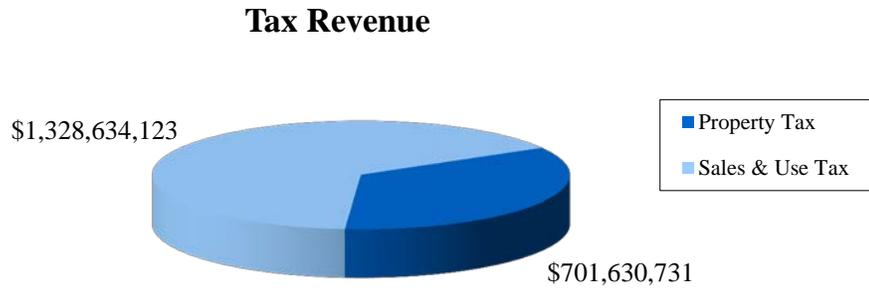
Investment Earnings (Amounts in 000's)



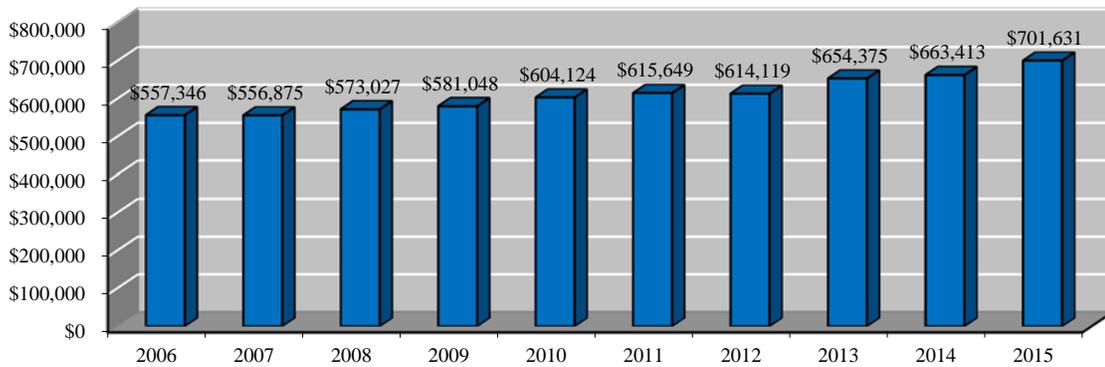
Investment earnings represent the amount of interest income earned by the County. The factors affecting interest income are interest rates and portfolio size, which fluctuate over time.

Taxes

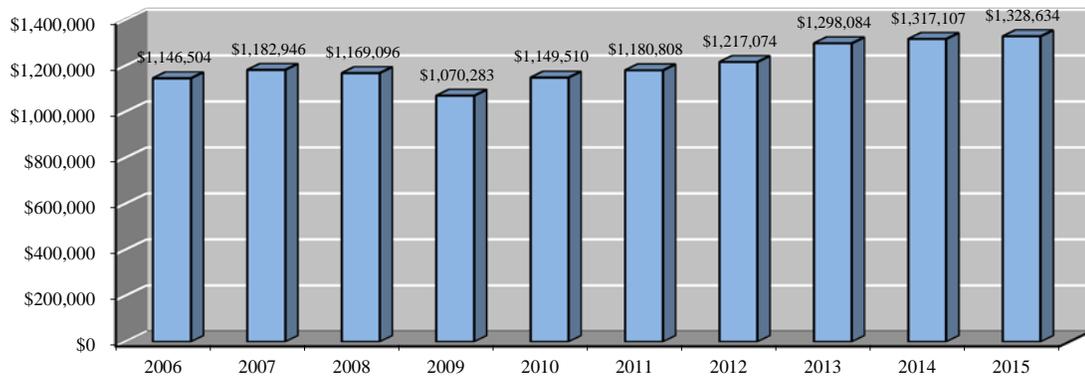
During 2015, Suffolk County received \$2.03 billion in tax revenue. The following chart shows the proportion derived from each type of tax.



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

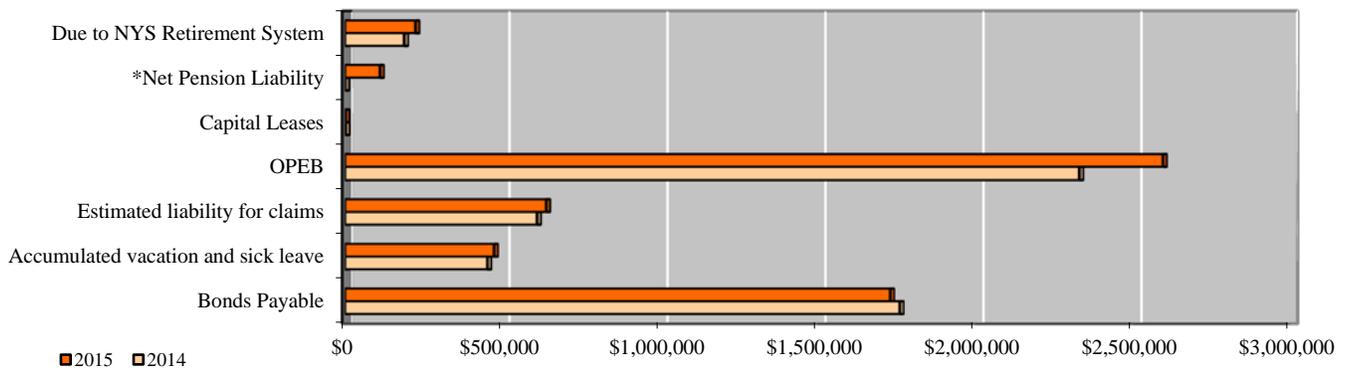
The outstanding debt and other long-term obligations for governmental and business-type activities for the year ended December 31, 2015 are shown below:

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

	2015 Beginning Balance	Additions	Reductions	2015 Ending Balance
General Obligation debt (inclusive of advanced refunding)	\$ 1,384,069	\$ 275,007	\$ 302,864	\$ 1,356,212
STASC	303,023	1,799	1,523	303,299
Lease revenue bonds	67,824	-	2,331	65,493
Total Bonds Payable	1,754,916	276,806	306,718	1,725,004
Accumulated vacation and sick leave	450,157	44,459	23,347	471,269
Estimated liability for claims	607,227	68,094	39,082	636,239
OPEB (Other Post Employment Benefits)	2,323,380	389,152	124,532	2,588,000
Capital Leases	1,514	-	468	1,046
Net Pension Liability	-	110,130	-	110,130
Due to NYS Retirement System	186,945	59,795	24,306	222,434
Total Long-Term Liabilities	\$ 5,324,139	\$ 948,436	\$ 518,453	\$ 5,754,122

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 negative 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.

2014 & 2015 Long-Term Obligations
(Amounts in 000's)



*First reported in 2015 as required by GASB 68

Financial Position

Capital Assets

The composition of the capital assets for governmental and business-type activities at December 31, 2015 is shown below:

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

	2015	2014
Land	\$ 897,926	\$ 887,830
Development Rights	251,062	248,031
Historic Buildings	4,608	4,608
Construction in Progress	274,528	253,497
Buildings	649,585	656,481
Improvements other than Buildings	54,579	54,303
Vehicles and Equipment	124,355	121,168
Infrastructure	779,294	752,281
Total	\$ 3,035,937	\$ 2,978,199

The net increase in Suffolk County's investment in capital assets for the current fiscal year was \$57.7 million, which represents a 1.94 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.

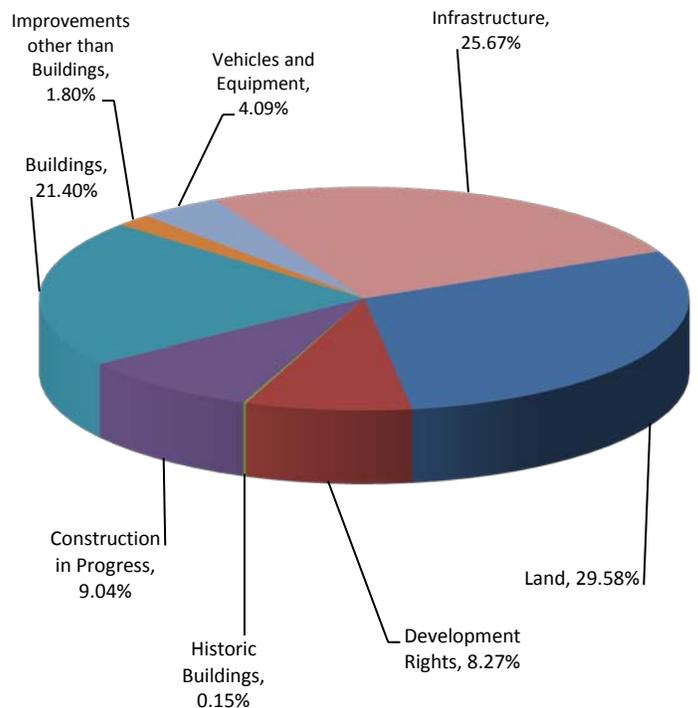
Vehicles and Equipment

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.

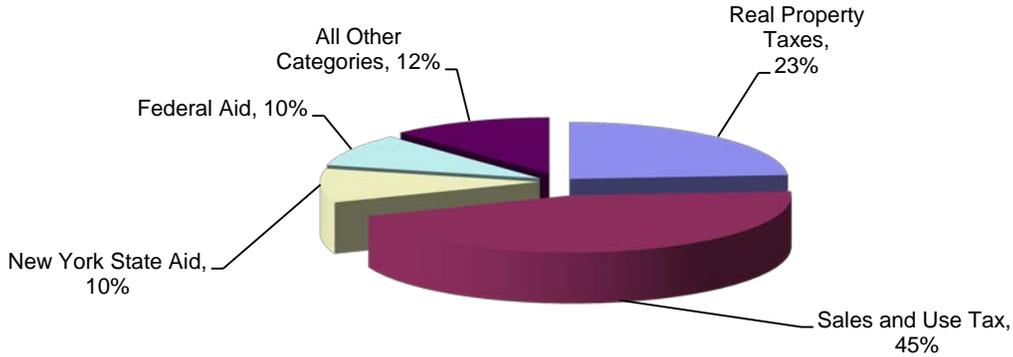
2015 Capital Assets



Governmental Fund Revenues

The revenues presented are the total governmental funds reported in the 2015 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.

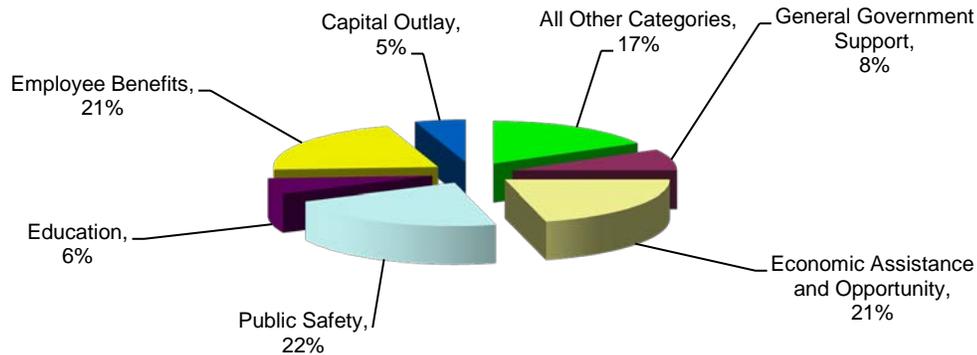
(Amounts in 000's)				
Revenues	2015 Actual	2014 Actual	\$ Change	% Change
Real Property Taxes	\$ 701,631	\$ 663,413	\$ 38,218	5.76%
Sales and Use Tax	1,328,634	1,317,107	11,527	0.88%
State Aid	283,936	305,797	(21,861)	-7.15%
Federal Aid	273,858	283,859	(10,001)	-3.52%
All Other Categories	350,294	363,468	(13,174)	-3.62%
	<u>\$ 2,938,353</u>	<u>\$ 2,933,644</u>	<u>\$ 4,709</u>	0.16%

- Real Property Tax increased (5.76%) resulting from delinquent tax collections.
- State Aid decreased (7.15%) as a result of aid received for several capital improvement projects to the County's Community College which were completed to accommodate increased enrollment during 2014.
- The decrease (3.62%) in other revenue from the prior year is partly attributable to the completion of College building improvements which received capital funding during 2014 from several sources. The decline in tobacco settlement proceeds, which is based on cigarette sales, also contributed to the decrease in other revenues.
- Federal Aid decreased (3.52%) mainly due to Federal Emergency Management Agency (FEMA) funding that was received in 2014, to complete storm mitigation projects.

Governmental Fund Expenditures

The expenditures presented are the total governmental funds reported in the 2015 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.

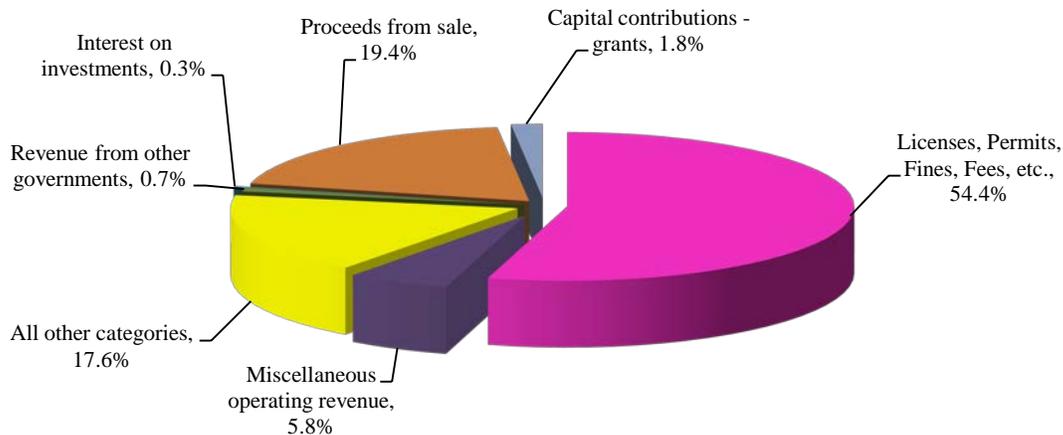
Expenditures	(Amounts in 000's)			
	2015 Actual	2014 Actual	\$ Change	% Change
General Government Support	\$ 256,247	\$ 250,104	\$ 6,143	2.46%
Economic Assistance & Opportunity	651,109	655,589	(4,480)	-0.68%
Public Safety	682,073	643,212	38,861	6.04%
Education	176,244	174,813	1,431	0.82%
Employee Benefits	644,136	627,541	16,595	2.64%
Capital Outlay	168,995	180,689	(11,694)	-6.47%
All Other Categories	527,819	526,322	1,497	0.28%
	<u>\$ 3,106,623</u>	<u>\$ 3,058,270</u>	<u>\$ 48,353</u>	1.58%

- Public Safety increased (6.04%) due in large part to increases in Police department payroll, resulting from new recruits graduating in Dec. 2014 & Sept. 2015, as well as separation payments for an increased number of retirees.
- The increase (2.64%) in Employee Benefits is the result of the County reducing the pension amortization taken in 2015, which increased the current year expense to the County. However, the reduction of amortization by the County in recent years will result in decreased long-term debt and interest related to pension.
- The decline (6.47%) in Capital Outlay resulted from the completion of a 2014 public safety communications project.
- The increase (2.46%) in General Government Support is primarily attributable to settlements paid from the County's self-insurance fund, in addition to costs associated with the transitional reinsurance program, through the Affordable Care Act.

Enterprise Fund Revenues

The enterprise funds consist of the Suffolk County Ball Park, Francis S. Gabreski Airport (Airport), and the John J. Foley Skilled Nursing Facility (Foley). The primary revenue sources for the enterprise funds are Licenses and other fees, Miscellaneous operating revenues, and Capital contributions.

Revenue Percent by Source



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

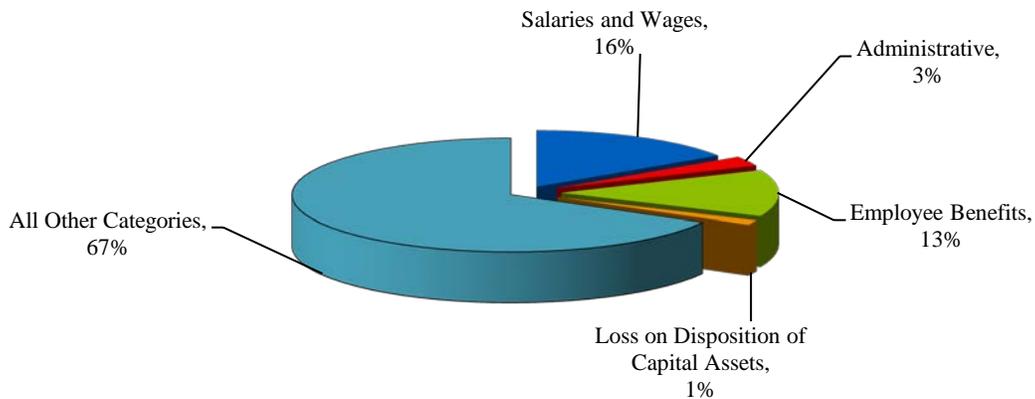
Revenues	(Amounts in 000's)			
	2015 Actual	2014 Actual	\$ Change	% Change
Licenses, Permits, Fines, Fees, etc.	\$ 2,804	\$ 2,965	\$ (161)	-5.43%
Miscellaneous operating revenue	299	188	111	59.04%
Revenue from other governments	36	1,699	(1,663)	-97.88%
Interest on investments	14	18	(4)	-22.22%
Capital contributions - grants	91	692	(601)	-86.85%
Proceeds from sale	1,000	-	1,000	100%
All other categories	912	345	567	164.35%
	<u>\$ 5,156</u>	<u>\$ 5,907</u>	<u>\$ (751)</u>	-12.71%

- The increase (100%) in Proceeds from sale and decrease (97.88%) in revenue from other governments are attributable to the closure of the Foley fund during 2015.
- The decline (86.85%) in Capital contributions relates to reduced Federal and State funding for improvements at the Airport.
- The increase (164.35%) in other revenue is the result of receivables that were written off by Foley in 2013 and recovered in 2015.

Enterprise Fund Expenses

Suffolk County uses enterprise funds to account for the Suffolk County Ball Park, Francis S. Gabreski Airport (Airport), and the John J. Foley Skilled Nursing Facility (Foley). The primary expenses for the enterprise funds are Salaries and Wages, and All Other Categories, which includes depreciation and debt service interest.

Percentage of Expenses by Type



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

Expenses	(Amounts in 000's)			
	2015 Actual	2014 Actual	\$ Change	% Change
Salaries and Wages	\$ 392	\$ 497	\$ (105)	-21.13%
Administrative	70	895	(825)	-92.18%
Employee Benefits	333	427	(94)	-22.01%
Write Down of Assets	-	2,237	(2,237)	-100%
Loss on Disposition of Capital Assets	34	-	34	100%
All Other Categories	1,679	1,678	1	0.06%
	<u>\$ 2,508</u>	<u>\$ 5,734</u>	<u>\$ (3,226)</u>	<u>-56.26%</u>

- The decrease in the write down of assets (100%) resulted from the 2014 adjustment of Foley to its fair value. The building was transferred to the governmental activities in 2015.
- Loss on disposition of capital assets increased (100%) as a result of assets disposed of as part of the ongoing renovation projects at the Airport.
- The decline in administrative expenses (92.18%) is the result of reduced operating expenditures at the Airport.

SUFFOLK'S SENSATIONAL SITES

- ❖ 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 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 147 seat, state of the art planetarium features several different shows on weekdays and weekends, excluding 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 wine producers, with most offering tours and tastings.

For an extensive list of the sites within Suffolk County visit www.suffolkcountyny.gov.