

# **POPULAR ANNUAL FINANCIAL REPORT**



## **County of Suffolk, New York**

For the year ended  
December 31, 2019



Suffolk County, New York  
Popular Annual Financial Report  
For the Fiscal Year Ended December 31, 2019

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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.**  

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**Suffolk County Comptroller**



August 28, 2020

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, 2019. 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 2019 Suffolk County Comprehensive Annual Financial Report (CAFR). The CAFR is comprised of 210 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, fifty-two 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 two 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 36<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 2019 CAFR has been submitted to the GFOA for evaluation for the 37<sup>th</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 (GFOA) of the United States and Canada 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, 2018. 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 2019 PAFR to GFOA.



Government Finance Officers Association

## Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

**Suffolk County  
New York**

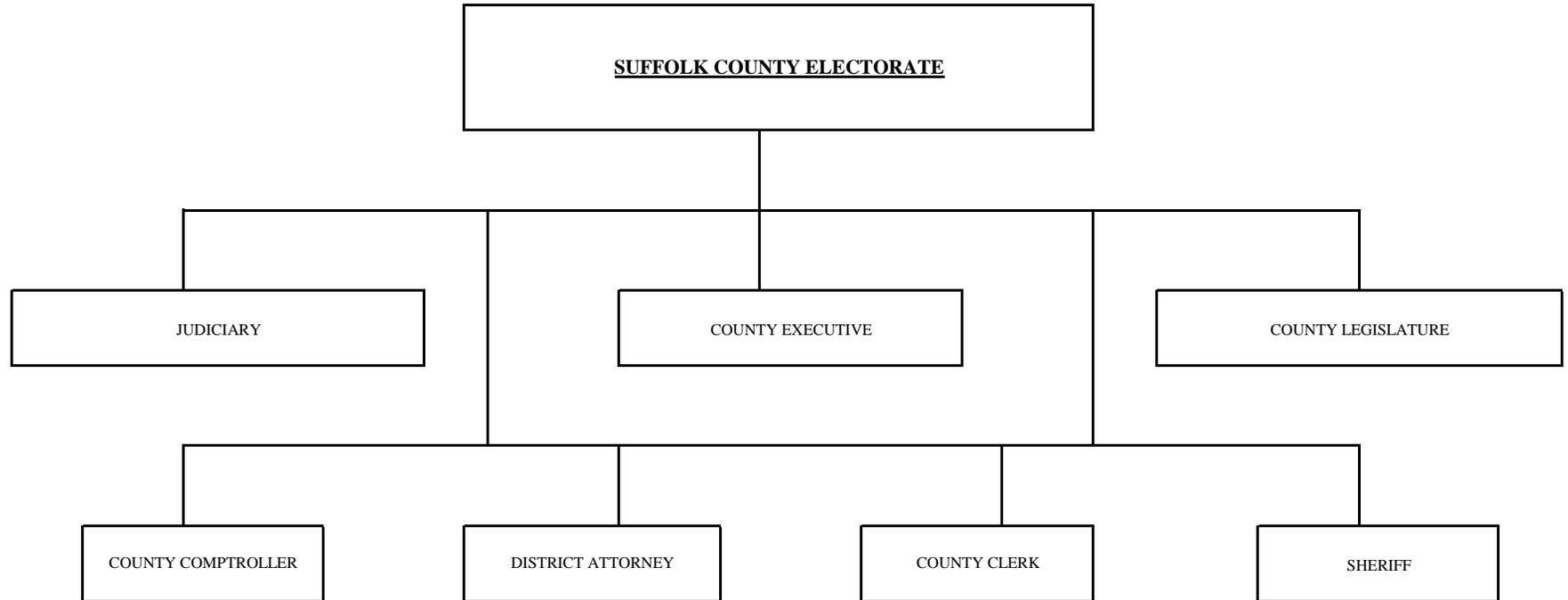
For its Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2018**

*Christopher P. Morill*

Executive Director/CEO

**SUFFOLK COUNTY ORGANIZATIONAL CHART**



# SUFFOLK COUNTY, NEW YORK

## List of Principal Officials

At December 31, 2019

### Suffolk County Legislature

#### District

1 <sup>st</sup>	Al Krupski
2 <sup>nd</sup>	Bridget Fleming
3 <sup>rd</sup>	Rudy A. Sunderman
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>	Samuel Gonzalez
10 <sup>th</sup>	Tom Cilmi
11 <sup>th</sup>	Steven J. Flotteron
12 <sup>th</sup>	Leslie Kennedy
13 <sup>th</sup>	Robert Trotta
14 <sup>th</sup>	Kevin J. McCaffrey
15 <sup>th</sup>	DuWayne Gregory**
16 <sup>th</sup>	Susan A. Berland
17 <sup>th</sup>	Tom Donnelly
18 <sup>th</sup>	William Spencer

County Executive	Steven Bellone
County Comptroller	John M. Kennedy, Jr.
County Clerk	Judith A. Pascale
District Attorney	Timothy D. Sini
Sheriff	Errol D. Toulon, Jr.

#### *Notes:*

\* Deputy Presiding Officer

\*\* Presiding Officer

# SUFFOLK COUNTY, NEW YORK

COINDRE HALL



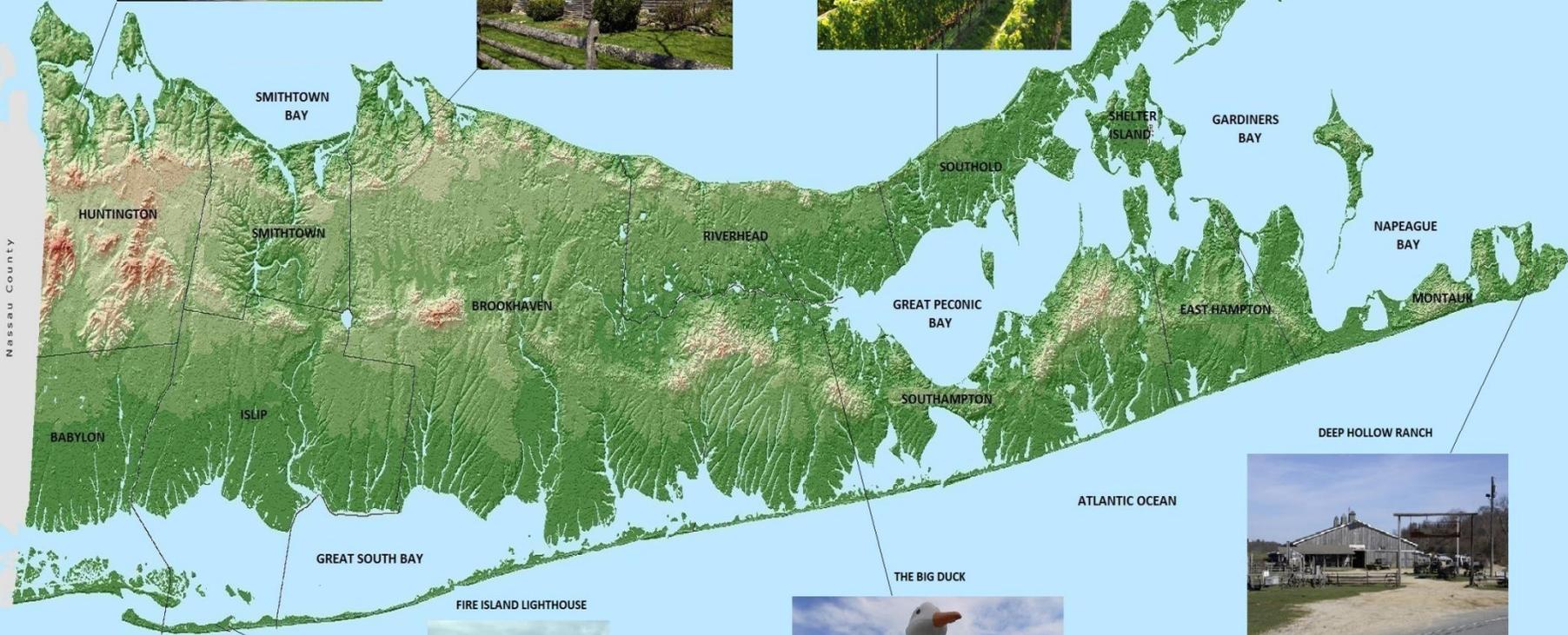
THOMPSON HOUSE



LONG ISLAND VINEYARDS



BLOCK ISLAND SOUND



DEEP HOLLOW RANCH



ATLANTIC OCEAN

THE BIG DUCK



FIRE 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 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 Legislature, elected to two-year terms, is the principal policy-making body of the County. 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.

Suffolk County comprises the eastern two-thirds of Long Island and, with a 2019 population of 1,476,601, 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 two enterprise activities, an airport, and a ballpark.

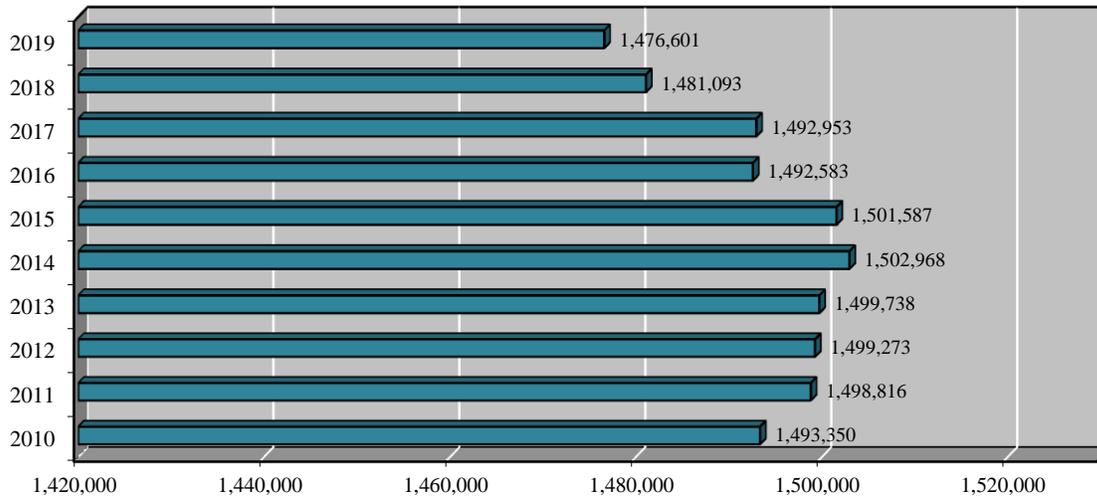
## **Assessment of the Impact of COVID-19 Pandemic**

On March 12, 2020, the World Health Organization declared the current novel coronavirus ("COVID-19") outbreak to be a pandemic in the face of the global spread of the virus. The COVID-19 pandemic has dramatically altered the behavior of businesses and people in a manner that is having negative effects on global and local economies.

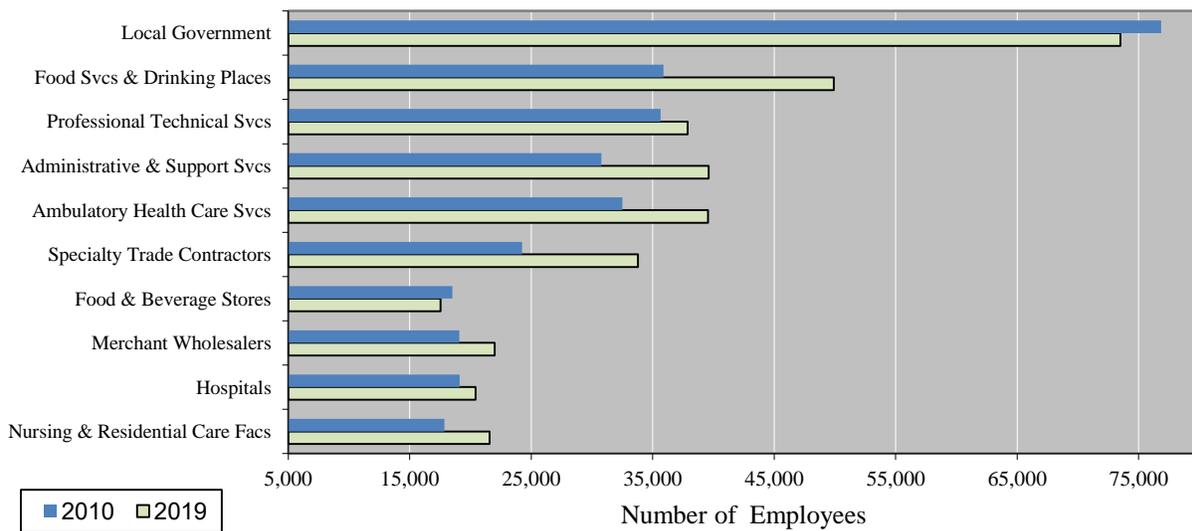
- Starting the week of March 9, 2020, Suffolk County experienced a steep fall in sales tax, the County's revenue source, was estimated at a decline of 11.6 percent year over year at mid-August 2020.
- On March 27, 2020, section 601(a) of the Social Security Act, as added by section 5001 of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was signed into law. Through Federal agency formula funding, approximately \$257.8 million and a separate \$26.6 million by the Federal Transportation Administration was received to offset costs to respond to the COVID-19 crisis.
- The passage of the Families First Coronavirus Response Act reduced the required Medicaid contribution which is estimated to be worth \$22.8 million for Suffolk County.
- Suffolk County is also eligible for FEMA Public Assistance reimbursement to cover additional expenses that relate to COVID-19 for emergency protective measures.
- On June 22, 2020, the County Executive issued a Notice of Deficiency resulting in reduced spending for supplies, equipment, contracts and the backfilling of vacant positions. If necessary, the County has many additional expenditure reducing and revenue generating solutions that may be considered.
- The County has also made an additional request to Congress urging Congressional action to provide additional Federal grant assistance to offset the operating budget impact of the COVID-19 crisis.

# Demographics

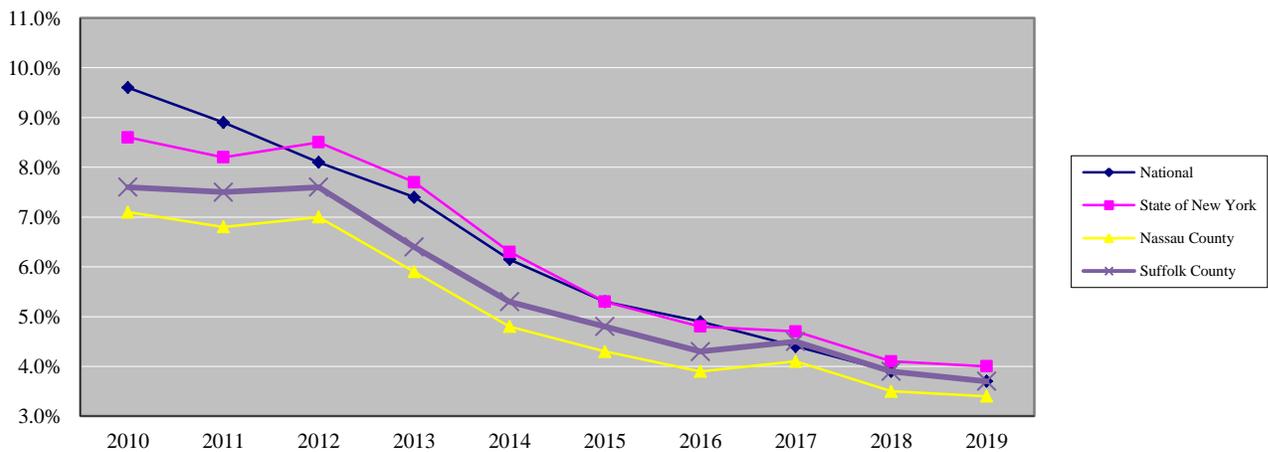
## Population



## Principal Employment Sectors 2019 & 2010

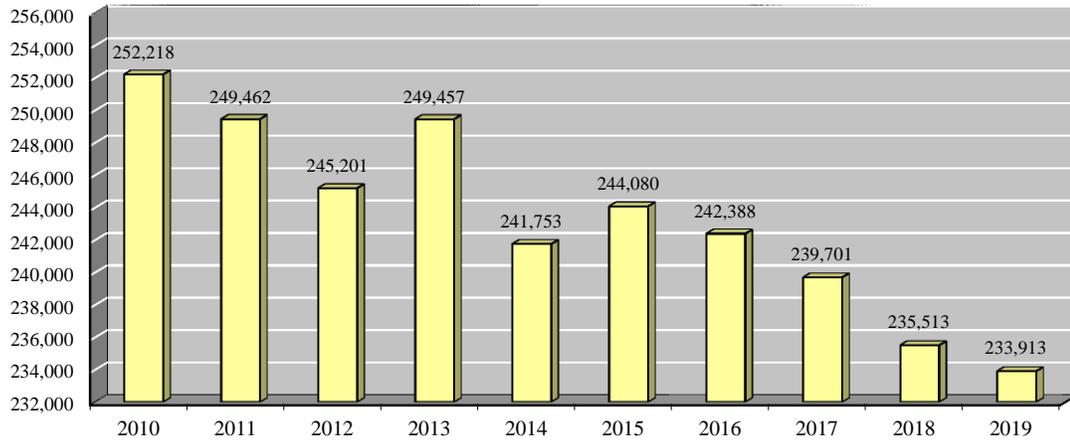


## Unemployment Rate - National, State, and County

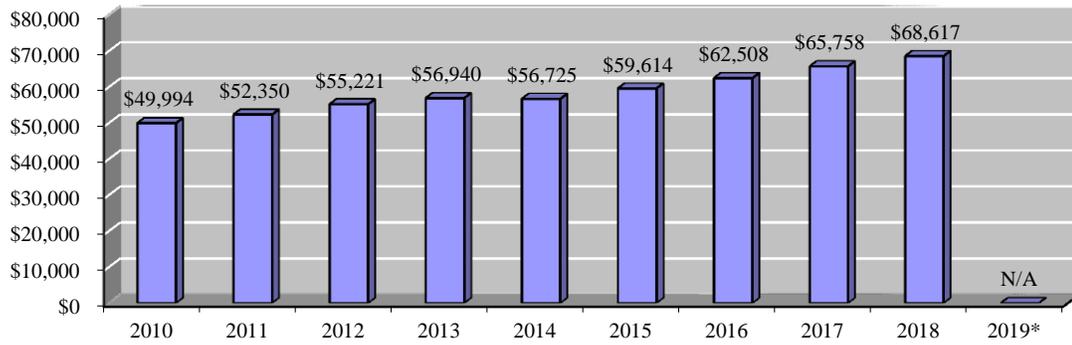


# Demographics

## Public School Enrollment



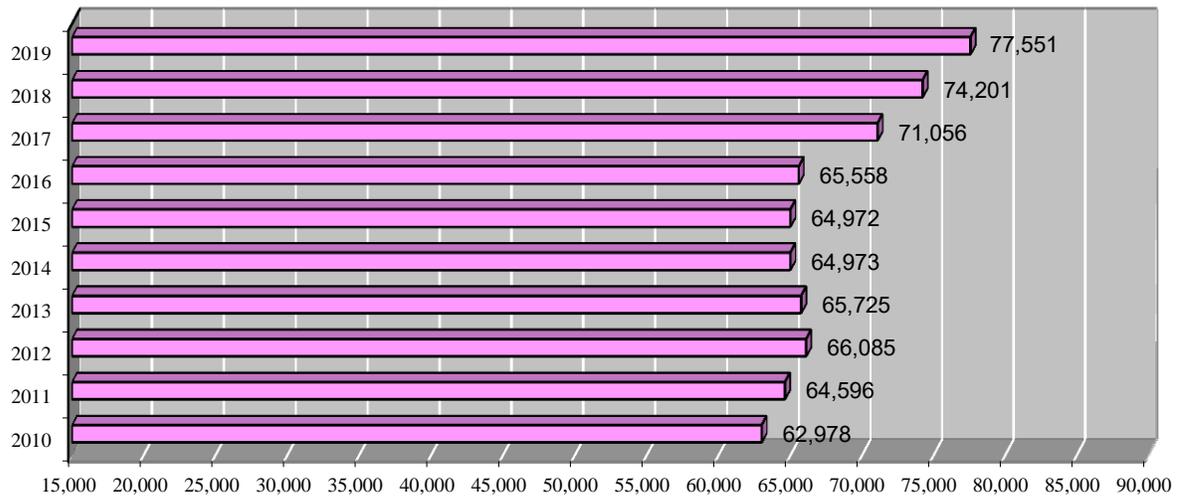
## Income Per Capita



\*Information not available for 2019

## Assessed Property Values

(in millions of dollars)



# Major Initiatives

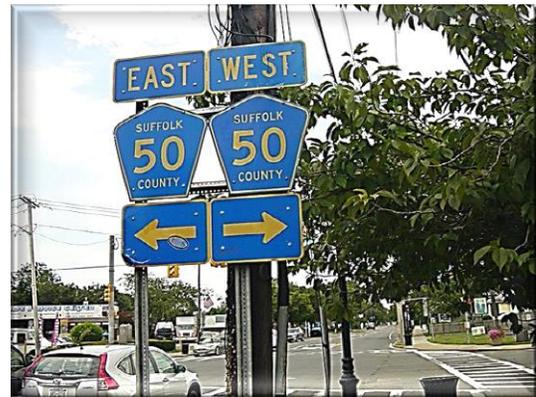
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Land totaling \$12.1 million was acquired during 2019 pursuant to land preservation and protection programs. In addition, \$5.7 million in land purchases, condemnations, and easements were acquired during 2019 pursuant to the Fire Island Inlet-Moriches Inlet Stabilization Project, which has strengthened and protected the barrier island. The project is nearing completion with costs reaching \$69.8 million at the end of 2019. Construction of protective dunes and beach berms are now in progress.



Suffolk County Sanitation operates and maintains over 1,250 miles of sewer piping lines. Sewerage treatment plant systems range in size from processing 35,000 gallons/day, up to 30.5 million gallons/day. Sewer sanitation projects began and/or continued in 2019. At fiscal year end, sewer construction costs reached \$360.9 million, with \$98.7 million spent in 2019.

Suffolk County maintains over 420 miles of County roads. Paving and repair of roads to improve both surface and structural conditions increases overall road life and safety. Road projects began, continued, and finished in 2019. At fiscal year end, road construction costs reached \$111.8 million, with \$26.4 million spent in 2019 and \$55.8 million in completed roadway improvements.



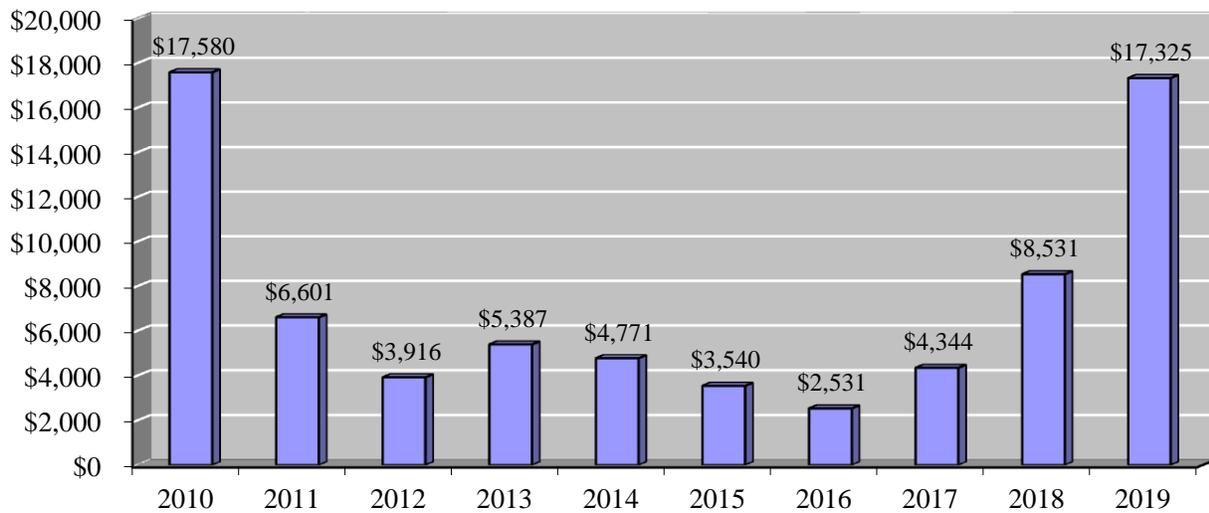
# Investments

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At December 31, 2019, Suffolk County's bank balance in all financial institutions was \$791,515,562. 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: certificates 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.

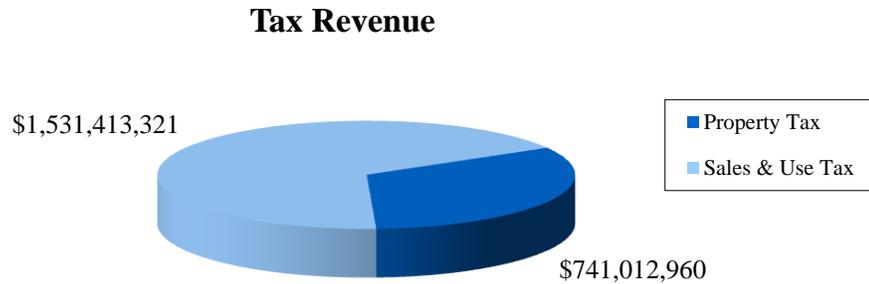
**Investment Earnings (Amounts in 000's)**



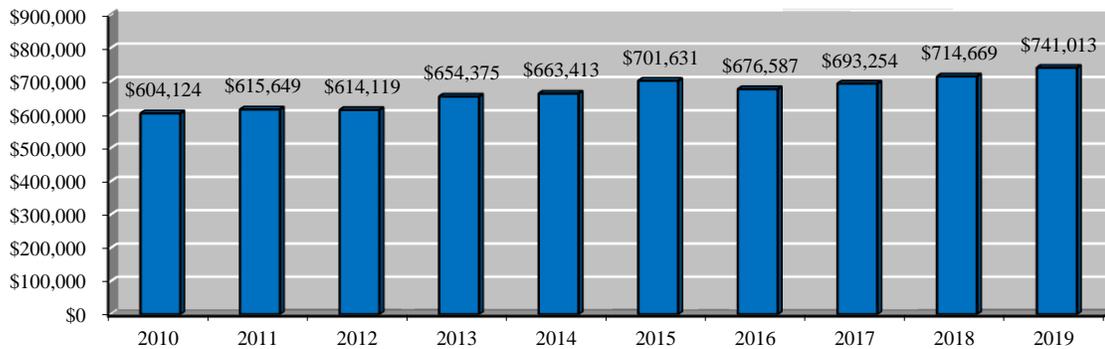
Investment earnings represent the amount of interest income earned by the County. The factors affecting interest income are interest rates and portfolio size, which fluctuate over time.

# Taxes

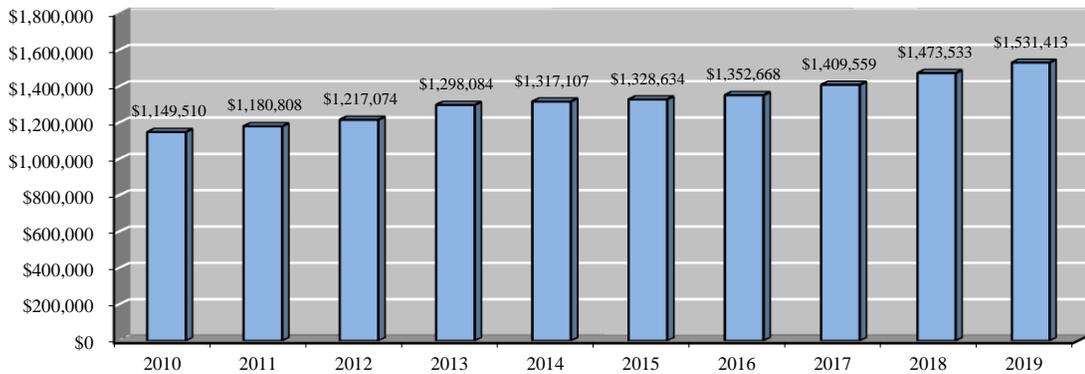
During 2019, Suffolk County received \$2.27 billion in tax revenue. The following chart shows the proportion derived from each type of tax.



**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 two enterprise funds, in which user fees and charges constitute the majority of these funds’ revenues.

## Outstanding Debt and Other Long-Term Obligations

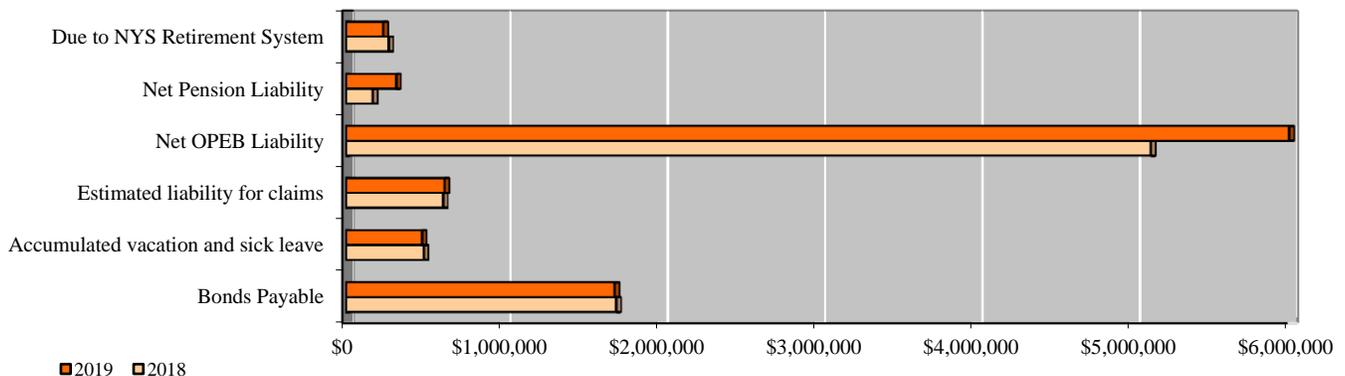
The outstanding debt and other long-term obligations for governmental and business-type activities for the year ended December 31, 2019 are shown below:

Suffolk County Outstanding Debt & Other Long-Term Obligations

	2019 Beginning Balance	Additions	Reductions	2019 Ending Balance
General Obligation debt (inclusive of advanced refunding)	\$ 1,363,908,791	\$ 123,493,289	\$ 132,151,511	\$ 1,355,250,569
Suffolk Tobacco Asset Securitization Corporation	298,457,516	2,461,492	1,332,202	299,586,806
Lease revenue bonds	57,806,198	-	2,820,806	54,985,392
<b>Total Bonds Payable</b>	<b>1,720,172,505</b>	<b>125,954,781</b>	<b>136,304,519</b>	<b>1,709,822,767</b>
Accumulated vacation and sick leave	496,329,781	23,494,912	34,941,922	484,882,771
Estimated liability for claims	619,658,820	44,838,379	35,431,245	629,065,954
Net OPEB (Other Post-Employment Benefits) Liability	5,116,960,000	1,060,850,000	181,700,000	5,996,110,000
Net Pension Liability	172,802,233	545,429,005	396,767,155	321,464,083
Due to NYS Retirement System	272,685,469	-	33,135,603	239,549,866
<b>Total Long-Term Liabilities</b>	<b>\$ 8,398,608,808</b>	<b>\$ 1,800,567,077</b>	<b>\$ 818,280,444</b>	<b>\$ 9,380,895,441</b>

A bond credit rating assesses the credit worthiness of a municipality’s debt issues. Suffolk County maintains a “BBB+” with a negative outlook rating from Standard & Poor’s, a “BBB+” with a negative outlook rating from Fitch, and a “Baa1” with a stable outlook rating from Moody’s for general obligation debt. Two ratings represent an investment grade category, indicating relatively low to moderate credit risk, and one rating represents a 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.

2018 & 2019 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, 2019 is shown below:

(December 31; net of depreciation, amounts in 000's)

	2019	2018
Land	\$ 974,617	\$ 962,141
Development Rights	279,759	274,337
Historic Buildings	4,608	4,608
Construction in Progress	502,762	449,097
Buildings	615,632	629,093
Improvements other than Buildings	64,844	54,360
Vehicles and Equipment	147,438	131,169
Infrastructure	832,211	789,827
<b>Total</b>	<b>\$ 3,421,871</b>	<b>\$ 3,294,632</b>

The net increase in Suffolk County's investment in capital assets for the current fiscal year was \$127.2 million, which represents a 3.86 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.

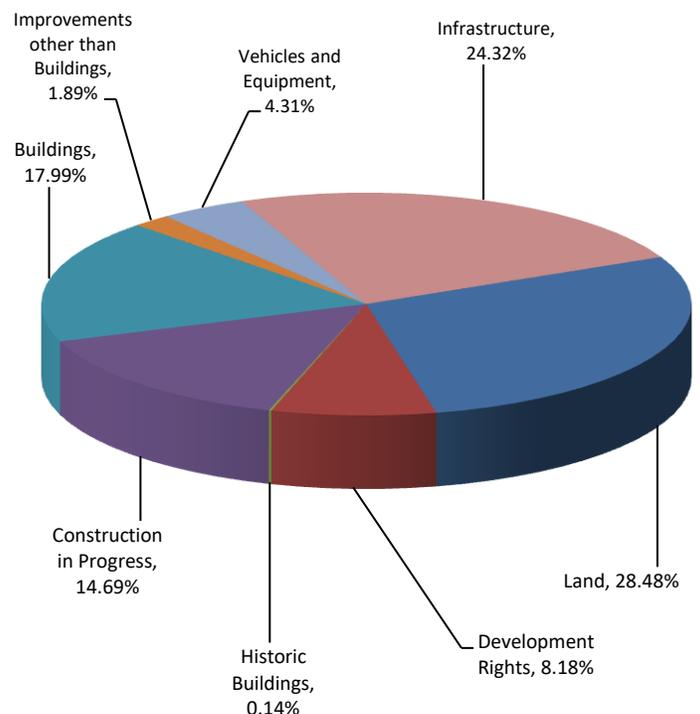
### Vehicles and Equipment

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.

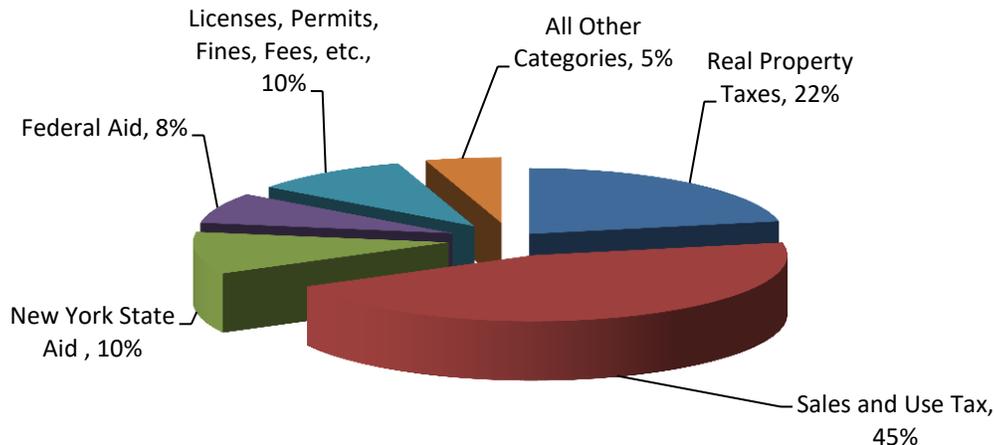
## 2019 Capital Assets



# Governmental Fund Revenues

The revenues presented are the total governmental funds reported in the 2019 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.

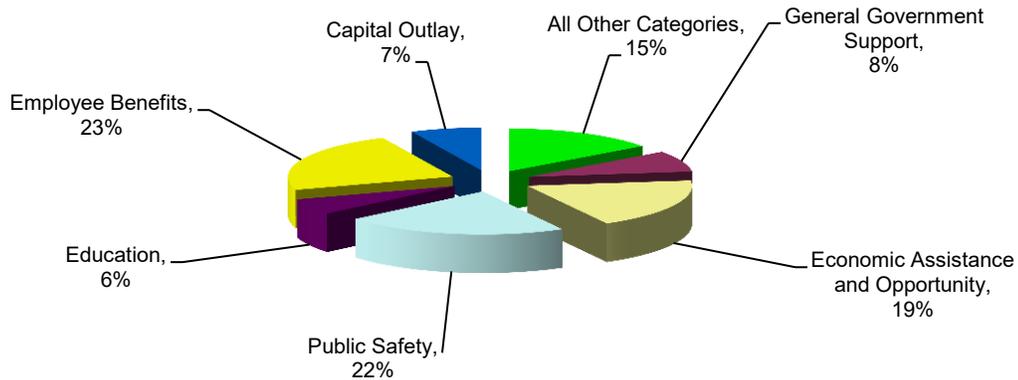
Revenues	(Amounts in 000's)			
	2019 Actual	2018 Actual	\$ Change	% Change
Real Property Taxes	\$ 741,013	\$ 714,669	\$ 26,344	3.69%
Sales and Use Tax	1,531,413	1,473,533	57,880	3.93%
State Aid	349,726	332,445	17,281	5.20%
Federal Aid	255,454	272,904	(17,450)	-6.39%
Licenses, Permits, Fines, Fees, etc.	340,521	326,784	13,737	4.20%
All Other Categories	160,098	137,594	22,504	16.36%
	<u>\$3,378,225</u>	<u>\$3,257,929</u>	<u>\$ 120,296</u>	3.69%

- The increase (16.36%) in All Other revenue over the prior year is partly attributable to increases in insurance recoveries, interest on investments, premium on long-term bond borrowings, and reimbursement for Medicare Part-D expenses.
- The State Aid increase (5.20%) is partly attributable to increased aid for programs to control drug addiction, and to Raise the Age program that provides intervention and treatment for young offenders as enacted by New York State legislation.
- The Sales and Use Tax increase (3.93%) can be attributed to a positive economic climate in 2019 resulting in a low unemployment rate, steady wage growth, and consumer spending.
- Federal Aid declined (6.39%) partly as a result of a decrease in family assistance aid received for a variety of programs and services for at-risk children, adults and families.

# Governmental Fund Expenditures

The expenditures presented are the total governmental funds reported in the 2019 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.

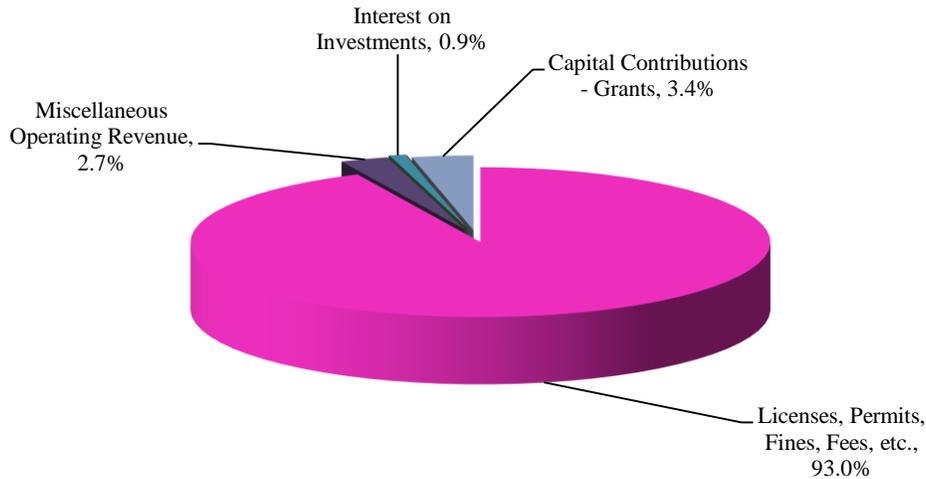
(Amounts in 000's)				
Expenditures	2019 Actual	2018 Actual	\$ Change	% Change
General Government Support	\$ 283,081	\$ 275,639	\$ 7,442	2.70%
Economic Assistance & Opportunity	638,272	629,707	8,565	1.36%
Public Safety	753,266	767,683	(14,417)	-1.88%
Education	213,926	217,378	(3,452)	-1.59%
Employee Benefits	793,684	769,170	24,514	3.19%
Capital Outlay	253,112	235,497	17,615	7.48%
All Other Categories	531,082	545,073	(13,991)	-2.57%
	<u>\$ 3,466,423</u>	<u>\$ 3,440,147</u>	<u>\$ 26,276</u>	0.76%

- The increase (7.48%) in Capital Outlays is partly attributable to the Southwest Sewer District project replacing the outfall pipe located between the District plant and Fire Island as well as improvements to the Riverhead County Center, and energy saving upgrades at various County facilities.
- The increase (3.19%) in Employee Benefits is mainly due to increased expenditures in the Employee Medical Health Plan, the County's self-insured fund, and pension contributions.
- General Government Support increased (2.70%) partly due to increased costs related to the Hurrell-Harring Caseload Relief program that improves the delivery of public defense services.
- The decline (2.57%) in All Other expenditures is partly attributable to the decrease in principal payments on the County's bond obligations as well as a reduction of contract agency expenditures related to the County's health services.

# Enterprise Fund Revenues

The enterprise funds consist of the Suffolk County Ball Park and Francis S. Gabreski Airport (Airport). The primary revenue sources for the enterprise funds are Licenses, Permits, Fines, and Fees etc., Capital Contributions – Grants, and Miscellaneous Operating Revenue.

**Revenue Percent by Source**



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

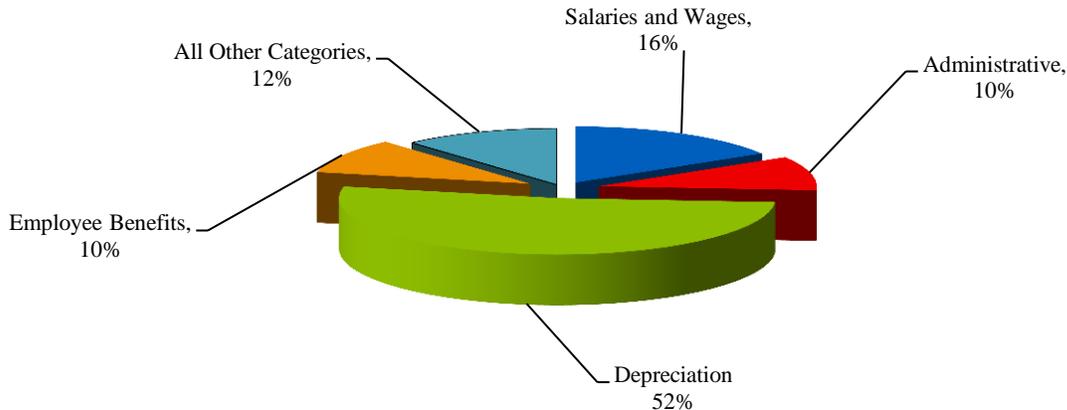
Revenues	(Amounts in 000's)			
	2019 Actual	2018 Actual	\$ Change	% Change
Licenses, Permits, Fines, Fees, etc.	\$ 3,799	\$ 3,882	\$ (83)	-2.14%
Miscellaneous Operating Revenue	109	103	6	5.83%
Interest on Investments	37	32	5	15.63%
Capital Contributions - Grants	140	49	91	185.71%
	<u>\$ 4,085</u>	<u>\$ 4,066</u>	<u>\$ 19</u>	0.47%

- The increase (185.71%) in Capital Contributions relates to an increase in Federal and State funding for renovations and construction projects at the Airport.
- The Interest on Investments increase (15.63%) is partly attributed to an increase in interest earned from the Airport’s capital funds.
- The increase (5.83%) in Miscellaneous Operating Revenue is mainly due to an increase in US Customs revenue received at the Airport.
- The decrease (2.14%) in Licenses, Permits, Fines, Fees, etc., is mostly attributed to the decrease in lease revenue and landing fees received at the Airport. However, rental revenue from a solar farm at the Airport helped offset this revenue decrease.

# Enterprise Fund Expenses

Suffolk County uses enterprise funds to account for the Suffolk County Ball Park and Francis S. Gabreski Airport (Airport). The primary expenses for the enterprise funds are Salaries and Wages, Administrative, Employee Benefits, and Depreciation.

## Percentage of Expenses by Type



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

Expenses	(Amounts in 000's)			
	2019 Actual	2018 Actual	\$ Change	% Change
Salaries and Wages	\$ 465	\$ 384	\$ 81	21.09%
Administrative	278	19	259	1363.16%
Depreciation	1,483	1,326	157	11.84%
Employee Benefits	287	115	172	149.57%
All Other Categories	329	253	76	30.04%
	<u>\$ 2,842</u>	<u>\$ 2,097</u>	<u>\$ 745</u>	35.53%

- The increase in Administrative expenses (1363.16%) is mostly attributed to an increase in costs related to various capital projects to upgrade facilities at the Airport.
- The increase in Employee Benefits (149.57%) is mainly due to the adoption of GASB 75 for reporting post-employment benefits other than pensions.
- The increase in All Other expenses (30.04%) is the result of an increase in costs of building repairs at the ballpark.
- The increase in Salary expenses (21.09%) is the result of two maintenance mechanic positions being created to address the workload associated with maintaining airport equipment, structures and runways.



# 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.
  
- ❖ 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 and a vodka distillery, with most offering tours and tastings.

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