

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 10, 2019

**SERIAL BONDS
BOOK-ENTRY-ONLY BONDS**

**RATING – MOODY’S INVESTOR SERVICE: “ ”
See “Bond Rating”, herein**

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the County, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code. In addition, in the opinion of Bond Counsel to the County, under existing statutes, interest on the Bonds is exempt from personal income taxes of New York State and its political subdivision, including The City of New York. See “TAX MATTERS” herein.

The County will NOT designate the Bonds as “qualified tax-exempt obligations” pursuant to the provision of Section 265(b)(3) of the Code.

**COUNTY OF ORANGE, NEW YORK
(the “County”)**

**\$30,130,962* PUBLIC IMPROVEMENT SERIAL BONDS – 2019
(the “Bonds”)**

Dated: Date of Delivery

Principal and Interest Due: As shown on inside cover

SEE BOND MATURITY SCHEDULE HEREIN

Security and Sources of Payment: The Bonds are general obligations of the County of Orange, New York (the “County”), and will contain a pledge of the faith and credit of the County for the payment of the principal thereof and interest thereon and, unless paid from other sources, the Bonds are payable from ad valorem taxes which may be levied upon all the taxable real property within the County, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended (the “Tax Levy Limit Law”). (See “*Tax Levy Limit Law*” herein).

Prior Redemption: The Bonds maturing on February 1, 2026 and thereafter are subject to redemption, prior to maturity, at the option of the County, on February 1, 2025 and thereafter on any date, in accordance with terms described herein. (See “*Optional Redemption of the Bonds*”, herein).

Form and Denomination: The Bonds will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”), New York, New York, which will act as the securities depository for the Bonds. Individual purchases of the Bonds may be made only in book-entry form in denominations of \$5,000 or integral multiples thereof, except for one necessary odd denomination in 2021. Bondholders will not receive certificates representing their respective interests in the Bonds purchased. (See “*DESCRIPTION OF BOOK-ENTRY SYSTEM*”, herein).

Payment: Payment of the principal of and interest on the Bonds will be made by the County to DTC which will in turn remit such payment to its Participants for subsequent distribution to the Beneficial Owners of the Bonds in accordance with standing instructions and customary practices. Payment to the Beneficial Owners will be the responsibility of the DTC Participant or Indirect Participant and not of DTC or the County, subject to any statutory and regulatory requirements as may be in effect from time to time. (See “*DESCRIPTION OF BOOK-ENTRY SYSTEM*”, herein).

Sealed bids for the Bonds will be received at 11:00 A.M. (Prevailing Time) on January 23, 2019, in accordance with the Notice of Sale dated January 10, 2019.

The Bonds are offered subject to the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the County, and certain other conditions. It is expected that delivery of the Bonds in book-entry form will be made through the facilities of DTC on or about February 6, 2019, in New York, New York.

THIS PRELIMINARY OFFICIAL STATEMENT IS IN A FORM “DEEMED FINAL” BY THE COUNTY FOR THE PURPOSE OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE “RULE”). FOR A DESCRIPTION OF THE COUNTY’S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE FOR THE BONDS, AS DESCRIBED IN THE RULE, SEE “DISCLOSURE UNDERTAKING” HEREIN.

, 2019

*Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstance shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

COUNTY OF ORANGE, NEW YORK

\$30,130,962* PUBLIC IMPROVEMENT SERIAL BONDS – 2019

BOND MATURITY SCHEDULE

Principal Due: February 1, 2021-2028 inclusive
Interest Due: Semi-annually on February 1 and August 1 in each year to maturity, commencing February 1, 2020

<u>Year</u>	<u>Amount**</u>	<u>Rate</u>	<u>Yield or Price</u>	<u>CUSIP #</u>
February 1, 2021	\$3,415,962			
February 1, 2022	3,510,000			
February 1, 2023	3,610,000			
February 1, 2024	3,710,000			
February 1, 2025	3,810,000			
February 1, 2026	3,915,000***			
February 1, 2027	4,025,000***			
February 1, 2028	4,135,000***			

*Preliminary, subject to change.

**Amounts are subject to adjustment by the County following the sale, pursuant to the terms of the Notice of Sale relating to the Bonds, to achieve substantial level or declining annual debt service as provided in Section 58.00 (c)(2) of the Local Finance Law.

***Subject to prior redemption.



COUNTY OF ORANGE, NEW YORK

COUNTY EXECUTIVE

Steven M. Neuhaus

COUNTY LEGISLATORS

L. Stephen Brescia, Chair of the Legislature

Mike Anagnostakis	Joseph J. Minuta
Michael Amo	Michael D. Paduch
Leigh J. Benton	Paul Ruszkiewicz
Katie Bonelli	Rob Sassi
James D. O'Donnell	Janet Sutherland
Barry J. Cheney	Kathy Stegenga
Thomas J. Faggione	Joel Sierra
Kevin W. Hines	Laurie R. Tautel
James M. Kulisek	Peter Tuohy
Kevindaryan Lujan	John S. Vero

Annie Rabbitt	County Clerk
Langdon C. Chapman, Esq.	County Attorney
Karin E. Hablow	Commissioner of Finance

Bond Counsel

Hawkins Delafield & Wood LLP
New York, New York

* * *

Prepared with the Assistance of

MUNICIPAL ADVISOR



Municipal Finance Advisory Service

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No dealer, broker, salesman or other person has been authorized by the Town to give any information or to make any representations, other than those contained in this Official Statement and if given or made, such other information or representations must not be relied upon as having been authorized by the Town. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the Town from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof.

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OFFICIAL STATEMENT

COUNTY OF ORANGE, NEW YORK

\$30,130,962* PUBLIC IMPROVEMENT SERIAL BONDS – 2019

[BOOK-ENTRY-ONLY BONDS]

This Official Statement and the appendices hereto present certain information relating to the County of Orange, in the State of New York (the “County” and “State,” respectively) in connection with the sale of \$30,130,962* Public Improvement Serial Bonds – 2019 (the “Bonds”) of the County.

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

THE BONDS

Description of the Bonds

The Bonds will be dated February 6, 2019 and will mature on February 1, in each of the years 2021 to 2028, inclusive, in the principal amounts as set forth on the inside cover page hereof.

The Bonds will be issued in fully registered form and when issued will be registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Bonds. Individual purchases of the Bonds may be made in book-entry form only, in denominations of \$5,000 or integral multiples thereof, except for one necessary odd denomination in 2021. Purchasers will not receive certificates representing their respective interests in the Bonds. (See “*Book-Entry System*”, herein.)

Interest on the Bonds will be payable Semiannually on February 1 and August 1 in each year to maturity commencing February 1, 2020. Principal and interest will be paid by the County to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds, as described herein. The Bonds may be transferred in the manner described on the Bonds and as referenced in certain proceedings of the County referred to therein. (See “*Book-Entry System*”, herein.)

The Record Date of the Bonds will be the fifteenth day of the month preceding each interest payment date.

The Commissioner of Finance will act as Fiscal Agent for the Bonds. Paying agent fees, if any, will be paid by the purchaser. The County’s contact information is as follows: Karin E. Hablow, Commissioner of Finance, County of Orange, 255 Main Street, Goshen, NY 10924, telephone number (845) 291-2488 and email: khallow@orangecountygov.com.

Optional Redemption of the Bonds

The Bonds maturing on or before February 1, 2025 will not be subject to redemption prior to maturity. The Bonds maturing on February 1, 2026 and thereafter, will be subject to redemption, prior to maturity, at the option of the County, in whole or in part, and if in part, in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), on any date on or after February 1, 2025, at a redemption price equal to the principal amount of the Bonds to be redeemed plus accrued interest to the date of redemption.

The County may select the maturities of the Bonds to be redeemed and the amount to be redeemed of each maturity selected, as the County shall determine to be in the best interest of the County at the time of such redemption. If less than all of the Bonds of any maturity are to be redeemed prior to maturity, the particular Bonds of such maturity to be redeemed shall be selected by the County by lot in any customary manner of selection as determined by the County.

Notice of such call for redemption shall be given by mailing such notice to the registered owner at least thirty (30) days prior to the date set for such redemption. Notice of redemption having been given as aforesaid, the bonds so called for redemption shall, on the date for redemption set forth in such call for redemption, become due and payable together with interest to such redemption date. Interest shall cease to be paid thereon after such redemption date.

*Preliminary, subject to change.

Authorization and Purpose on the Bonds

The Bonds are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Local Finance Law, the County Law, and various bond resolutions duly adopted by the County Legislature, authorizing the following purposes:

<u>Date of Most Recent Authorization</u>	<u>Capital Project Number</u>	<u>Purpose</u>	<u>Amount To Be Issued</u>
03/02/17	CP 100-17sb	Renovation of Government Center	\$ 6,352,057
06/06/13	CP 101	Acquisition of Computer Equipment	96,468
07/01/10	CP 107	Acquisition of Computer Equipment	41,160
03/07/13	CP 111	Acquisition of CAD System	57,198
07/02/14	CP 117	Renovation of Building	4,783
11/06/14	CP 124	Petroleum Storage Upgrades	20,848
10/06/16	CP 126-16	Remediation of Contaminated Soil	92,079
03/02/17	CP 126-17	Remediation of Contaminated Soil	35,926
02/01/18	CP 126-18	Remediation of Contaminated Soil	7,090
02/04/17	CP 128-17	Acquisition of Building Equipment	40,792
02/01/18	CP 128-18	Acquisition of Building Equipment	73,909
05/07/15	CP 133	Acquisition of Furnishing and Equipment	51,357
02/04/16	CP 139-16	Various Building Improvements	2,530
02/02/17	CP 139-17	Various Building Improvements	151,280
02/01/18	CP 139-18	Various Building Improvements	27,494
07/07/16	CP 140	Preservation Studies	20,032
12/14/11	CP 142	Reconstruction of Various Buildings	32,531
07/01/15	CP 203	Communication Upgrades	29,187
04/08/16	CP 228	Tech Upgrades	1,193,734
06/01/17	CP 228-17	Information Technology Improvements	1,741,346
02/01/18	CP 228-18	Tech Upgrades	27,999
02/01/18	CP 229	Tech Infrastructure Designs	213,375
02/02/12	CP 240	Cemetery Improvements	59,267
04/10/15	CP 240	Cemetery Improvements	68,781
03/05/09	CP 276	Acquisition of Shepard Boilers	14,728
03/05/09	CP 276	Power Distribution Upgrades	75,094
07/07/11	CP 278	Middletown Campus Improvements	347,506
04/01/11	CP 279-27153	Power Plant Improvements	32,881
5/83/12	CP 280-27156	Asbestos Lead Removal	44,442
05/03/13	CP 280-27157	Various Building Improvements	5,453
04/05/13	CP 281-27159	Campus Paving	6,813
10/04/14	CP 284-27164	Sidewalk Replacement	8,974
10/04/14	CP 284-27165	Acquisition of Equipment	3,750
10/04/14	CP 284-27166	Various Building Improvements	93,082
10/04/14	CP 284-27167	Security Card System Upgrades	43,057
10/04/14	CP 284-27168	Library Boiler Installation	2,750
05/07/15	CP 285-27171	Bennett Parking Lot Improvements	7,500
05/07/15	CP 285-27172	Morrison Hall Heat Pump Replacement	92,180

<u>Date of Most Recent Authorization</u>	<u>Capital Project Number</u>	<u>Purpose</u>	<u>Amount To Be Issued</u>
05/07/15	CP 285-27175	Acquisition of Campus-Wide Security Cameras	\$ 42,863
05/05/16	CP 286	Data Center Renovations	270,413
07/07/16	CP 287-27176	Biotech Building Improvements	118,963
07/07/16	CP 287-27177	Campus-Wide Blacktop Paving	17,117
07/07/16	CP 287-27178	Harriman Building Improvements	106,027
07/07/16	CP 287-27179	Morrison Building Cooling Towers	92,390
07/07/16	CP 288-27181	Horton Hall Site Repairs	3,100
07/07/16	CP 329	Acquisition of Jail Building Equipment	7,855
07/07/08	CP 331	Record Management Improvements	8,646
04/05/13	CP 338	Jail Security System Improvements	132,560
07/02/14	CP 341	Constant Watch Unit Improvements	40,368
07/02/14	CP 342	Acquisition of Jail Emergency Power Equipment	75,484
02/05/15	CP 343	Reconstruction of County Jail	3,353
04/08/16	CP 347	Acquisition of Jail Security Cameras	208,610
04/05/13	CP 351	Construction of New Burn Buildings	277
12/03/15	CP 376	Public Safety Communications	7,106,031
03/05/15	CP 377	Replacement of Controller and Recorder	70,594
05/04/17	CP 379	Video Wall Improvements	628,653
02/01/18	CP 380	Building Improvements	371,388
03/03/15	CP 407	Drainage Improvements	919
07/03/12	CP 408	Rehab Beaver Dam Lake	10,455
02/07/13	CP 410	Non-Highway Paving Improvements	108,474
03/02/17	CP 411-17	Intersection Improvements	34,980
06/07/12	CP 413	Site District Improvements	49,008
07/01/15	CP 415	Orange Farm Bridge Improvements	28,164
04/10/15	CP 417-15	Bridge Painting	1,511
07/02/14	CP 418	Bridge Rail Upgrades	554
05/03/12	CP 419	Howe Street Bridge Improvements	427,363
11/03/16	CP 420	Corwin Bridge Improvements	343,543
04/05/13	CP 421	Improvements to Stony Ford Bridge	40,000
02/02/17	CP 421	Improvements to Stony Ford Bridge	1,258,946
11/06/14	CP 424	Rutgers Glen Bridge Improvements	319,971
08/06/15	CP 441	Rehab Glenmere Lake Dam	339,187
02/04/16	CP 442-16	Reconstruction to Various Roads	33,758
02/02/17	CP 442-17	Reconstruction to Various Roads	1,098,074
02/01/18	CP 442-18	Strength Paving	820,279
07/02/01	CP 445	Bridge Painting	77,913
12/03/15	CP 445-15	Bridge Painting	245,035
06/04/15	CP 448	Design for Various Dams	2,302
06/04/15	CP 449	Dwaarkill Bridge Improvements	679
03/02/17	CP 450-17	2017 Drainage Improvements	60,407

<u>Date of Most Recent Authorization</u>	<u>Capital Project Number</u>	<u>Purpose</u>	<u>Amount To Be Issued</u>
03/01/18	CP 450-18	Drainage Improvements	\$ 143,080
07/02/14	CP 451	Site District Improvements	82,113
04/08/16	CP 453	Maple Glen Bridge Improvements	36,068
04/08/16	CP 454	Gardenerville Bridge Improvements	751
12/07/17	CP457	Denton Bridge Improvements	869,689
05/04/17	CP 464-17	Fleet & Equipment Replacement	378,833
04/07/17	CP 476	Orange Spring Bridge Improvements	6,676
04/07/17	CP 478	Logtown Road Bridge Improvements	5,844
12/03/15	CP 494	Replace Ford Bridge	1,930
09/06/18	CP 522	Replace Otisville Viaduct	21,063
07/01/15	CP 554	Aviation Fuel Tank Upgrade	2,245
12/01/16	CP 555	Improvements to Airport Buildings	1,430
08/03/18	CP 557	Acquisition of Snow Removal Equipment	18,470
05/02/13	CP 630	Realignment of Runway	249,739
05/04/17	CP 630	Realignment of Runway	273,096
02/02/12	CP 725	Hertage Trail Improvements	20,081
02/02/17	CP 725-17	Hertage Trail Extension	198,708
04/05/13	CP 733	Improvements to Plum Point	7,868
03/06/14	CP 735	Sallys Dreams Improvements	978
06/07/18	CP 737-18	Park Equipment	38,250
06/07/18	CP 740-18	Park Improvements	27,879
09/03/09	CP 763	Improvements to Heritage Trail	65,208
11/03/16	CP 852	Beaver Dam Protection and Rehab	106,379
04/05/13	CP 886	Expand Newburgh Transfer Station	266,546
2012	CP 887	Landfill Gas Collection	3,574
06/06/13	CP 889	Goshen Equipment Replacement	143,362
10/04/07	CP 894	Leachate Plant Improvements	23,183
06/04/15	CP 898	Cheechunck Canal Improvements	44,903
04/08/16	CP 899	Fleet & Equipment Replacement	258,306
04/07/17	CP 899-17	Fleet & Equipment Replacement	46,662
08/02/18	CP 903	New Hampton Paving	8,694
06/04/09	VV 130	Reconstruction of Couser Building	42,655
07/07/11	VV 148	Info Tech Upgrades	2,396
06/01/17	VV 150-17	Acquisition of Mechanical Lifters	49,951
04/07/17	VV 151-17	Acquisition of Six Bathing Tubs	75,269
06/05/14	VV 152	Installation of Call Bell System	479
05/07/15	VV 152	Installation of Call Bell System	50,000
05/05/16	VV 152	Installation of Call Bell System	140,000
04/07/17	CC 152-17	Installation of Call Bell System	166,902
05/07/15	VV 154	Acquisition of Food Service Equipment	1,567
06/01/17	VV 154-17	Acquisition of Food Service Equipment	48,135

<u>Date of Most Recent Authorization</u>	<u>Capital Project Number</u>	<u>Purpose</u>	<u>Amount To Be Issued</u>
04/08/16	VV 157	Wheelchair Replacement	\$ 10,213
04/08/16	VV 158	Bedside Cabinet Replacement	11,524
06/01/17	VV 158-17	Bedside Cabinet Replacement	35,824
05/05/16	VV 159	Resident Unit Improvements	23,244
12/22/16	VV 160	Sewer/Water Treatment Plant Improvements	64,558
04/07/17	VV 161	Installation of Doors at Valley View	19,378
06/01/17	VV 164	Loading Dock Repairs at Valley View	45,000
06/01/17	VV 165	Acquisition of Resident Furnishings at Valley View	<u>166,612</u>
Total			\$ <u>30,130,962</u>

DESCRIPTION OF BOOK-ENTRY SYSTEM

DTC will act as Securities Depository for any Bonds issued as book-entry bonds. Such Bonds will be issued as fully registered securities, in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered bond certificate will be issued for each maturity of the Bonds and deposited with DTC.

DTC is limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of certificates.

Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of the Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants") and together with Direct Participant, the ("Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

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

Conveyance of notices and other communications by DTC to Direct Participants by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to the Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

Principal and interest payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County on the payable date, in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee) or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

Source: The Depository Trust Company, New York, New York.

The information contained in the above section concerning DTC and DTC's book-entry system has been obtained from sample offering document language supplied by DTC, but the County takes no responsibility for the accuracy thereof.

THE COUNTY WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY PARTICIPANTS, OR ANY INDIRECT PARTICIPANT; (II) THE PAYMENT BY DTC OR ANY PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF OR INTEREST ON THE BONDS; (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO HOLDERS; (IV) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS HOLDER.

THE COUNTY CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC WILL DISTRIBUTE TO DIRECT PARTICIPANTS OR THAT DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (I) PAYMENTS OF THE PRINCIPAL OF OR INTEREST ON THE BONDS; (II) CONFIRMATION OF THEIR OWNERSHIP INTEREST IN THE BONDS; OR (III) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO. AS NOMINEE, AS REGISTERED OWNER OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SO SERVE AND ACT IN THE MANNER DESCRIBED IN THE OFFICIAL STATEMENT.

CERTIFICATED BONDS

If the Bonds are issued as book-entry bonds registered in the name of Cede & Co., DTC may discontinue providing its services with respect to the Bonds at any time by giving notice to the County and discharging its responsibilities with respect thereto under applicable law, or the County may terminate its participation in the system of book-entry transfers through DTC at any time. In the event that such book-entry system is discontinued, the following provisions will apply: The Bonds will be issued in registered form in denominations of \$5,000, or integral multiples thereof, except for one necessary odd denomination in 2021. Principal of and interest on the Bonds when due will be payable at the principal corporate trust office of a bank or trust company to be named by the County as the fiscal agent. Certificated Bonds may be transferred or exchanged at no cost to the owner of such Bonds at any time prior to maturity at the corporate trust office of the fiscal agent for Bonds of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the certificate of the Commissioner of Finance authorizing the sale of the Bonds and fixing the details thereof and in accordance with the Local Finance Law.

NATURE OF OBLIGATION

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

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

Under the Constitution of the State, the County is required to pledge its faith and credit for the payment of the principal of and interest on the Bonds, and the State is specifically precluded from restricting the power of the County to levy taxes on real estate therefor. However, Chapter 97 of the New York Laws of 2011, as amended (the "*Tax Levy Limit Law*"), imposes a statutory limitation upon the County's power to increase its annual tax levy. As a result, the power of the County to levy real estate taxes on all the taxable real property within the County is subject to statutory limitations set forth in *Tax Levy Limit Law*, unless the County complies with certain procedural requirements to permit the County to levy certain year-to-year increases in real property taxes. (See "*Tax Levy Limit Law*," herein).

MARKET MATTERS AFFECTING FINANCINGS OF THE MUNICIPALITIES OF THE STATE

The County's credit rating could be affected by circumstances beyond the County's control. Economic conditions such as the rate of unemployment and inflation, termination of commercial operations by corporate taxpayers and employers, as well as natural catastrophes, could adversely affect the assessed valuation of County property and its ability to maintain fund balances and other statistical indices commensurate with its current credit rating. As a consequence, a decline in the County's credit rating could adversely affect the market value of the Bonds.

If and when an owner of any of the Bonds should elect to sell a Bond prior to its maturity, there can be no assurance that a market will have been established, maintained and continue in existence for the purchase and sale of any of those Bonds. The market value of the Bonds is dependent upon the ability of the holder to potentially incur a capital loss if such Bond is sold prior to its maturity.

There can be no assurance that adverse events including, for example, the seeking by another municipality in the State or elsewhere of remedies pursuant to the Federal Bankruptcy Act or otherwise, will not occur which might affect the market price of and the market for the Bonds. In particular, if a significant default or other financial crisis should occur in the affairs of the State or any of its municipalities, public authorities or other political subdivisions thereby possibly further impairing the acceptability of obligations issued by those entities, both the ability of the County to arrange for additional borrowing(s) as well as the market for and market value of outstanding debt obligations, including the Bonds, could be adversely affected.

The County is dependent in part upon financial assistance from the State in the form of State aid as well as grants and loans to be received ("*State Aid*"). The County's receipt of State aid may be delayed as a result of the State's failure to adopt its budget timely and/or to appropriate State Aid to municipalities and school districts. Should the County fail to receive all or a portion of the amounts of State Aid expected to be received from the State in the amounts and at the times anticipated, occasioned by a delay in the payment of such moneys or by a reduction in State Aid or its elimination, the County is authorized pursuant to the Local Finance Law ("*LFL*") to provide operating funds by borrowing in anticipation of the receipt of such uncollected State Aid, however, there can be no assurance that, in such event, the County will have market access for any such borrowing on a cost effective basis. The elimination of or any substantial reduction in State Aid would likely have a materially adverse effect upon the County requiring either a counterbalancing increase in revenues from other sources to the extent available or a curtailment of expenditures. (See also "*State Aid*" herein.)

Future amendments to applicable statutes whether enacted by the State or the United States of America affecting the treatment of interest paid on municipal obligations, including the Bonds, for income taxation purposes could have an adverse effect on the market value of the Bonds (see "*Tax Matters*" herein).

The enactment of the *Tax Levy Limit Law*, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the County, without providing an exclusion for debt service on obligations issued by municipalities and fire districts, including the County, may affect the market price and/or marketability for the Bonds. (See "*Tax Levy Limit Law*" herein.)

Federal or State legislation imposing new or increased mandatory expenditures by municipalities, school districts and fire districts in the State, including the County could impair the financial condition of such entities, including the County and the ability of such entities, including the County, to pay debt service on the Bonds.

REMEDIES UPON DEFAULT

Neither the Bonds, nor the proceedings with respect thereto, specifically provide any remedies which would be available to owners of the Bonds should the County default in the payment of principal of or interest on the Bonds, nor do they contain any provisions for the appointment of a trustee to enforce the interests of the owners of the Bonds upon the occurrence of any such default. Each Bond is a general obligation contract between the County and the owners for which the faith and credit of the County are pledged and while remedies for enforcement of payment are not expressly included in the County's contract with such owners, any permanent repeal by statute or constitutional amendment of a bond or note holder's remedial right to judicial enforcement of the contract should, in the opinion of Bond Counsel, be held unconstitutional.

Upon default in the payment of principal of or interest on the Bonds, at the suit of the owner, a Court has the power, in proper and appropriate proceedings, to render judgment against the County. The present statute limits interest on the amount adjudged due to contract creditors to nine per centum per annum from the date due to the date of payment. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment. A Court also has the power, in proper and appropriate proceedings, to order payment of a judgment on such Bonds from funds lawfully available therefor or, in the absence thereof, to order the County to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising its discretion as to whether to issue such an order, the Court may take into account all relevant factors, including the current operating needs of the County and the availability and adequacy of other remedies. Upon any default in the payment of the principal of or interest on a Bond, the owner of such Bond could, among other remedies, seek to obtain a writ of mandamus from a Court ordering the governing body of the County to assess, levy and collect an *ad valorem* tax, upon all taxable property of the County subject to taxation by the County, sufficient to pay the principal of and interest on the Bonds as the same shall come due and payable (and interest from the due date to date of payment) and otherwise to observe the covenants contained in the Bonds and the proceedings with respect thereto all of which are included in the contract with the owners of the Bonds. The mandamus remedy, however, may be impracticable and difficult to enforce. Further, the right to enforce payment of the principal of or interest on the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies.

In 1976, the New York Court of Appeals, the State's highest court, held in *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 (1976), that the New York State legislation purporting to postpone the payment of debt service on New York City obligations was an unconstitutional moratorium in violation of the New York State constitutional faith and credit mandate included in all municipal debt obligations. While that case can be viewed as a precedent for protecting the remedies of holders of bonds or notes of the County, there can be no assurance as to what a Court may determine with respect to future events, including financial crises as they may occur in the State and in municipalities of the State, that require the exercise by the State of its emergency and police powers to assure the continuation of essential public services. (See also, *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 1088 (1977), where the Court of Appeals described the pledge as a direct Constitutional mandate.)

As a result of the Court of Appeals decision, the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the County.

Pursuant to Article VIII, Section 2 of the State Constitution, the County is required to provide an annual appropriation of monies for the payment of due and payable principal of and interest on indebtedness. Specifically, this constitutional provision states: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness." This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. In *Quirk v. Municipal Assistance Corp.*, 41 N.Y.2d 644 (1977), the Court of Appeals described this as a "first lien" on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in the State is a pledge of an issuer of a general obligation

bond or note to use its general revenue powers, including, but not limited to, its property tax levy, to pay debt service on such obligations, but that such pledge may or may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues. The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

While the courts in the State have historically been protective of the rights of holders of general obligation debt of political subdivisions, it is not possible to predict what a future court might hold.

In prior years, certain events and legislation affecting a holder's remedies upon default have resulted in litigation. While courts of final jurisdiction have generally upheld and sustained the rights of holders of bonds or notes, such courts might hold that future events, including a financial crisis as such may occur in the State or in political subdivisions of the State, may require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service.

MUNICIPAL BANKRUPTCY

The undertakings of the County should be considered with reference, specifically, to Chapter IX of the Bankruptcy Act, 11 U.S.C. §401, et seq., as amended ("Chapter IX") and, in general, to other bankruptcy laws affecting creditors' rights and municipalities. Chapter IX permits any political subdivision, public agency or instrumentality that is insolvent or unable to meet its debts (i) to file a petition in a Court of Bankruptcy for the purpose of effecting a plan to adjust its debts provided such entity is authorized to do so by applicable state law; (ii) directs such a petitioner to file with the court a list of a petitioner's creditors; (iii) provides that a petition filed under such chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; (iv) grants priority to debt owed for services or material actually provided within three (3) months of the filing of the petition; (v) directs a petitioner to file a plan for the adjustment of its debts; and (vi) provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds (2/3) in amount or more than one-half (1/2) in number of the listed creditors.

Bankruptcy proceedings by the County could have adverse effects on holders of bonds or notes including (a) delay in the enforcement of their remedies, (b) subordination of their claims to those supplying goods and services to the County after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (c) imposition without their consent of a reorganization plan reducing or delaying payment of the Bonds. The Bankruptcy Code contains provisions intended to ensure that, in any reorganization plan not accepted by at least a majority of a class of creditors such as the holders of general obligation bonds, such creditors will have the benefit of their original claim or the "indubitable equivalent". The effect of these and other provisions of the Bankruptcy Code cannot be predicted and may be significantly affected by judicial interpretation.

Accordingly, enforceability of the rights and remedies of the owners of the Bonds, and the obligations incurred by the County, may become subject to Chapter IX and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against public agencies in the State. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Bonds to judicial discretion, interpretation and of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

The State has consented (see Title 6-A of the Local Finance Law) that any municipality in the State may file a petition with any United States district court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect for the composition or adjustment of municipal indebtedness. However, it is noted that there is no record of any recent filings by a New York municipality. Since the New York City fiscal crisis in 1975, the State has legislated a financial control or review board and assistance corporations to monitor and restructure finance matters in addition to New York City, for the Cities of Yonkers, Troy and Buffalo and for the Counties of Nassau and Erie. Similar active intervention pursuant to State legislation to relieve fiscal stress for the County in the future cannot be assured.

No current state law purports to create any priority for holders of the Bonds should the County be under the jurisdiction of any court, pursuant to the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness.

The above references to the Bankruptcy Act are not to be construed as an indication that the County is currently considering or expects to resort to the provisions of the Bankruptcy Act.

Financial Control Boards

Pursuant to Article IX Section 2(b)(2) of the State Constitution, any municipality in the State may request the intervention of the State in its “property, affairs and government” by a two-thirds vote of the total membership of its legislative body or on request of its chief executive officer concurred in by a majority of such membership. This has resulted in the adoption of special acts for the establishment of public benefit corporations with varying degrees of authority to control the finances (including debt issuance) of the Cities of Buffalo, Troy and Yonkers and the County of Nassau. The specific authority, powers and composition of the financial control boards established by these acts varies based upon circumstances and needs. Generally, the State legislature has granted such boards the power to approve or disapprove budget and financial plans and to issue debt on behalf of the municipality, as well as to impose wage and/or hiring freezes and in certain cases approve or disapprove collective bargaining agreements. Implementation is generally left to the discretion of the board of the public benefit corporation. Such a State financial control board was first established for New York City in 1975. In addition, upon the issuance of a certificate of necessity by the Governor reciting facts which in the judgment of the Governor constitute an emergency requiring enactment of such laws, with the concurrences of two-thirds of the members elected in each house of the State legislature, the State is authorized to intervene in the “property, affairs and governments” of local government units. This occurred in the case of the County of Erie in 2005. The authority of the State to intervene in the financial affairs of a local government is further supported by Article VIII, Section 12 of the Constitution which declares it to be the duty of the State legislature to restrict, subject to other provisions of the Constitution, the power of taxation, assessment, borrowing money and contracting indebtedness and loaning the credit of counties, cities, towns and villages so as to prevent abuses in taxation and assessment and in contracting indebtedness by them.

In 2013, the State established a new state advisory board to assist counties, cities, towns and villages in financial distress. The Financial Restructuring Board for Local Governments (the “FRB”), is authorized to conduct a comprehensive review of the finances and operations of any such municipality deemed by the FRB to be fiscally eligible for its services upon request by resolution of the municipal legislative body and concurrence of its chief executive. The FRB is authorized to make recommendations for, but cannot compel improvement of fiscal stability, management and delivery of municipal services, including shared services opportunities, and is authorized to offer grants and/or loans of up to \$5,000,000 through a Local Government Performance and Efficiency Program to undertake certain recommendations. If a municipality agrees to undertake the FRB recommendations, it will be automatically bound to fulfill the terms in order to receive the aid.

The FRB is also authorized to serve as an alternative arbitration panel for binding arbitration.

Although from time to time there have been proposals for the creation of a statewide financial control board with broad authority over local governments in the State, the FRB does not have emergency financial control board powers to intervene in the finances and operations of entities such as the public benefit corporations established by special acts as described above.

Several municipalities in the State are presently working with the FRB. The County has not applied to the FRB and does not reasonably anticipate submission of a request to the FRB for a comprehensive review of its finances and operations. School districts and fire districts are not eligible for FRB assistance.

No Past Due Debt

No principal or interest payment on County indebtedness is past due. The County has never defaulted in the payment of the principal of and/or interest on any indebtedness.

THE COUNTY

General Overview

The County was established by an act of the Colonial Assembly of New York on November 1, 1683, as one of the ten original counties of New York. The County encompasses approximately 811 square miles and, according to the 2017 estimate US Census Bureau, had a population of 382,226. The County is located sixty miles northwest of the City of New York. The County is bordered by the Hudson River to the east, the states of Pennsylvania to the west and New Jersey to the southwest, and the counties of Sullivan and Ulster to the north and Rockland to the south.

Demographically, the County is suburban residential in nature; however, the County has large tracts of land devoted to farming, as well as three small cities which accounted for 18% of the total population in 2010. The commercial and industrial base of the County has been centered primarily in the Newburgh and Middletown areas, both of which are located at the intersection of major highway systems. However, recent commercial and industrial development has been through a network of business parks located throughout the County. See "*Economic Development*" herein.

The County's employment base is quite diverse. A majority of the area workforce is employed in service and trade related jobs. Data compiled by the US Census Bureau indicated that wholesale and retail trade accounted for 17.1% of employment in the area, while service employment accounted for an additional 20.1%. Government employment was 19.1% of the workforce, reflecting the presence of the United States Military at West Point in the County. There are 37 nongovernmental employers which employ 300 or more persons within the County. Orange Regional Medical Center is the largest employer with over 2,500 employees. The County's annual unemployment rates have consistently been below the State and national levels. See "*Economic and Demographic Factors - Employment*" herein.

Agriculture continues to play an important role in the economy of the County. Based on data from the USDA's National Agricultural Statistics Service, New York Field Office for 2012, the most recent year available, there were 658 farms in Orange County that covered approximately 88,030 acres which represents over 15% of the total area of the County. Various parts of the County have rich deposits of "black dirt" soil which is conducive to certain crops, including onions, lettuce and celery. Fruit orchards are found throughout the County, especially in eastern areas. Vineyards and wineries are also found, including the Brotherhood Winery in Washingtonville, Warwick Valley Winery and Applewood Winery in Warwick. Dairy farming and horse breeding also represent important agricultural activities in the County.

Form of Government

The County operates under a charter form of government which provides for separate and independent executive and legislative functions with an elected County Executive and a 21 person County Legislature. This current form of government was adopted pursuant to the provisions of Local Law No. 8 of 1968 and became effective on January 1, 1970.

The County Executive is elected from the County at large for a term of four years with the right of unlimited self-succession. Such executive must be a qualified elector of the County and may not concurrently hold another public office. The County Executive is the chief executive officer responsible for the administration of all County affairs. The County Executive is required to approve all local laws of the County Legislature. Any local law which is not approved must be returned to the Legislature within 30 days, together with a written explanation for the disapproval or is otherwise deemed to have been approved by such Executive. The County Legislature may override a veto of the County Executive with a two-thirds vote of its membership.

The current County Executive, Steven M. Neuhaus, began his second term of office on January 1, 2018.

The County Legislature is the legislative, appropriating and policy making body of the County. The 21 members represent legislative districts of approximately equal population. Members are elected to serve four year terms and may serve an unlimited number of terms. Duties of the Legislature include, among others: review and adoption of the County's annual budget; approval of budgetary modifications during the year; and authorization by resolution for the issuance of debt by the County. Legislative committees have been organized to oversee various aspects of County government. These committees are advisory in nature and formal actions must be approved by a vote of the Legislature as a whole. The County Legislature retains the services of an independent public accounting firm to audit the financial records of the County and issue their report thereon.

Other elected officials include the County Clerk, District Attorney and Sheriff who are elected from the County at large for terms of four years. The County Legislature adopted Local Law No. 11 of 2007 creating an Office of Medical Examiner in the County Health Department as of December 31, 2007 and eliminating the elected coroners.

The chief fiscal officer of the County is the Commissioner of Finance who is appointed by the County Executive and confirmed by the County Legislature. The Commissioner of Finance is responsible for the administration of the financial affairs of the County. Duties of this position include: collecting and disbursing County funds, investing such funds for temporary periods, issuing debt approved by the County Legislature, maintaining accounting records and preparing financial statements therefrom. The current Commissioner of Finance, Karin E. Hablow, took office in May, 2016.

The following County departments, divisions, offices or boards report to the Executive Department: Office for the Aging, Budget, Community Development, Consumer Affairs, Emergency Communications, Environmental Facilities and Services, Finance, General Services, Health, Historian, Human Resources, Information Technologies, Law, Mental Health, Parks, Recreation & Conservation, Planning, Employment and Training Administration, Probation, Public Works, Valley View Center for Nursing Care and Rehabilitation, Risk Management, Social Services, Veterans Services and Youth Bureau.

Employees

The County employs over 2,000 full-time employees (not including Orange County Community College) to provide services to its citizens. Employees, other than management and certain professional positions, are represented by seven labor organizations recognized by the County and certified by the State Public Employees Relations Board under the provisions of the State's Taylor Law.

The following chart provides information on recent union membership and contract expiration dates:

<u>Union</u>	<u>Number of Employees Represented</u>	<u>Current Contract Expiration Date</u>
Orange County Local #836, CSEA, Inc., Local #1000 (A.F.S.C.M.E.), The County Employees' Unit	1,672	December 31, 2018 ^a
Corrections Officers Benevolent Association (C.O.B.A.)	294	December 31, 2022
Orange County Deputy Sheriffs Police Benevolent Association	84	December 31, 2022
Orange County Community College Faculty Association	126	August 31, 2017 ^b
Orange County District Attorney's Officers Criminal Investigators' Association	13	December 31, 2022
Orange County Community College Staff and Chairman	112	August 31, 2017 ^b
Orange County Local #836, CSEA, Inc., Local #1000 (A.F.S.C.M.E.), The Superior Officers' Officers Unit	112	December 31, 2018 ^b
	<u>17</u>	December 31, 2022
Total	<u>2,430</u>	

a. The Union and the County have reached a tentative agreement, subject to final approval.
b. Expired, currently in negotiations.

Municipal Services

Residents of the County receive a full range of services from the County government including: higher education (Orange County Community College); health services (Valley View Center for Nursing Care and Rehabilitation); highway maintenance and improvement; social services; mental health services; sewage treatment (Orange County Sewer District No. 1); enhanced 911 emergency response system; tax collections and enforcement (the County guarantees 100% of the taxes levied by the towns, villages and certain school districts within the County); parks, recreation, and culture; airport facilities; planning and development; emergency preparedness; consumer protection, employment training services, youth services, and veterans services.

Community College

The Orange County Community College (the "College") was established in 1950 with the County as the local sponsor under the provisions of Article 126 of the Education Law. The College is administered by a board of trustees consisting of nine voting members: five members are appointed by the County Legislature and four members by the Governor of the State. The College budget is subject to the approval of the County Legislature. One-half of the capital costs and approximately one-third of the operating expenses are paid for by the County. Title to real property of the College vests with the County. The County is responsible for the issuance of debt for College capital projects. Debt service on these bonds will be paid annually through County tax collections. The College reports its financial transactions on the basis of a fiscal year ending August 31. Certain financial information on the College may be found in this Official Statement and the appendices hereto.

The County's annual contribution to the operation of the College and its student enrollments on a full-time equivalent (FTE) basis for the years 2009 through 2018 are presented below:

<u>Fiscal Year Ending August 31</u>	<u>Amount</u>	<u>Percent of College Budget</u>	<u>Student FTE Enrollments</u>
2009	\$15,900,000	31.7%	4,669
2010	16,615,670	31.2	5,020
2011	17,031,062	29.8	5,117
2012	17,368,277	30.5	5,127
2013	17,619,169	29.9	5,044
2014	17,619,169	29.5	4,924
2015	17,619,169	28.9	4,786
2016	17,959,169	29.8	4,745
2017	17,959,169	29.8	4,602
2018	17,959,169	29.4	4,514

Sewage Treatment

The County created a sewer district in 1977 known as the Orange County Sewer District #1 located in Harriman, New York. The current permitted capacity of the wastewater treatment plant is 6 million gallons per day and secures approximately 8,000 customers within the County. The majority of County residents rely on the individual municipalities for wastewater treatment services. The most recent upgrade to the facility was completed in 2006.

The County created and initiated an Industrial Pretreatment Program to regulate the effluent discharge from industrial users as mandated by the United States Environmental Protection Agency.

Recently the County had a Draft Facility Plan prepared by a third party to determine the need to expand the capacity of the plant beyond the current 6 million gallons per day. The conclusion of the Plan was that there is not currently a need to expand the capacity but there is a need to perform longevity improvements, which are being undertaken.

In addition, the County has applied to the State for the State Pollutant Discharge Elimination System (SPDES) permit to ensure compliance with wastewater treatment applicable rules and requirements.

Solid Waste

The County is not responsible for the collection of solid waste generated by residents and business within the County. Solid waste is collected by certain communities either directly or through contractual agreements with private waste carters, while in other communities the homeowners or businesses must contract individually for this service with private vendors.

The County operates one transfer station and contracts with a private company for the operation of two other County owned transfer stations. The private contractor responsible for the operation and maintenance of the transfer stations and disposal of the solid waste, charges the County a fixed price per ton. Such price covers operation and maintenance of the transfer stations and transportation and disposal of the solid waste. The County in turn, collects a tip fee from residents and the municipalities and private carters who deposit solid waste at the transfer station. Solid waste services are funded by a combination of user fees and property taxes.

The County is currently in the permitting process with the NYSDEC to upgrade the transfer facilities in Newburgh, known as Orange County Transfer Station #2.

Local haulers have implemented single stream recycling in much of the County. The single stream commodities are brought to the transfer station in Goshen loaded onto trailers and transported to a recycling facility at the Port of Albany.

Orange County Water Authority

The County created a Water Authority (the “Authority”) in 1987 pursuant to provisions of the State's Public Authorities Law. Under the original plan, the Water Authority was to construct and operate a countywide supply and distribution system at an estimated cost of \$200 million. A feasibility study released in early 1992 indicated an insufficient demand for this project and the need for substantial operating subsidies from the County. The County was unwilling to support the project at the levels indicated.

The current mission of the Authority is to address the future water supply needs of the County. Towards that end, the Authority is engaged in the following activities: study of County groundwater resources, implementation of groundwater and wellhead protection programs, implementation of a countywide water conservation program and implementation of intermunicipal water supply capital improvements.

The County established a designation of fund balance to underwrite the start-up costs associated with the Authority. A total of \$25 million was contributed to this designation between 1987 and 1990. For the last several years, the advances to the Authority from the General Fund have been classified as nonspendable to indicate that the loan will not be collected in the current fiscal year. Likewise, such loan has been classified as a liability in the Statement of Net Position as a liability in the financial statements of the Authority. The classification of the liability is reflected in the Government Wide Audited Financial Statements. Although the County has initiated plans to generate revenue with smaller scale projects, there is a recognition that a large scale project is unlikely to happen within the next three to five years.

Beginning with the audited financial statement for the fiscal year ending December 31, 2015, the County established an allowance against this receivable with an offsetting expenditure charge in the general government support section of the budget as an allowance for the uncollectible Authority receivable. The effect of the adjustment reduced the total fund balance of the County's General Fund by approximately \$29 million. However, the amount previously reported in the nonspendable portion of that fund balance was also eliminated. The financial operations of the County's General Fund were not affected, as there was no impact on the General Fund's annual cash flow or unassigned fund balance.

For the fiscal year ending December 31, 2016, the unassigned fund balance in the General Fund was \$43,771,034. For the fiscal year ending December 31, 2017, the unassigned fund balance in the General Fund increased to \$50,214,918.

Valley View Center for Nursing Care and Rehabilitation

Valley View Center for Care and Rehabilitation (the “Facility”) is a 360 bed skilled nursing facility established and operated under provisions of Article 6 of the General Municipal Law. Although a County Department, the operations of the Facility are accounted for as an enterprise fund within the County's General Purpose Financial Statements. On April 9, 2014, the Orange County Legislature adopted Resolution No. 98 of 2014 authorizing the establishment of the Orange Valley View Development Corporation (“Corporation”) and transfer of the Facility to the Corporation. The Corporation was authorized to acquire the Facility from the County, and assist in the financing and disposing of the Facility. The action taken by the Orange County Legislature was challenged in State Supreme Court by an Article 78 proceeding in the matter of *Fitzpatrick v. County of Orange*. On June 16, 2014 the Court ruled that a supermajority of County Legislators is necessary to transfer the Facility to the Corporation, granted the petition and annulled Resolution No. 98 of 2014. The County appealed the decision and on August 5, 2015 the Appellate Division, Second Judicial Department dismissed the appeal and affirmed the State Supreme Court order and judgment.

Over the past year, the County has pursued operational efficiencies and has made significant financial progress through a retirement incentive, savings in employee costs, health insurance and workers compensation. Revenues have also increased for resident services. The County is committed to the long term retention of the Facility and is exploring opportunities to increase revenues through further efficiencies. The County has also been approached by private investors looking to build on surrounding County-owned land with complementary health care services to increase the presence of the existing Facility.

Other Entities

The County has 3 cities, 20 towns and 19 villages, as well as a numerous school districts, fire districts, library districts and other special improvement districts located wholly or partially within the County's borders. The towns, villages, school districts, fire districts, library districts and other special improvement districts have independent debt and taxing powers. The County is required by law to guarantee and enforce the unpaid real property taxes of the towns and certain school and other districts. In addition, the County has, by local law, opted to guarantee and enforce the unpaid real property taxes of the villages. Cities, on the other hand, by the adoption of their local ordinances pay the County the full amount of the County levy within its boundaries and must enforce all taxes inside such cities.

Some of the services provided by the cities, towns, and villages in the County include: road maintenance, parks and recreation, planning and zoning, police protection, tax assessment and local courts. The school districts are responsible for primary and secondary education.

TRANSPORTATION

The County is served by an extensive network of transportation which has been a valuable tool in its economic development. Virtually all major forms of transportation are available in the County.

In recent years, the County has been one of the fastest growing counties in New York State, with its increasing residential development, population growth, commercial development accompanied by increasing car, truck, bus, rail and air traffic. Located at the geographic center of the Boston to Washington corridor of 40 million people and the northern fringe of the NY- NJ-CT-PA metro area, the County has both regional and metropolitan transportation connections. The County is located at the crossroads of three intersecting interstate highways: Interstate 84, Interstate 87 (the NYS Thruway) and future Interstate 86 (NYS 17). These highways give the County unparalleled highway access to New England and the greater Northeast. A byproduct of the County's interstate road access is a clustering of distribution, warehouse, and regional retail uses near the interstate highways.

Highway System

The County is served by an excellent highway system which promotes commerce and facilitates the movement of goods. Major highways include: the New York State Thruway (Interstate 87) which runs north and south through the eastern portion of the County, Interstate 84 which runs northeast and southwest across the County, and NYS Route 17 (future Interstate 86) which runs southeast and northwest through the County. Taken together they form a triangle crossing at Newburgh, Middletown and Monroe-Woodbury-Harriman.

The NYS Thruway and Interstate 84 intersect in the Town of Newburgh near Stewart International Airport. Substantial commercial and industrial development has occurred in this area and the Port Authority of New York and New Jersey, which now operates the airport, is in the midst of a substantial airport capital improvement program. Stewart Airport benefits from a new I-84 interchange (Exit 5A) and new direct roadway access. The Thruway and I-84 were recently directly interconnected through a major capital project by the NYS Thruway Authority. These and other public and private initiatives will likely encourage further development in the area.

Interstate 84 intersects with future Interstate 86 (NYS Route 17) in the Middletown/Walkkill area, which has also seen strong development activities in recent years. Development includes several office parks, a number of medical facilities, and multiple regional retail uses including the 1.2 million square foot Galleria Mall. From this area west into the Sullivan County and the NY Southern Tier, the NYS Department of Transportation (NYSDOT) has recently completed substantial capital construction to achieve federal interstate standards. NYSDOT has recently completed another major capital construction project at I-86 (NY17) Exit 122/Crystal Run Road, which will substantially improve both the interstate and local roads in this area and provide access to the recently completed Orange Regional Medical Center hospital. Another major road transportation improvement was completed in 2016 with the direct interconnection of the Galleria Mall roadway and the Orange Plaza roadway on the other side of future I-86. These major highways and capital improvements, together with a developed network of secondary routes, provide County businesses with easy access to regional and national markets.

Highway Freight

Because of its location at the crossing of Interstates 84, 86, and 87 which are main routes to and from New York City, New England, Canada and the mid-West, Orange County is an important center and conduit for freight movements. Truck freight serves local businesses and a growing number of distribution and warehousing operations, some of which are also served by rail. A substantial number of trucks are simply passing through. NYSDOT estimates that 25% of the traffic volume on I-84 is truck traffic. Efficient movement of goods in and through Orange County is important to both the regional economy and to New York State and beyond. The major freight, distribution, and warehousing operations are clustered near I-84 Exit 5 in Montgomery, near I-84 and I-87 near Stewart International Airport in the Towns of Newburgh and New Windsor, and near NY Route 17 (future I-86) in the Towns of Chester and Walkkill.

Rail Freight

The two major rail freight operators in the County are CSX and Norfolk Southern. CSX and Norfolk Southern are the only Class I operators within the County, operating over 100 miles of track. The largest carrier is CSX which operates approximately 52 trains per day on the west shore River Line along the Hudson River. This line passes the length of the county (22 miles) extending north and south into Ulster and Rockland Counties. Double-stack cars are currently being used by CSX on the River Line. CSX also operates a six mile short line known as the Newburgh Industrial Track, extending from the Newburgh waterfront to Cornwall with one train per day.

Norfolk Southern (NFS) operates from Port Jervis to Tuxedo on the same track leased to MTA Metro North for the Port Jervis Line. NFS operates approximately 2 to 4 freight trains each day on that line and also operates three short lines. One of these, the Hudson Secondary, extends twenty miles from the Town of Montgomery to the Town of Warwick with approximately two trains operating per day. Two additional short lines run from Hamptonburgh to Montgomery and Walden. These lines are known as the Maybrook Industrial Track (7 miles in length) and the Walden Secondary (6 miles in length). Approximately one train operates on each of these lines per week. NFS also operates a one mile section of track within the Town of Warwick. One train runs on this track per week, which is known as the Belvidere Industrial Track.

The County is also served by the New York Susquehanna and Western (NYS&W) and Middletown & New Jersey (MNJ) railroads. NYS&W has trackage rights over Norfolk Southern's Southern Tier Line and also owns about 4 miles of track between Warwick and the New Jersey state line. M&NJ operates over 19 miles of track.

Marine Freight

The Hudson River, which forms the eastern border of the County, has a deep water channel suitable for oceangoing vessels as far north as Albany. Deep draft vessels can be berthed at the City of Newburgh. Barges can use docks at several locations along the County's Hudson River shoreline. The Hudson River also affords direct access to the Erie and Champlain Barge Canals and the Great Lakes - St. Lawrence Seaway Route. Orange County is a member of the Hudson River Valley Greenway, for which State and Federal funds are available to enhance access to and recreational use of the Hudson River. Newburgh-Beacon ferry service complements the Haverstraw-Ossining high-speed ferry service. Both ferry services can provide enhanced access to MetroNorth passenger rail services. The port of Newburgh is served by rail currently operated by CSX.

Public Transit

The County has growing regional and local public transit services, encompassing a variety of modes: commuter rail, intercity commuter and local bus services, van pools, and demand responsive dial-a-bus services.

Passenger Rail Services

The Metropolitan Transportation Authority (MTA) Metro North Railroad provides commuter passenger service to the New York and New Jersey metropolitan areas. Orange County is served directly by the Metro North Port Jervis Line (operated by New Jersey Transit) and the Metro North Hudson Line on the east shore of the Hudson River. The Port Jervis Line service has Orange County stations at Tuxedo, Harriman, Salisbury Mills, Campbell Hall, Middletown, Otisville and Port Jervis. Port Jervis Line service continues into New Jersey, with connecting rail services to New York City at the new Secaucus Junction station and PATH and ferry services to lower Manhattan at Hoboken Terminal. Connecting bus and ferry services to the Hudson Line station at Beacon are provided from multiple locations in Orange County, with direct highway access on the I-84 Newburgh-Beacon Bridge. Orange County residents also access the Hudson Line at the Peekskill, Garrison and Croton stations. Connections to Amtrak can be made from both the Hudson Line and the Port Jervis Line. Ferry service operates between Newburgh and Beacon Station by NY Waterway under contract to Metro-North.

MTA Metro-North continues a substantial capital investment program for the Port Jervis Line track, having completed modernizations at all its Orange County station facilities and begun work on a new bi-directional cab signal system. The railroad completed major repairs to the line following flooding from Hurricane Irene and Tropical Storm Lee in 2011. Metro-North is presently working on Phase 2 of the West of Hudson Regional Transit Access Study, which could result in the recommendation of major new capital improvements, e.g., a future rail spur between Salisbury Mills/Cornwall and Stewart Airport that would serve both commuters and airport passengers. As part of this study, Metro-North is also evaluating options for capacity improvements to the Port Jervis Line, including a new Mid-Point Yard and double-tracking between Sloatsburg and the eastern approach to Moodna Viaduct.

Regional Bus Services

The County is served by local and commuter bus transit services provided by 18 transit operators many sponsored by the County using state and federal aid. These include substantial New York City express commuter service as well as localized fixed route and demand responsive dial-a-bus and paratransit services.

Coach USA/Shortline is the largest provider of bus service in and through Orange County. Coach USA serves over 1.6 million Orange County passengers annually. Most of the service is provided along the I-84, Route 17, and Route 32/I-87/Route 9W corridors. Coach USA provides major commuter service to New York City running 76 trips per day to and from Orange County during the morning and evening peak hours. Coach USA also provides service to the East Side of Manhattan via the George Washington Bridge and operates the Orange Westchester Link (OWL) which provides service to the White Plains area. Due to its growing commuter services and relationship with Orange County, in May 2014 Coach USA/Shortline opened its new headquarters and bus operations center in the county near the Chester interchange from Route 17 (future I-86). Coach USA commuter services are focused on the growing network of state-owned park and ride lots in Orange County, which provide free parking for transit and ride-sharing. Other commuter bus services are provided by Monroe Bus, Monsey Trails, New Jersey Transit, and Adirondack Trailways.

Local Bus Services

Local fixed route bus systems operate in and around the Cities of Newburgh and Middletown and the Village of Kiryas Joel. New fleets of hybrid diesel-electric buses purchased by Orange County with federal funding began service in all three areas in 2013. The County is also working with the Newburgh area bus operator to substantially increase the local service area and number of buses.

There are presently eight Dial-a-Bus services in Orange County, all municipally-operated, which currently lease County-owned vehicles for their operations. Dial-a-Bus services provide transportation services to meet the needs of the general public as well as particular individuals such as the disabled and elderly.

Orange County is responsible for local transit coordination and the administration of Federal, State and other funding for local transit operations. These coordination and administrative functions reside principally within the Orange County Planning Department, which also provides principal staff support for the Orange County Transportation Council. The County began using its new "Transit Orange" logo in 2006 as a way to unify the diverse transit services. Information on all transit services in and through the county is available through its web portal.

Air Services

Commercial airline service is available at Stewart International Airport located in the northeastern portion of the County. Presently, there are five airlines including Allegiant, Delta Connection, JetBlue Airways, Norwegian Air and U.S. Airways Express, providing non-stop and connecting service to numerous destinations in the United States and abroad. Stewart has been operated by the Port Authority of New York-New Jersey since 2007. The airport, located near the intersection of I-84 and I-87, now has two new entrances, one with immediate access to I-84. A state-of-the-art control tower was commissioned by the FAA in 2006. Open 24 hours a day, the tower is staffed by FAA-certified air-traffic controllers. The Port Authority has completed a new 400 space parking lot at the airport and is planning additional parking lot improvements. They also have in their capital plan an additional \$500 million for future improvements over ten years. A planned expansion of the passenger terminal will separate domestic and international travel operations and add new space for a permanent customs inspection area. The Port Authority is also building a new \$5.2 million regional crime lab for the New York State Police as part of an agreement that ensures the police force continues to guard and protect the airport.

Stewart International Airport continues to grow as a major air cargo facility. Freight services at the airport are offered by Federal Express, United Parcel Service, and the US Postal Service. The development of land in the surrounding area and the provision of air cargo storage and handling facilities at the Airport are expected to continue this growth. With its twelve-thousand foot main runway, Stewart is also home to the 105th Airlift Wing of the New York Air National Guard and two Marine Air Squadrons.

About 2,700 people work at Stewart Airport. Airport activity supports more than \$750 million in annual economic activity and more than 5,500 total jobs. More than half the capital projects initiated by the Port Authority were awarded to local firms and contractors.

The United States Department of Commerce has granted to the County a Foreign Trade Zone ("FTZ"), #37. Goods entering the FTZ are not considered to have entered the Country for customs purposes and are not subject to duties and tariffs until they enter U.S. commerce. Goods of foreign origin can be packaged, assembled, manufactured, displayed and have value added within the FTZ and pay duties on the final products rather than the imported components often at a lower rate. The FTZ offers a significant competitive advantage and savings to its business clients. It keeps local manufacturing jobs in demand and opens foreign markets to County based firms. FTZ status was recently granted by the U.S. Department of Commerce to properties located at the City of Newburgh waterfront, at Stewart Airport, and at the Goshen Westgate Business Park. This status will increase access of domestic businesses to international markets.

In addition to Stewart Airport, residents of the County have access to extensive passenger services at metropolitan New York airports located approximately 60 miles south of the County.

The County also owns and is home to a regional general aviation airport. Orange County Airport (OCA) in the Town of Montgomery is a reliever to the commercial centric airports in the region. OCA has over 165 based business and private aircraft, annually supports 100,000+ operations (takeoffs and landings), and has several aviation based businesses onsite providing dozens of local jobs. Currently, the FAA in conjunction with New York State and the County, are engaged and investing in a \$30 million dollar runway realignment project as well as a 2.5 million dollar commercial hangar project. This project will make the airport one of the few facilities in the area that will be fully compliant with FAA runway safety requirements as well as host a state of the art instrument landing system (ILS) for corporate and commercial utilization.

The County also has two smaller private airports hosting general private aviation pursuits. Randall Airport in the Town of Wallkill and Warwick Airport in the Town of Warwick both support a range of aviation activities to include gliders, balloons, ultra lights, flight instruction and private modern and antique aircraft.

Multi-Use Bicycle & Pedestrian Trails

The Orange County Heritage Trail, running along the former Erie Railroad right of way, is the County's premier paved/unpaved pedestrian multi-purpose trail. Presently about half of the trail has been completed, running from the Village of Harriman to the Town of Goshen. This section of the completed trail was designated in 2007 by the Secretary of the Interior as a National Recreation Trail. The County is presently working to design and construct the western section of the Heritage Trail from Goshen to just past the City of Middletown. This section will cost approximately \$10,000,000, with approximately 80% of the funds coming from federal transportation programs. \$1,000,000 of project expenditures to be made by the Orange County Industrial Development Agency, and \$500,000 expected to be received from the New York State Office of Parks, Recreation and Historic Preservation. When completed, the trail will be over 20 miles in length, with a possible future expansion in the southern end of the County which could go into Harriman State Park.

The Village of Walden and Town of Montgomery have recently completed a four mile section of the Wallkill Valley Rail Trail, connecting into Ulster County and the hamlet of Wallkill. Through the work of these municipalities and others in Ulster County, this trail will connect with another trail in Ulster that will eventually extend all the way to the City of Kingston.

EDUCATIONAL, RECREATIONAL, CULTURAL AND MEDICAL INSTITUTIONS

Education

Primary and secondary education is the responsibility of the various public school districts located within the County, as well as a number of private and parochial schools. Higher education is available at Mount St. Mary's, a four year institution located in the City of Newburgh offering undergraduate and graduate degrees in various fields of study and at Marist College which operates a satellite campus in the Village of Goshen. The U.S. Military Academy at West Point is also located within the County. The New York University Medical Center Institute of Environmental Medicine is located in Sterling Forest in the Town of Tuxedo. Other colleges which operate extensions in the County include Empire State, Columbia University, C.W. Post/Long Island University and John Jay College. Orange County Community College awards associates degrees in a number of fields. The Orange County Community College has two campuses, in the City of Middletown and the City of Newburgh. Touro College of Osteopathic Medicine opened a campus in the fall of 2014 in the City of Middletown. In 2018, a satellite campus for Orange County Community College was opened in Port Jervis.

Recreation and Culture

The County offers a broad range of diverse recreational and cultural opportunities to its residents and visitors. An extensive network of Federal, State, County and municipal parks offers a wide variety of sporting activities such as boating, hiking, swimming, equestrian, fishing, skiing, tennis and golf. Nearly 20% of the County's land is protected for recreation, parkland or protected open space. The County's 3,400 acres of parkland boasts seasonal activities, including but not limited to picnic sites, play equipment, athletic fields, tennis courts, two golf courses, campsites, four historic sites, an arboretum, equestrian rings, snow tubing and ice skating. The County's 14+/- mile paved/unpaved Heritage Trail currently links communities from eastern Orange County to Goshen for hikers, bicyclists, bird watchers, skaters, joggers and nature lovers, with expansion to Middletown planned in the near future. The Appalachian Trail actually began here, and now crosses the County through its network of parks and trails on its way to Maine or Georgia.

The U.S. Military Academy at West Point is a popular destination that includes numerous attractions. The historic Academy is home to the West Point Museum and Fort Putnam, as well as Eisenhower Hall which hosts major cultural and artistic events including Broadway plays, musical concerts and dance ensembles. Army football draws large crowds as do other athletic events, open to the public. West Point, Woodbury Common Premium Outlets and Orange County Choppers are three of the most popular tourism destinations outside of New York City found in the County.

Proud of its role in the American Revolution, the County boasts numerous museums and historic sites. New Windsor Cantonment, George Washington's Headquarters, Fort Decker and General Knox's Headquarters portray various aspects of this time in our nation's history. At the D&H Canal Park, walk the well preserved 1-mile section of the historic Delaware & Hudson Canal where two boys and mules once guided boats of coal, as you marvel at the imposing abutments of John Roebling's Aqueduct located in Sullivan County. Brick House and Hill-Hold Museums, authentic 18th century manor houses with hands on exhibits, are both operated by the County. The National Purple Heart Hall of Honor features the names of Purple Heart recipients and preserves the stories of America's servicemen and women wounded or lost in combat. The museum is located at the site where General George Washington presented the Military Merit as the award was known in that time.

Museum Village in the Town of Monroe depicts small town life in the area with its collection of 19th century buildings. The Harness Racing Museum has interactive exhibits including a 3-D simulator where you can ride a sulky to victory. The Goshen Historic Track is one of the oldest harness tracks in the world. Hudson Highlands Nature Museum and Discovery Center offers indoor and outdoor displays on the local environment with exhibits of living native animals.

An international destination, the Storm King Art Center is the country's leading outdoor sculpture park, displaying huge works by major artists over its 600 acres. Crawford House has an excellent collection of paintings by the Hudson River School, the first arts movement in the United States began in the early 1800's. The Sugar Loaf Arts and Craft Village has been home to accomplished craftsmen and women for over 250 years. Gillinder Brothers, established in 1861, tours visitors through one of the oldest glass manufacturers in the U.S.

The Hudson Valley is the oldest wine producing region in the country, and the County is home to Brotherhood, the oldest winery in the nation. Tours of its vast underground cellars include sipping wine in its stylish tasting room. Excellent vintages can also be found at the County's six other wineries, Applewood, Clearview, Demarest Hill, Orchard Hill Cider Mill, Palaia and Warwick Valley. The scenic "Black Dirt" area continues to be one of the largest growing areas in New York State, producing a bumper crop of farm stands, picking farms, and community farmers markets offering locally grown produce, breads, honeys, jams, herbs and flowers.

Medical

County residents are provided a wide range of inpatient and outpatient medical services through the five hospitals located within the County: Orange Regional Medical Center (Middletown); Cornwall Hospital (Cornwall); Bon Secours Hospital (Port Jervis); St. Anthony's Community Hospital (Warwick); and St. Luke's Hospital (Newburgh). In August 2011, the Orange Regional Medical Center opened a new hospital. In addition to the aforementioned hospitals, the County administers a variety of programs to help those in need of health services through its Departments of Health and Mental Health, including patient services, ambulatory clinic services, home health services, health education, environmental health and social work. Valley View Center for Nursing Care and Rehabilitation provides nursing for long-term care patients and service for chronic respiratory diseases. There are other long-term care facilities in the County, as well as the Glen Arden Life Care and Retirement Community which provides a continuum of care for senior citizens. Hospice of Orange County cares for the terminally ill and the needs of their family.

Utilities

Central Hudson Gas & Electric, Orange & Rockland Utilities and New York State Electric & Gas Corporation provide all of the gas and substantially all of the electricity to County residents. The New York State Power Authority provides a small amount of electricity. Both Central Hudson and Orange & Rockland are major employers and taxpayers in the County.

Municipal water and sewer services are provided by the three cities in the County, and by many of the villages and larger towns. Less developed areas of the County continue to rely upon private wells for water and septic systems for sewage disposal.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population

County population has increased by at least 30,000 people in each of the last five decades. Population growth in the County has outpaced both the State and the nation as a whole. In 2010, Orange County was among the fastest-growing counties in New York State, second only to Saratoga County.

Population Trends

The following table sets forth population statistics for the County and, the State.

<u>Year</u>	<u>Orange County</u>	<u>State of New York</u>
1990	307,647	17,990,455
2000	341,367	18,976,457
2010	372,813	19,378,102
2017	382,226	19,798,228

Source: U.S. Bureau of the Census.

Income Data

	Per Capita Money Income			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2017^a</u>
County of Orange	\$15,198	\$21,597	\$28,944	\$32,616
State of New York	16,501	23,389	30,791	35,752
	Median Household Income			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2017^a</u>
County of Orange	\$39,198	\$52,058	\$69,523	\$75,146
State of New York	32,965	43,393	55,603	62,909
	Median Family Income			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2017^a</u>
County of Orange	\$44,039	\$60,355	\$82,480	\$90,243
State of New York	39,741	51,691	67,059	77,141

Source: United States Bureau of the Census

a. Note: Based on American Community Survey 5-Year Estimates (2013-2017)

Economic Development

Orange County's comprehensive economic development program keeps it one of the fastest growing counties in the state. Comprised of several successful and highly regarded partner agencies, Orange County's economic development team aggressively attracts new businesses, promotes the growth and expansion of those businesses already operating in the county, and works to retain existing companies.

In February 2018, the Orange County Legislature voted unanimously to create a new Director of Economic Development position, reporting directly to the County Executive. This newly appointed Director will lead the planning and execution of the County's strategic economic development efforts, in cooperation and coordination with the Orange County Industrial Development Agency, the Orange County Partnership for Economic Development and several federal, state, and regional agencies, to advance the prosperity and economic welfare of the county's residents by creating and retaining valuable jobs.

The Orange County Partnership is a private, not-for-profit, office of economic development that conducts critical business development activities designed to help attract, grow and retain quality employers in Orange County. The Partnership's team of economic development professionals works with commercial real estate brokers, developers, site selection firms and regional and statewide economic development agencies to find the most advantageous and cost-effective locations for corporate attractions and expansions.

The Orange County Industrial Development Authority (the "IDA") is one of the most progressive IDA's in New York State. Its mission is to promote economic development through a program of incentives that assist in the construction, equipping and maintenance of specific types of projects and facilities. The IDA assists with strategic planning and business plan development, identifies resources to help companies grow to the next level or to capitalize an investment in facilities, equipment or technology.

In October of 2009, the IDA opened the Orange County Business Accelerator ("OCBA"). OCBA also offers an associate client program which allows a business to use the services of the OCBA without having a presence in the building.

In 2015, the IDA shifted the focus of the OCBA, a 10,000 square foot facility located at Stewart International Airport in New Windsor, from low-cost office space to specially-equipped facilities for smaller manufacturers, or "makers", with particular attention paid to the clusters of Fashion Design & Production, Bottling, Artisan Manufacturing and Artisan Food Processing.

With the new focus, the name of the Orange County Business Accelerator was changed to The Accelerator, Powered by the Orange County IDA. In order to help create jobs within their tenant companies, The Accelerator assists its clients with production, process flow, and aids in finding funding for their expanded operations and necessary machinery. Now a certified New York State Incubator, The Accelerator is fully occupied in New Windsor with manufacturers who are scaling up their businesses, increasing their sales and creating new, higher-paying jobs.

In 2018, The Accelerator opened a new location in the former Horton Hospital Complex in the City of Middletown. That space is already 90% full and will expand after the planned medical device clean room has been constructed.

In addition to the services available to tenants located within The Accelerator, the IDA's management team launched The Accelerator Without Walls (AWoW) program in 2016. The program helps to retain jobs and companies by providing a team of professional consultants to assist existing Orange County manufacturers in overcoming various challenges in their current business, or helping those companies expand their services and reach. Working with its partners in government, education and not-for-profit entities, The Accelerator also offers workforce training solutions to ensure that the jobs it helps to create can be filled by qualified individuals.

The Orange County Foreign Trade Zone was established in 1978 and has since expanded to include sites throughout Orange and Dutchess Counties, including designated acreage at Stewart International Airport, the Westgate Goshen Industrial Park, and approved usage-driven sites at facilities operated by Gap, Inc. and Pep Boys. There is opportunity for additional usage-driven sites and subzones to be established.

Since 1986, more than 300 major corporations have located in the County, while a similar number of existing firms expanded their operations. The addition of Fortune 500 companies, such as McKesson, AmerisourceBergen, Amy's Kitchen, Angry Orchard Hard Cider (Boston Brewing), Ball Corp., Konica-Minolta, Home Depot, Staples, Cardinal Healthcare, Mediacom, United Technologies, United Natural Foods and Anheuser-Busch, makes the County one of the Northeast's largest office/industrial hubs, where companies operate in the center of 18% of the nation's population, 20% of the nation's GDP and where 52 million people can be reached within a one-day ground footprint. Total office and industrial space exceeds 28 million square feet with over \$6 billion dollars of investment in infrastructure.

More recently, the County has added great companies like Angry Orchard, AmerisourceBergen, McKesson and Amy's Kitchen. Combined, these companies have an additional capital investment of over \$250,000,000.

Contributing to the success of the County's economic development program has been the growth of a strategic network of business parks located throughout the County. Business parks have promoted a planned and orderly expansion of the economic base while preserving the quality of life characteristics that make the County an attractive place to live. The County currently has 29 business parks, largely at full capacity. While existing companies have expanded within these parks, throughout the years new companies replace those companies that have downsized due to changes in the global marketplace.

Orange County's infrastructure is superior among its competitors. Road, Rail, River and Runway, the 4R's of economic development, are the driving forces for business attraction and growth in Orange County. Its proximity to New York City, interstate highway system, commercial rail route services, Stewart International Airport, the Hudson River deep seaport, and an extraordinary inventory of commercial land and real estate has kept the county growing, regardless of the national economic climate.

The new Orange Regional Medical Center (ORMC), the first hospital built in the State in more than 20 years, has not only changed the face of healthcare in the County, its begun to change the County itself. Fifty new medical facilities have grown around ORMC offering a variety of medical and auxiliary services.

Medical office space has been a linchpin of Orange County's commercial real-estate market for the past decade. The "Medical Mile" between the Orange Regional Medical Center and Crystal Run Healthcare, at the intersection of two interstates, is teeming with clinics, insurance providers, doctors' offices and a myriad of secondary medical support services.

Cornerstone Healthcare (formerly the Greater Hudson Valley Family Health Center), headquartered in Newburgh New York, recently acquired Middletown Community Health Center and is planning an expansion of their multiple offices throughout the County.

Orange County's landscape includes a diversity of settings from bustling cities to bucolic towns and villages and from farmland to forests. The backdrop is dotted with historical settings like the U.S. Military Academy at West Point, the Brotherhood Winery, the oldest winery in the United States, the Paramount Theater and Route 97 (think Audi commercial). Today, film and television production is a nationwide economic engine that is bringing new jobs and economic opportunities across the country. In cooperation with the Orange County Arts Council, the Orange County Partnership is promoting Orange County as the ideal location for this industry to do business.

Lastly, Orange County's abundance of shovel ready sites that have completed a generic approval process and meet or exceed a strict set of standards to confirm the site is ready for immediate development. This advance work reduces the time to begin construction and provides valuable savings. The following are examples of shovel ready inventory in Orange County:

The Town of New Windsor: 148 acre site fully approved and engineered at Stewart International Airport.

Town of Warwick: Warwick Valley Office & Technology Corporate Park, 48.6 available acres.

Village of Goshen: 83 Shovel-Ready Acres – Goshen 2455 Route 17M

Panattoni Pine Lane: 28 acre site with full municipal approvals and fully engineered for a 241,800 square foot facility.

New York International Plaza: 200 acre site that has full approvals for various buildings and overlooks Stewart International Airport.

Tower Drive/Turner Drive: Two industrial buildings and one office building, with municipal approvals, totaling 200,000 square feet.

The following is a list of recently completed and current construction projects that have taken place within the County by sector:

Healthcare/Pharmaceuticals

McKesson Pharmaceuticals, Hamptonburgh

- McKesson Corporation, currently ranked 11th on the FORTUNE 500, is a healthcare services and information technology company
- The new Distribution Center is 340,000 square feet and currently employs 164 workers.
- The total capital investment was approximately \$85 million.

Matrix Development/AmerisourceBergen, Newburgh

- Constructing a 565,000 square foot business center.
- 317,000 square feet is currently leased to AmerisourceBergen, one of the Country's largest pharmaceutical distributors.
- 248,000 square feet is lease to Amscan, one of the world's largest designer, manufacturer and distributor of decorated party goods and party accessories.
- The total capital investment was approximately \$75 million and is expected to create approximately 210 jobs.

STERIS Isomedix Services, Chester

- Provides contract sterilization services.
- 60,000 square foot plant creating 25 jobs within the County.
- The total capital investment was approximately \$22 million.

Geritrex, Wallkill

- Westchester based pharma manufacturer acquired an existing company in the County.
- Expanding operations to add 50+ jobs.

NFP Holdings, Goshen

- 20,000 square foot expansion of nutritional products manufacturer that is expected to add 15 jobs.

Medical Marijuana, Wallkill and Warwick

- 2 of 5 licenses in New York awarded to Orange County operations.
- Valley Argiceuticals will operate in the Town of Wallkill, such project is underway.
- Citiva will operate in the Town of Warwick and such project is in the planning stage.

Energy

CPV Valley Energy, Wawayanda

- A 650MW natural gas fueled, combined-cycle power plant.
- Constructed a 127,000 square foot plant that is near completion.
- Total capital investment is approximately \$900 million and is expected to create 30 jobs.

Crestwood Propane, Montgomery

- Fuel transporter and processor.
- New 20 acre site is a rail-to-truck propane terminal serving a 75 mile radius.
- Total capital investment was \$10 million and is expected to create 15+ jobs.

Food & Beverage

Amy's Kitchen, Goshen

- An organic-and-vegetarian meals manufacturing firm.
- Building a 369,000 square foot plant that will create approximately 680 new jobs.
- The total capital investment is approximately \$95 million.

Nummies Bakery, Chester

- 369,000 square foot facility for fast growing maker of organic meals
- Creating 681 jobs.
- A capital investment of \$95 million.

Equilibrium Brewery, City of Middletown

- High-end manufacturer opened in 2017 that is expanding with the purchase of a former bank building downtown.
- Adding 25 jobs.

Fox N Hare Brewing – City of Port Jervis

- Opening of a new brewery and restaurant that has helped transform the City's Front Street corridor.

Graft Cider, City of Newburgh

- Cider manufacturer opened in 2016 and is now planning a 15,000 square foot expansion.

Education

Fei Tien College, City of Middletown

- A bilingual (English/Chinese) institution of higher learning committed to the preservation, development, and propagation of traditional arts and cultures.
- Taking over the former Psychiatric Center.
- This will attract 2,700 students.
- The total capital investment is approximately \$23 million.

Touro College of Osteopathic Medicine, City of Middletown

- Medical college graduated their first class in May 2018.

SUNY Orange, City of Port Jervis

- Community College expanding to the County's western-most city.

Hospitality & Tourism

Hotels, Various Locations

- Sleep Inn, Middletown
- Home2Suites, Wallkill
- Hampton Inn & Suites, Newburgh
- Sleep Inn, South Blooming Grove

LegoLand New York, Goshen

- 153 acres site that will create approximately 1,300 jobs.
- Will attract an estimated 2.5 million visitors per year
- Total capital investment is approximately \$500 million.

Aviation at New York Stewart International Airport

Norwegian Airlines, New York Stewart International Airport

- Low-Fare International Carrier
- Created 200+ jobs
- Transforming energy and activity at Stewart.

Atlantic Aviation, New York Stewart International Airport

- Acquired 100,000 square foot hanger to provide ground services for private jets.
- Created 20 jobs.

Aviation Port Services, New York Stewart International Airport

- Ground handler for Norwegian.
- Created 50 Jobs.

SkyWest, New York Stewart International Airport

- Ground handler for Delta leasing 3,800 square feet.
- Created 15 Jobs.

The following is a list of new and upcoming projects that will take place within the County:

Attractions & Expansions

Gardens at Harriman Station, Harriman

- Will become 250,000 square feet of commercial space and 1,500 new homes.
- 130 acre site that is located near the Harriman Train Station.
- This project is currently at the planning board.

Café Spice, New Windsor

- 40,000 square foot food manufacturer.
- Adding 60-100 jobs.

Milmar Foods

- 60,000 square foot expansion of local food manufacturer.
- A \$12 million capital investment and adding 50 jobs.

Medline, Wawayanda

- Medical products distributor expanding from 500,000 square feet to 1.2 million square feet.
- Adding 200 jobs.

Project Sailfish, Montgomery

- A ecommerce distribution center approximately 1.4 million square foot facility.
- This could create 400+ jobs.

The schedules on the following pages provides information concerning the trends in economic development within the County.

County Economic And Social Development Information

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>Amount of Retail Sale (In Billions)*</u>	\$ 6.90	\$ 6.95	\$ 7.04	\$ 7.08	\$ 7.47
<u>County Residential Sale</u>					
<u>(Excludes Condo/Townhouse Sales)**</u>					
Unites Sold (New & Existing)	2,243	2,212	2,748	3,485	3,483
Average Days on Market	130	155	138	125	108
Annual Median Sales Price	234,500	230,000	225,000	229,000	256,017
Annual Average Sales Price	251,084	252,485	244,714	246,392	242,700
<u>Education Attainment (25 Years Old +)***</u>					
High School Graduate (Inc. Equivalency)	68,657	72,879	72,119	71,627	71,246
Associate's Degree	2,483	25,083	23,635	25,651	23,941
Bachelor's Degree	40,745	38,863	42,274	39,451	44,360
Graduate or Professional Degree	26,337	28,842	29,463	30,640	31,454
Percent High School Graduate or Higher	89.90%	89.30%	89.90%	89.30%	89.80%
Percent Bachelor's Degree or Higher	28.30%	28.40%	29.90%	29.00%	31.00%

Source: * Orange County Department of Finance

**Orange County Association of Realtors/Orange County Department of Real Property

***U.S. Census Bureau, American Community Survey

County Industrial And Office Information

Industrial Space (Million Square Feet)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Total Square Feet	18.8	19.4	19.7	19.7	19.7	20.1	20.9	21.0	21.2	22.5
Vacancy Rate (%)	11.4	15.0	9.5	7.2	5.8	5.0	4.0	3.3	3.2	1.8

Office Space (Million Square Feet)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Total Square Feet	3.9	4.1	4.1	4.1	4.2	4.4	4.4	4.5	4.7	4.7
Vacancy Rate (%)	9.5	12.0	11.3	10.0	10.2	9.7	9.7	9.5	9.1	9.8

Source: Mansfield Commercial Real Estate.

Building Permits

Each of the the respective Towns are responsible for the administration of the NYS Building Code, NYS Fire Prevention Code, the NYS Energy Code, Planning and Zoning regulations, the Federal Flood Plain Regulations and various other local laws administered and enforced by each Town Board. The Building Department of each Town schedules building construction inspections, receives complaints concerning all areas of code administration, maintains records and collects fees for any operation that require fee collection for permits. A building permit is required for new homes, additions, alterations, manufactured homes, and accessory structures. Accessory structures most commonly include detached garages, sheds, decks, gazebos and swimming pools. The Towns review permits for code conformance, inspect new construction, make fire code inspections, and inspect for code enforcement problems.

Employment

Employed Yearly Average Civilian Labor Force

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
County	179,100	175,800	178,300	178,400	181,600
State	9,636,400	9,565,300	9,679,300	9,584,500	9,704,700

Source: Local Area Unemployment Statistics, NYS Department of Labor

Occupations And Class Of Worker (2017)

	<u>New York State</u>	<u>Orange County</u>
<u>Occupation (%)</u>		
Management, Business, Sciences, and Arts	40.2	35.6
Service Occupations	20.1	19.0
Sales and Office Occupations	23.2	25.7
Natural Resources, Construction and Maintenance	7.2	8.2
Production, Transportation and Materials	9.3	11.5
<u>Class of Worker (%)</u>		
Private Wage and Salary Workers	78.7	75.7
Government Workers	15.3	19.7
Self-Employed	6.0	4.6

Source: U.S. Census Bureau, Factfinder.Census.gov.

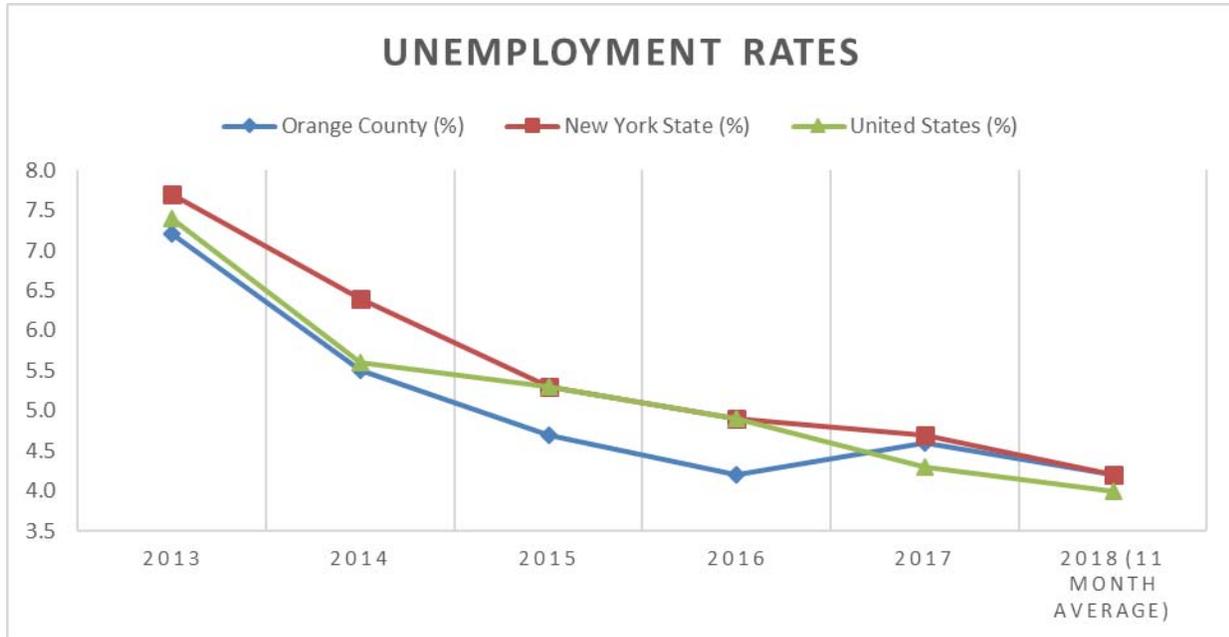
Employment By Industry

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>Industry (%)</u>					
Agriculture, Forestry, Fishing, Hunting and Mining	1.2	1.0	0.8	0.9	1.7
Construction	6.2	6.2	5.8	5.8	8.1
Manufacturing	7.0	7.2	7.5	7.2	5.5
Wholesale Trade	3.3	3.4	3.4	2.8	3.3
Retail Trade	13.5	14.0	13.8	14.3	13.5
Transportation, Retail and Utility	6.3	6.2	6.2	6.7	5.6
Information	2.6	2.4	2.5	2.8	1.8
Finance, Insurance, Real Estate, Rental and Leasing	6.0	5.8	5.8	5.2	5.4
Professional, Scientific, Management, Administrative, Waste Management	8.6	9.1	9.0	8.4	9.2
Educational, Health and Social Services	26.3	25.8	25.7	25.8	26.4
Arts, Entertainment, Recreation, Accommodation and Food Services	7.7	7.7	8.0	8.5	7.6
Other Services (Except Public Administration)	4.4	4.4	4.7	4.2	4.8
Public Administration	6.8	6.8	6.8	7.4	7.1

Source: U.S. Census Bureau.

Yearly Average Unemployment Rates

<u>Annual Averages:</u>	<u>Orange County (%)</u>	<u>New York State (%)</u>	<u>United States (%)</u>
2013	7.2	7.7	7.4
2014	5.5	6.4	5.6
2015	4.7	5.3	5.3
2016	4.2	4.9	4.9
2017	4.6	4.7	4.3
2018 (11 Month Average)	4.2	4.2	4.0



Source: New York State Department of Labor, U.S. Bureau of Labor Statistics

Major Employers In The County

(400 or more employees)

<u>Name</u>	<u>Type</u>	<u>Estimated Number Of Employees</u>
United States Military Academy at West Point	Military	4,000
Orange Regional Medical Center	Hospital	2,524
Orange County Government	Government	2,399
Crystal Run Healthcare	Multi-Specialty Physicians' Practice	2,050
Access: Supports for Living	Non-Profit Organizations	1,289
St Luke's Cornwall Hospital	Hospital	1,247
Elant, Inc.	Senior Health and Housing	1,200
C & S Wholesale Grocers, Inc.	Food	800
Empire Blue Cross/Blue Shield	Health insurance	795
Spectrum Enterprise	Communications	750
The ARC of Orange County	Non-Profit Organizations	750
Bon Secours Community Hospital	Hospital	598
Cornerstone Family Healthcare	Healthcare	550
Amscan, Inc.	Distribution	525
Mirabito Energy Products	Distribution - Fuel	500
Horizon Family Medical Group	Healthcare	500
Kolmar Laboratories Inc	Manufacturing	500
Staples, Inc.	Office Supplies	460
Verla International LTD	Cosmetic	445
YRC Worldwide	Trucking-Motor Freight	435
United Natural Foods, Inc (UNFI)	Organic Food Distributor	400
Adecco	Service/Staffing Service	400

Source: 2017 Directory of Major Employers, Orange County Partnership.

HOUSING DATA

Housing Stock

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2012</u>	<u>2014</u>	<u>2016</u>	<u>2017</u>
County	110,814	122,754	137,107	138,349	138,441	141,147	141,493
State	7,226,891	7,679,307	8,108,211	8,123,585	8,153,309	8,232,039	8,255,911

Source: 2013-2017 American Community Survey, U.S. Census Bureau
U.S. Department of Commerce, Bureau of the Census 1990, 2000 and 2010.

Median Housing Values And Rents

	<u>2000</u>		<u>2010</u>		<u>2017</u>	
	<u>County</u>	<u>State</u>	<u>County</u>	<u>State</u>	<u>County</u>	<u>State</u>
Median Value - Owner Occupied Units	\$144,500	\$148,700	\$286,600	\$296,500	\$260,300	\$293,000
Gross Rent - Renter Occupied Units	\$714	\$672	\$1,077	\$1,020	\$1,187	\$1,194
Occupancy Status						
Owner Occupied	62.7%	48.7%	62.9%	48.1%	60.1%	45.3%
Renter Occupied	30.8%	43.2%	28.0%	40.6%	29.3%	43.2%
Vacant	6.5%	8.1%	9.1%	11.3%	10.6%	11.5%

a. Includes units for occasional use and units temporarily vacant pending sale, rental or the conclusion of the rental or sale process.
Sources: U.S. Bureau of the Census: Census 2000
2010 and 2017 American Community Survey, Factfinder.census.gov

INDEBTEDNESS OF THE COUNTY

Constitutional Requirements

The State Constitution limits the power of the County (as well as other municipalities and school districts of the State) to issue obligations and contract indebtedness. Such constitutional limitations include the following, in summary form, and are generally applicable to the County and the Bonds:

Purpose and Pledge. The County shall not give or loan any money or property to or in aid of any individual or private corporation or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation.

The County may contract indebtedness only for a County purpose and shall pledge its faith and credit for the payment of principal of and interest thereon.

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

General. The County is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation, assessment, borrowing money, contracting indebtedness and loaning the credit of the County so as to prevent abuses in the exercise of such powers; however, as has been noted under "*Nature of Obligation*", the State Legislature is prohibited by a specific constitutional provision from restricting the power of the County to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limit Law imposes a statutory limitation on the County's power to increase its annual tax levy. The amount of such increase is limited by the formulas set forth in the Tax Levy Limit Law. (See "*Tax Levy Limit Law*" herein).

Statutory Procedure

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

Pursuant to the Local Finance Law, the County authorizes the incurrence of indebtedness by the adoption of a bond resolution approved by at least two-thirds of the members of the County Legislator, except in the event that the County determines to subject the bond resolution to voter approval by mandatory referendum, in which case only a three-fifths vote is required.

The Local Finance Law also provides a twenty-day statute of limitations after publication of a bond resolution which, in effect, estops thereafter legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. The County has complied with such requirement with respect to the bond resolutions authorizing the issuance of the Bonds.

Each bond resolution usually authorizes the construction, acquisition or installation of the object or purpose to be financed, sets forth the plan of financing and specifies the maximum maturity of the bonds subject to the legal (Constitution, Local Finance Law and case law) restrictions relating to the period of probable usefulness with respect thereto.

Each bond resolution also authorizes the issuance of bond anticipation notes prior to the issuance of bonds. Statutory law in New York permits notes to be renewed each year provided that principal is amortized and provided that such renewals do not (with certain exceptions) extend more than five years beyond the original date of borrowing. However, bonds issued in anticipation of the sale of bonds for assessable improvements are not subject to such five-year limit and may be renewed subject to annual reductions of principal for the entire period of probable usefulness of the purpose for which such bonds were originally issued. (See "*Payment and Maturity*" under "*Constitutional Requirements*" herein).

In addition, under each bond resolution, the County Legislator may delegate, and has delegated, power to issue and sell bonds and notes, to the Commissioner of Finance, the chief fiscal officer of the County.

In general, the Local Finance Law contains similar provisions providing the County with power to issue general obligation revenue anticipation notes, tax anticipation notes, deficiency notes and budget notes.

Debt Limit. The County has the power to contract indebtedness for any County purpose so long as the aggregate outstanding principal amount thereof shall not exceed seven per centum of the average full valuation of taxable real estate of the County and subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash or appropriations for current debt service. The constitutional and statutory method for determining the full valuation is by dividing the assessed valuation of taxable real estate by the respective equalization rates assigned to each assessment roll. Such equalization rates are the ratios which each of such assessed valuations bear to the respective full valuation of such year, as assigned by the Office of Real Property Tax Services. The State Legislature is required to prescribe the manner by which such ratios shall be determined. Average full valuation is determined by adding the full valuations for the most recently completed assessment roll and the four immediately preceding assessments rolls and dividing the resulting sum of such addition by five.

There is no constitutional limitation on the amount that may be raised by the County by tax on real estate in any fiscal year to pay principal and interest on all indebtedness. However, the Tax Levy Limit Law imposes a statutory limitation on the power of the County to increase its annual tax levy. The amount of such increases is limited by the formulas set forth in the Tax Levy Limit Law. (See "*Tax Levy Limit Law*," herein).

The following pages set forth certain details with respect to the indebtedness of the County.

Computation of Debt Limit and Calculation of Net Debt Contracting Margin
(As January 10, 2019)

<u>Fiscal Year ending Dec 31:</u>	<u>Assessed Valuation</u>	State Equalization <u>Rate</u>	<u>Full Valuation</u>
2015	\$12,397,573,155	41.74	\$29,701,900,228
2016	12,446,003,635	41.34	30,106,443,239
2017	12,579,410,119	40.58	30,999,039,229
2018	13,187,370,113	41.36	31,885,407,716
2019	13,275,856,002	39.74	33,406,841,847
Total Five Year Full Valuation			\$156,099,632,259
Average Five Year Full Valuation			31,219,926,452
Debt Limit - 7% of Full Valuation			2,185,394,852
Inclusions:			
Various Purpose Bonds			\$281,155,189
Bond Anticipation Notes			<u>0</u>
Total Indebtedness			<u>281,155,189</u>
Appropriations for Bonds			30,280,189
Appropriations for Notes			<u>-</u>
Total Exclusions			<u>30,280,189</u>
Total Net Indebtedness Before Issuing the Bonds			<u>250,875,000</u>
The Bonds			30,130,962
Less: BANs to be Redeemed by the Bonds			<u>0</u>
Net Effect of the Bonds			<u>30,130,962</u>
Total Net Indebtedness After Issuing the Bonds			<u>281,005,962</u>
Net Debt Contracting Margin			<u><u>1,904,388,890</u></u>
Per Cent of Debt Contracting Margin Exhausted			12.86%

Details of Short-Term Indebtedness Outstanding

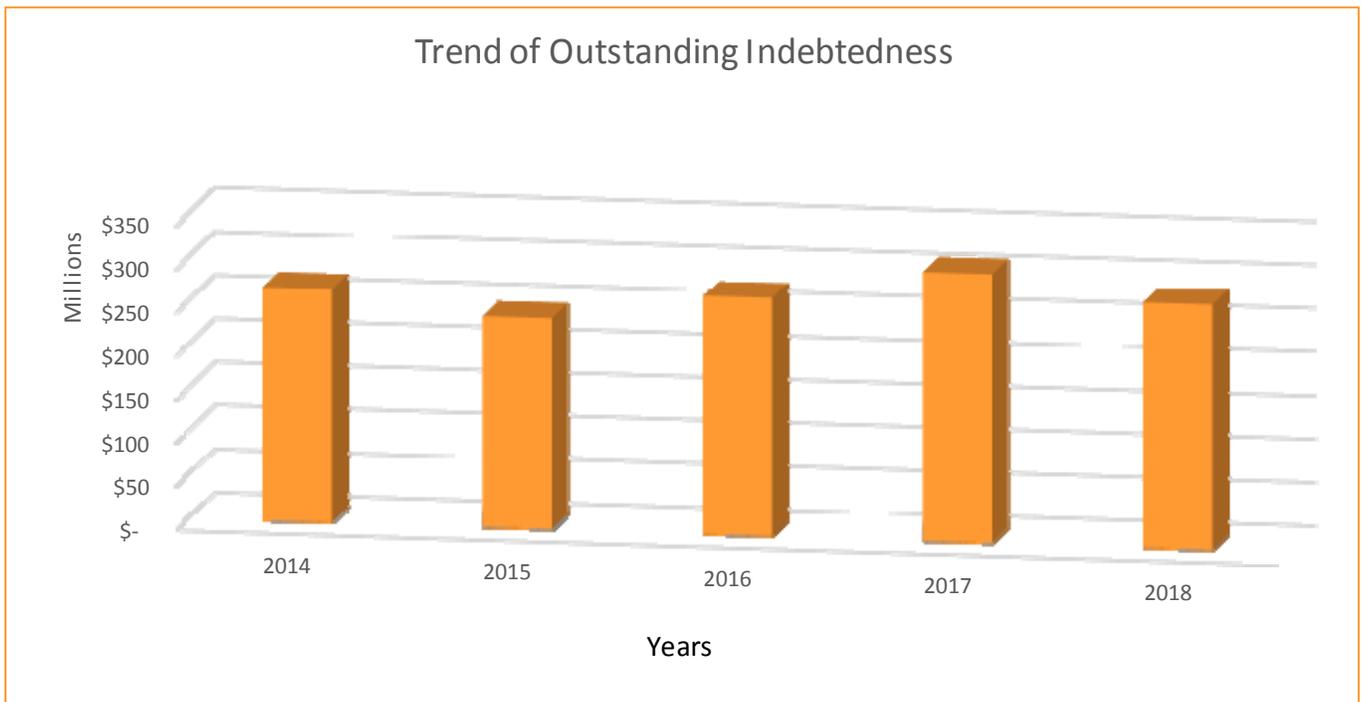
As of the date of this Official Statement, the County has no short-term debt outstanding.

Debt Service Requirements - Outstanding Bonds

Fiscal Year Ending <u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$30,280,189	\$10,112,634	\$40,392,823
2020	29,533,000	8,820,576	38,353,576
2021	30,497,000	7,543,925	38,040,925
2022	25,076,000	6,340,970	31,416,970
2023	21,725,000	5,247,648	26,972,648
2024	21,339,000	4,352,388	25,691,388
2025	17,598,000	3,605,790	21,203,790
2026	17,552,000	2,974,459	20,526,459
2027	13,650,000	2,358,333	16,008,333
2028	14,075,000	1,899,856	15,974,856
2029	10,080,000	1,548,173	11,628,173
2030	7,860,000	1,278,578	9,138,578
2031	8,085,000	1,072,302	9,157,302
2032	8,335,000	853,125	9,188,125
2033	8,585,000	615,240	9,200,240
2034	8,840,000	355,694	9,195,694
2035	<u>8,045,000</u>	<u>110,825</u>	<u>8,155,825</u>
 Total	 \$ <u>281,155,189</u>	 \$ <u>59,090,515</u>	 \$ <u>340,245,704</u>

Trend of County Indebtedness

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt Outstanding End of Year:					
Bonds	\$268,385,000	\$242,586,269	\$273,269,295	\$308,556,763	\$281,155,189
Bond Anticipation Notes	-	-	-	-	-
Capital Notes	-	-	-	-	-
Total Outstanding Debt	\$268,385,000	\$242,586,269	\$273,269,295	\$308,556,763	\$281,155,189



Source: Audited financial statements of the County 2014-2018.

In addition to the County, various other political units within the County have the power to incur indebtedness payable from property taxes on property located in the County. The following table includes the total outstanding principal amount of debt issued by other political units within the County.

Estimated Overlapping and Underlying Indebtedness

<u>Overlapping Units</u>	<u>Applicable Total Indebtedness</u>	<u>Applicable Net Indebtedness</u>
Cities	\$ 136,711,641	\$ 96,322,296
Towns	107,074,185	69,255,931
Villages	104,825,408	55,713,749
School Districts	744,463,670	627,766,835
Fire Districts	21,198,932	21,098,932
Totals	\$1,114,273,836	\$870,157,743

Source: Special Report on Municipal Affairs published by the Office of the State Comptroller for the most recent year or more recent Official Statements.

Debt Ratios

The following table sets forth certain ratios relating to the County's indebtedness as of the date of this Statement.

	<u>Amount^a</u>	<u>Per Capita^b</u>	<u>Percentage Of Full Value (%)^c</u>
Total Direct Debt	\$ 281,155,189	\$ 736	0.842
Net Direct Debt	250,875,000	656	0.751
Total Direct & Applicable Total Overlapping Debt	1,395,429,025	3,651	4.177
Net Direct & Applicable Net Overlapping Debt	1,121,032,743	2,933	3.356

a. Exclusive of the Bonds

b. The current population of the County is 382,226 (U.S. Census - 2017)

c. The County's full value of taxable real property for 2018-19 is \$33,406,841,847.

Long-Term Lease Agreements for County Offices

The County has entered into three long-term lease agreements for County office space in the Cities of Middletown, Newburgh and Port Jervis. The leases are part of an urban initiative undertaken by the County. (Within the City of Newburgh, the County has entered into a lease with GEMMA Development Company LLC for 45,600 square feet of space in order to consolidate County satellite offices serving the Newburgh and eastern Orange County areas. The space has been rehabilitated and final occupancy occurred in May 1998. The lease expires 20 years after the County takes occupancy. The 2017 annual lease costs of the premises were \$1,130,081.) The County has agreed to an assignment of their lease payments to a trustee for the \$5,700,000 City of Newburgh Industrial Development Agency ("IDA"), 1996 Taxable Industrial Development Revenue Bonds (Gemma Development Company LLC Facility), issued to finance the cost of rehabilitation of such space. The County has been escrowing rental payments since January 1, 2018 waiting for accounting of payments on Bonds with the Newburgh IDA and Wells Fargo Bank.

In February 2002, the County entered into a 20-year lease with RAC Development of Newburgh LLC of 25,000 square feet for County offices of the Health Department, County Clerk, and the Newburgh Motor Vehicle office at 128 Broadway, City of Newburgh. The lease is a Fixed Rate Triple Net Lease of \$172,500 per year for 20 years. The County Legislature has approved \$2.3 million in bonds for purchase of (RAC) 128 Broadway and (Gemma) 145 Broadway. The cost of taxes and common charges are additional to the lease. The annual lease cost for 2017 was \$315,423. Current lease expires January 31, 2022.

Within the City of Middletown, the County has entered into a lease with Pyramid Construction Company of Ramsey (Fulton) for the use of initially 15,830 and increasing to 27,300 square feet of office space to consolidate County offices serving that area. Initial occupancy began in April 1997. The building was fully occupied as of September 2000. The annual lease cost for 2017 of \$710,377, along with adjustments for increases in the Consumer Price Index every five years. Current lease expires June 30, 2018. The County is planning to move all offices to the County owned building at Middletown Community Campus by March 31, 2019 as a cost saving measure expected to be approximately \$100,000 in 2019.

Within the City of Port Jervis, the County has renewed their lease with 150 Pike Street Limited Partnership for 8,700 sq. ft. of office space for Orange County Probation, Department of Social Services, Health Department and Office of Mental Health. The lease is for five years with an option for an additional five years at the annual cost of \$133,640 with an additional payment of \$26,035 for cleaning. Current lease expires March 31, 2022. The County also leased an additional 5,000 sq. ft. for a SUNY Orange satellite campus for three years at an annual cost of \$44,000.

Within the City Of Port Jervis, the County Clerk leases 1,220 square feet for the DMV at an annual cost of \$25,375 from the City of Port Jervis at City Hall. The current lease expired March 31, 2020.

Within the Town of Monroe, the County Health Department leases 2,600 square feet of office space on a 5 year lease to expire on July 31, 2020. The cost of taxes and common charges are additional to the lease. The annual cost for 2017 was \$ 39,000.

Within the City of Middletown, the County leases 5,500 square feet of office space, a 5 year lease with a 5 year renewable clause, with Crawford House LLC for Middletown Motor Vehicle office at 12-14 Kings Street. The 2017 annual cost was \$77,647. This lease was renewed for the period of January 1, 2015 through August 2020 at \$50,000.

Within the Village of Chester, the County leases a 3,350 square foot backup location for the Emergency Management System from Frontier Communications at an annual cost of \$42,142. The lease expires January 31, 2018. Such lease is in the process of being cancelled on March 31, 2019.

The County is relocating certain County offices and additional leased space in the Goshen area into more efficient space at a reduced cost of \$14 per sq. ft. (including all heat, electric and common charges) The annual budget cost is expected to be \$552,538 and will expire on December 31, 2028. This would include 39,467 sq. ft. at 30-40 Matthews Street from Goshen Shopping Assoc. The County is also expected to realize savings by moving the Social Services offices from Hatfield Lane, effective March 31, 2019.

The County also leases 5,840 sq .ft. at 14-15 Scotchtown Ave for the Legal Aid Office and the Goshen Court plaza for \$467,164 in 2018, as well as 10,533 sq. ft. at 1997 Route 17M from Seneco Enterprises for \$138,706 for the Goshen Probation Office. All leases are gross leases which include all heat, electric, common charges and taxes.

Lease Revenues

In April of 2008, Orange County purchased property on Broadway in the City of Newburgh for a new Orange County Community College Campus branch. It included two existing office buildings: the Tower Building at 1 Washington Center currently used by the Orange County Community College and the Maple Building at 3 Washington Center. The Maple Building has the following existing tenants with leases:

- Federal Government, Department of Social Security Administration - 13,856 sq. ft. - annual rent of \$278,856 - Ten year lease that was extended.
- New York State Department of Labor and Orange County Office of Employment and Training - 13,200 sq. ft. - annual rent of \$184,800 - month to month tenant; currently working on a new lease.
- EA Engineering – 1,392 sq. ft. – Annual rent of \$31,017 – lease to be extended.
- Mid-Hudson Pattern For Progress 2,000 sq. ft. annual rent of \$42,000 lease to expire in October 2020.
- NYS EMPIRE COLLEGE renewed a 5 year term September 2016-2021 - 5,891 sq. ft. - annual rent of \$164,209
- Hudson Valley Regional Council – 1,392,sq. ft. – annual rent of \$25,742. Lease expires October 1, 2019.

Total projected rental revenue for 2017 was \$738,930. With a projection of revenue for 2019 at \$765,000. As of July 2017 additional vacant space of 9,000 sq. ft. will be used by the Orange County BOCES Educational Center at an annual rent of \$53,500.

The County owns the Middletown Community Campus at 18 Seward Avenue in Middletown. It is a 65,000 sq. ft. office building used by the following County offices Probation, Social Services, Health, Employment & Training / NY Labor department, Community Development. The entire third floor of 21,528 sq. ft. is leased to Cornell Cooperative Extension with an annual rent of \$265,000 for five years thru October 1, 2022 with an option for an additional five years, up to October 1, 2027. In the first quarter of 2019, many offices from Fulton will be relocating. The elimination of the Fulton Plaza lease produces a savings of \$710,400 per year.

At 38 Seward Avenue in Middletown, Honor EHG, a Homeless Family Shelter leases from the County 45,000 square feet for a 20 year lease at an annual rent of \$316,791. The lease runs to January 1, 2030.

In December of 2013, the County entered into a sublease with Orange-Ulster Board of Cooperative Education Services (BOCES) for a 9,182 square foot kitchen (7,870 square feet for County use and 1,312 square feet shared with BOCES) for Senior Dining and similar programs with an upfront payment of \$2,977,735 for equipment & renovations of leased space. The term will begin at date of occupancy (anticipated as August 2014) and will run for ten years from that date. Credit for the upfront payment will be used for rent during the initial ten year period with two five-year options at \$306,000 per annum and \$318,240 per annum, respectively, potentially extending the lease thru 2034.

BOCES, as sublessor, to the County, is a tenant of Arden Local Development Corp. (ALDC) which owns the property. BOCES' lease with ALDC ends November 30, 2023. The County's sublease with BOCES is contingent upon BOCES having an extension of their lease with ALDC by November 30, 2023 to ensure completion of the 10-year term of the sublease. If BOCES fails to obtain an interest to enable completion of the 10-year term, BOCES shall refund a pro-rata share of the rent to the County.

Authorized But Unissued Debt

As of the date of this Official Statement, the County has authorized but unissued debt in the aggregate amount of \$107,983,301. Such amount consists of authorizations for various governmental purposes including, but not limited to, improvements to the Orange County Community College, public safety, airport, landfill, parks and recreations, roads, and various special districts located in the County. The issuance of the Bonds will finance \$30,130,962 of such amount.

Capital Budget Summary 2019-2021

As required by County Charter, the County Executive submits a Capital Plan on an annual basis as part of the budgeting process. Such Plan is a product of various discussions with department heads and the Capital Program Committee. The table below represents the Capital Plan for the next several years. It should be noted that the Plan includes all grant related projects, direct budget appropriations, projects in process, and other capital needs. The County has historically borrowed only a small portion of the amounts in the Plan.

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>Total</u>
Airport	\$ 1,835,000	\$ 10,343,470	\$ 8,700,000	\$ 20,878,470
Beaver Dam	2,700,150	2,925,150	-	5,625,300
Buildings	15,279,085	100,602,555	10,775,000	126,656,640
County Roads	21,188,939	59,596,722	24,875,000	105,660,661
County Taxation	86,849,198	162,720,421	43,897,395	293,467,014
Landfill Fund	11,729,500	18,186,457	-	29,915,957
Parks	1,417,674	21,531,654	15,628,980	38,578,308
Sewer	-	-	-	-
Valley View	2,492,510	2,448,870	-	4,941,380
Total Project Cost	\$ 143,492,056	\$ 378,355,299	\$ 103,876,375	\$ 625,723,730
Borrowing Amount	\$ 26,654,597	\$ 91,279,599	\$ 29,882,516	\$ 147,816,712

DISCUSSION OF CERTAIN FINANCIAL MATTERS

Budgetary Procedures

The County budgets, maintains accounting records, and prepares financial statements on a calendar year basis. The County Executive is the Chief Budgeting Officer of the County. The County Executive appoints a full-time Budget Director who is an officer in the executive department. The timetable for the development of the annual budget is as follows:

June	Budget request forms are sent to each department head and must be returned by July 15.
By September 1	The Budget Director and the County Executive review the various department requests and hold hearings with each department head. Revisions are made where necessary.
By October 1	The County Executive must present the proposed County budget to the Legislature, which turns the budget over to the various committees of the Legislature for review and acceptance or revision.
By October 15	The various legislative committees report to the Legislature as a whole and the tentative budget is determined.
By October 25	Public hearings must be held to permit public expressions and suggestions to the budget. After such hearings, the Legislature must consider results and public expression.
By November 15	The Legislature must make any changes desired in the tentative budget and determine the final budget.
By December 1	If the County Executive so wishes, any changes made by the Legislature may be vetoed.
By December 15	The Legislature must act to accept or override the County Executive's action. A two-thirds vote is required to override. The final budget must be determined no later than December 15.

Budgetary control is the joint responsibility of the Budget Division and the Department of Finance. Collectively, they supervise and control appropriations and monitor revenues. The County Legislature must approve any amendments to the budget, while the County Executive may authorize transfers between functional categories of expenditure. Appropriation transfers within a department or functional category may be made by the Budget Division. The County operates on an encumbrance accounting system based on allocations wherein all purchase orders are encumbered. No expenditures may be made unless they are included as part of an allocation. The Commissioner of Finance may not disburse money unless there is an appropriation and sufficient allocation for the purpose of the disbursement. Appropriations in governmental funds lapse at the end of the fiscal year, however, outstanding encumbrances are re-appropriated in the succeeding year.

A SUMMARY OF THE COUNTY'S 2019 ADOPTED BUDGET IS PRESENTED IN APPENDIX B OF THIS STATEMENT.

Financial Accounting and Reporting

County finances are accounted for through various funds: the General Fund, Special Revenue Funds, and other funds.

The General Fund constitutes the primary operating fund of the County and includes all revenues and expenditures not required by law to be accounted for in other funds.

The Special Revenue Funds account for the proceeds of specific revenue sources that are legally or budgetary restricted to expenditures for certain specified purposes. The Special Revenue Funds include:

County Road Fund – accounts for the maintenance and repair of County roads and bridges and snow removal costs;

Road Machinery Fund – accounts for the purchase, repair and maintenance of highway machinery, tolls and equipment, and for the construction, purchase and maintenance of buildings for the storage and repair of highway machinery equipment;

Sewer Fund – accounts for the operation of the County’s sewer district;

Community Development Fund – accounts for projects financed by entitlements from the U.S. Department of Housing and Urban Development;

Airport Fund – accounts for the operation of Orange County Airport;

Sanitary Landfill Fund – accounts for solid waste arrangements;

Off-Street Parking Fund – accounts for revenues derived from off-street parking facilities;

Workforce Investment Act Fund – accounts for revenues derived from entitlements from the U.S. Department of Labor; and the

Small Watershed Protection Fund – accounts for operations of drain and watershed projects.

Other funds utilized by the County for financial reporting purposes include:

Debt Service Fund – accounts for the accumulation of resources to be used for the payment of principal and interest on general long-term debt;

Capital Projects Fund – accounts for financial resources to be used for the acquisition and construction of capital assets;

Trust and Agency Fund – accounts for assets held by the County in a trustee capacity or as agent for individuals, private organizations, or other governmental units and/or other funds;

Enterprise Fund – accounts for the operation of the County’s Valley View Center for Nursing Care and Rehabilitation; and the

Internal Service Funds – accounts for the financing of goods and services provided by one department to other departments of the County on a cost reimbursement basis (the motor pool and the County’s self-insurance pools).

The financial statements of the County are audited each year by an independent auditing firm. Those audits have been performed by O’Connor Davies, LLP, previously named Bennett, Kielson, Storch, DeSantis & Company, LLP, the Government Services Division of O’Connor, Davies, Munns & Dobbins, LLP, Harrison, New York. The last such audit completed is for the County’s fiscal year ended December 31, 2017.

Investment Policy

Pursuant to the County Charter, the Commissioner of Finance is responsible for the investment of moneys not required for immediate disbursement. In conformance with Sections 11 and 39 of the General Municipal Law, the Commissioner of Finance has proposed and the County Legislature has approved an Investment Policy. Such policy is reviewed at least annually by the County Legislature and amended as deemed appropriate.

Pursuant to the County's Investment Policy, investment of available cash balances may be made in certain types of bank accounts and direct obligations authorized by State law: (1) demand and time deposits (including certificates of deposits) in banks or trust companies located in and authorized to do business in the State; (2) direct obligations of the United States of America; (3) obligations whose principal and interest is 100% guaranteed by the United States of America; (4) obligations of the State of New York; and (5) obligations issued by certain units of local government within the State of New York (with the approval of the State Comptroller).

The County's Investment Policy further states that bank and trust company deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act, must be secured by a pledge of "eligible securities" with a market value equal to the amount of the deposit not covered by the federal insurance program or an eligible surety bond issued by an insurance agency authorized to do business in New York State to the extent such a surety bond is permitted under the law. Eligible securities used for collateralizing deposits must be held by a third party bank or trust company subject to security and custodial agreements.

The County's Investment Policy also authorizes the County to enter into repurchase agreements subject to the following restrictions: (1) All repurchase agreements must be entered into subject to a master repurchase agreement; (2) Obligations shall be limited to obligations of the United States of America and obligations of agencies of the United States of America where principal and interest are guaranteed by the United States; (3) No substitution of securities will be allowed; (4) The securities will be held by a third party; (5) The market value of the securities shall initially be at least 102%; and (6) Should the market value of the securities ever fall below 100% the account party must provide the County with additional securities so that the value of the collateral equals at least 100%.

All investments of the County are made in conformance with its Investment Policy and all applicable State and Federal laws.

Revenues

The County receives most of its revenue from a real property tax on all non-exempt real property situated within the County, non-property taxes (including sales and use tax) and State aid and Federal aid. A summary of such revenues for the five most recently completed fiscal years may be found in Appendix A.

Real Property Taxes

See "Tax Information" and "Tax Levy Limit Law", herein.

State and Federal Aid

According to the financial statements, the County received 25.0% of its total 2017 General Fund revenue and other financing sources from the State and Federal governments. A significant portion of this revenue relates to reimbursement for social service and mental health expenditures. Virtually all State and Federal aid is designated for spending in specific program areas. The 2018 and 2019 adopted budgets estimates that a similar amounts, of total revenue and other financing sources, will be received from the State and Federal governments.

Neither the Federal government nor the State is constitutionally obligated to maintain or continue Federal and State aid to the County. No assurance can be given that present aid levels will be maintained in the future. In view of the State's continuing budget problems, future State aid reductions are likely. Similarly, the Federal government has recently initiated significant changes to many of the social service programs administered by the County. It is not certain at this time what changes the State government will undertake in response to the Federal amendments. State budgetary restrictions and Federal funding changes that eliminate or substantially reduce Federal or State aid could have a material adverse affect upon the County requiring either a counterbalancing increase in revenues from other sources to the extent available, or curtailment of expenditures. See also "Market Factors" herein.

The following table presents the Federal and State aid reported for the County's General Fund in recent financial statements.

Federal And State Aid

Year Ended <u>December 31:</u>	<u>Federal Aid</u>	<u>State Aid</u>	<u>Total Federal and State Aid</u>	<u>% of Total Operating Revenue</u>
2013	\$62,362,437	\$ 83,565,494	\$ 145,927,931	26.5
2014	60,001,477	77,017,023	137,018,500	25.9
2015	64,975,362	81,051,774	146,027,136	26.6
2016	65,594,235	79,302,049	144,896,284	25.2
2017	61,667,118	85,366,243	147,033,361	25.0
2018 (Budgeted)	66,225,617	88,818,486	155,044,103	25.6
2019 (Budgeted)	67,991,024	96,579,906	164,570,930	25.1

Expenditures

A major portion of the County's expenditures are related to the delivery and administration of human service programs. Included are a number of programs related to various Federal and State mandated aid programs including Medicaid, Home Relief, Aid to Dependent Children and other community service programs. Although a substantial portion of the expenditures for social service programs are ultimately offset with Federal and State aid, expenditures fluctuate widely in response to economic conditions and are difficult to predict. Recently, Federal legislation has restructured the basis on which Federal aid is available. The new Federal requirements limit eligibility terms and, in certain cases, call for participation of beneficiaries in employment, job training and educational programs.

Approximately 37.4% of the County's General Fund expenditures and other financing uses in 2017 were spent to provide economic opportunity to residents of the County. Other major expenditures were as follows: Public Safety – 15.4%, Health – 8.8%, and General Support – 24.3%. Municipalities located within the County provide primary police protection and refuse collection, while fire protection is provided by local special districts. Public school districts are responsible for educating the children of the County.

RETIREMENT SYSTEMS

County Employees

The County participates in the New York State and Local Employees' Retirement System (ERS). These plans are cost sharing, multiple public employers plans. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). ERS offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments.

NYSRSSL provides that all participating employers are jointly and severally liable for any actuarial unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in ERS. Employees enrolled in ERS, and having less than 10 years of service, must contribute 3% of their annual salary; except for those employees enrolled prior to July 27, 1976 for whom the system is non-contributory. Employee contributions are deducted by employers from employees' paychecks and are sent directly to ERS. It is the policy of the County to fund its pension cost during the period incurred.

On December 10, 2009, the Governor signed in to law a new Tier 5. The law is effective for new ERS and TRS employees hired after January 1, 2010. New ERS employees will now contribute 3% of their salaries and new TRS employees will contribute 3.5% of their salaries. There is no provision for these contributions to cease after a certain period of service.

On March 16, 2012, Governor Cuomo signed into law Chapter 18 of the Laws of 2012, which legislation provides for a new Tier VI for employees hired after April 1, 2012. The Division of the Budget estimates the new tier will save the State and local governments outside of New York City \$80 billion over the next 30 years. The new pension tier has progressive contribution rates between 3% and 6%; it increases the retirement age for new employees from 62 to 63 and includes provisions allowing early retirement with penalties. Under Tier VI, the pension multiplier will be 1.75% for the first 20 years of service and 2% thereafter; vesting will occur after 10 years; the time period for calculation of final average salary is increased from three years to five years; and the amount of overtime to be used to determine an employee's pension is capped at \$15,000, indexed for inflation, for civilian and non-uniform employees and at 15% of base pay for uniformed employees outside of New York City. It also includes a voluntary, portable, defined contribution plan option for new non-union employees with salaries of \$75,000 or more.

ERS Billing Procedures

ERS contributions are due December 15 of each year and are based on salaries estimated to be paid the fiscal year ending on March 31 of the next calendar year.

Community College Employees

The Community College provides retirement benefits for substantially all of its regular full-time employees. Non-teaching personnel are members of the New York State and Local Employees' Retirement System (ERS), the same system that covers County employees. The elements of this system are described above. All full-time and certain part-time instructional personnel are eligible to participate in either the New York State Teachers' Retirement System (TRS) or the Teachers Insurance Annuity Association and the College Retirement Equities Fund (TIAA/CREF).

TRS offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after ten years of credit service. Employees enrolled in TRS, and having less than 10 years of service, must contribute 3% of their annual salary, except for those employees enrolled prior to July 26, 1976 for whom the system is non-contributory. Employee contributions are deducted by employers from employees' paychecks and sent directly to TRS. The NYSRSSL provides that all participants in the TRS are jointly and severally liable for any actuarial unfunded amounts. Such amounts are collected through annual billings to all participating employers.

TIAA/CREF is an optional retirement program, designated by the trustees of the State University of New York. The TIAA/CREF is a privately operated defined contribution retirement plan. The College assumes no liability for the financial status of TIAA/CREF members' accounts other than payment of contributions. This system offers a wide range of plans and benefits which are related to years of service and amount of premiums purchased during the period of employment.

All benefits are fully vested after thirteen (13) months of participation in TIAA/CREF. New York State Education law establishes the contribution rate for each employee electing this optional retirement program. Employees enrolled in TIAA/CREF, and having less than 10 years of service, must contribute 3% of their annual salary, except for those employees enrolled prior to July 26, 1976 for whom the system is non-contributory. Employee contributions are deducted by employers from employees' paychecks and are sent directly to TIAA/CREF. TIAA/CREF allows members to make extra payments at any time; these extra payments are not matched by the College.

TRS Billing Procedures

TRS contributions payable by the College for benefits earned on or after July 1, 1989 are due September 15, October 15 and November 15 of the succeeding College fiscal year.

Status and Financing of Employee Pension Benefits

Substantially all employees of the County are members of the New York State and Local Employees' Retirement System ("ERS") or the New York State and Local Police and Fire Retirement System ("PFRS"; with ERS, the "Retirement Systems"). The Retirement System is a cost-sharing multiple public employer retirement system. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service, except for members hired after January 1, 2010 whose benefits vest after ten years of credited service. The Retirement System Law generally provides that all participating employers in the retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement System. The Retirement System is non-contributory with respect to members hired prior to July 27, 1976. All members hired on or after July 27, 1976 through and including December 31, 2009, must contribute 3% of gross annual salary toward the cost of retirement programs until they attain ten years in the Retirement System, at such time contribution become voluntary. Members hired after January 1, 2010 must contribute three percent of their gross annual salary toward the cost of retirement programs for the duration of their employment.

On May 14, 2003, the Governor signed a pension reform bill into law as Chapter 49 of the Laws of 2003 ("Chapter 49"). Chapter 49 changes the cycle of billing to match budget cycles of the County. Under the previous method, the County was unsure of how much it paid to the system until after its budget was implemented. Under the reforms implemented by Chapter 49, the employer contribution for a given fiscal year will be based on the value of the pension fund on the prior April 1 instead of the following April 1 so that the County will be able to more accurately include the cost of the contribution into its budget. As a result, the County is notified of and can include the actual cost of the employer contribution in its budget. Chapter 49 requires the County to make a minimum contribution of 4.5% of payroll every year, including years in which the investment performance of the fund would make a lower contribution possible.

During its 2004 Session the New York State Legislature enacted further pension relief in the form of Chapter 260 of the Laws of 2004 (“Chapter 260”). Among other things, Chapter 260 changed the pension payment date for all local governments from December 15 to February 1.

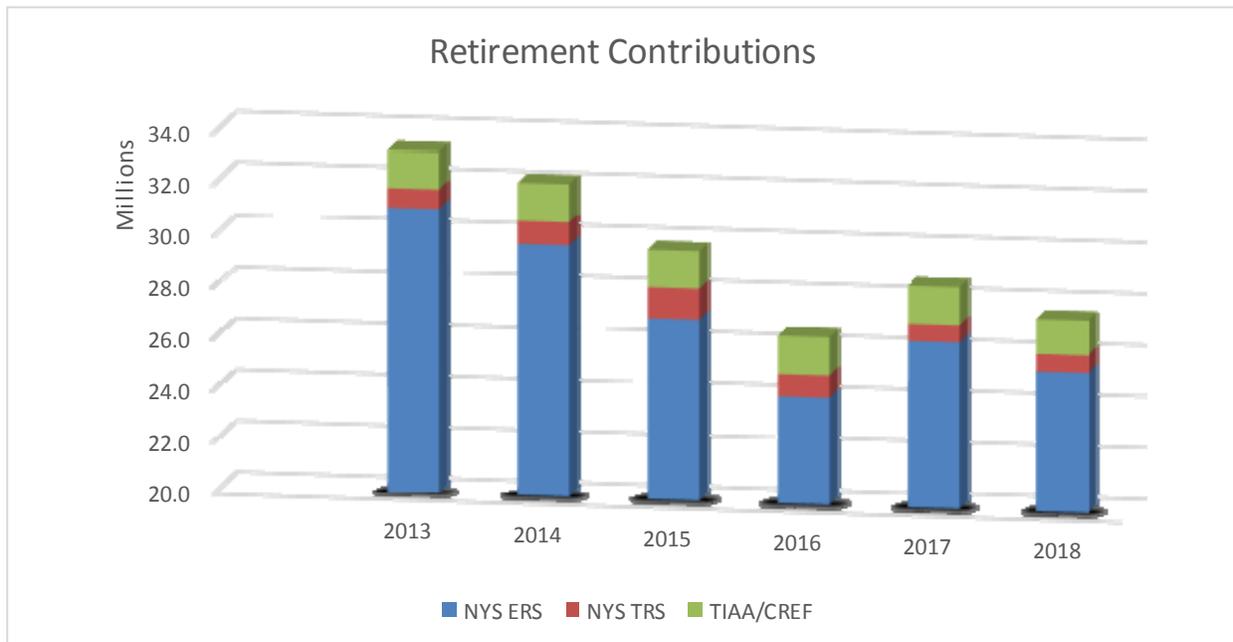
The New York State Retirement System has advised the County that municipalities can elect to make employer contribution payments in the December or the following February, as required. If such payments are made in the December prior to the scheduled payment date in February, such payments may be made at a discount amount. The County has prepaid its employer contributions each December since the option was made available in 2004.

Due to significant capital market declines in the past, the State’s Retirement System portfolio has experienced negative investment performance and downward trends in market earnings. As a result of the forgoing, the employer contribution rate for the State’s Retirement System may be higher than the minimum contribution rate established by Chapter 49. To mitigate the expected increases in the employer contribution rate, various forms of legislation has been enacted that permits local governments and school districts to amortize a portion of their required ERS pension contribution payments with the State Retirement System. Such legislation also requires that those local governments and school districts choosing to amortize their ERS pension contribution payments with the State Retirement System to reserve funds for future payment increases that are a results of fluctuations in pension plan performance. The County has not found it necessary to amortize any payments to the Retirement System.

Recent Retirement Contributions

The following presentation shows the retirement expenditures recorded by the County for reporting periods ending during the years 2013 through 2018.

<u>FYE Dec 31:</u>	<u>NYS ERS</u>	<u>NYS TRS^a</u>	<u>TIAA/CREF^a</u>	<u>Total</u>
2014	\$29,795,778	\$ 870,760	\$1,482,349	\$32,148,887
2015	27,077,537	1,175,470	1,475,151	29,728,158
2016	24,161,089	908,991	1,444,524	26,514,604
2017	26,471,926	710,705	1,432,174	28,614,805
2018	25,468,248	666,918	1,370,863	27,506,029



a. Expenditures are for the fiscal year ending August 31.

Other Post Employment Benefits

GASB 45 and OPEB. OPEB refers to "other post-employment benefits," meaning other than pension benefits, disability benefits and consists primarily of health care benefits, and may include other benefits such as life insurance. These benefits had generally been administered on a pay-as-you-go basis and had not been reported as a liability on governmental financial statements.

The County provides post-retirement healthcare benefits to various categories of former employees. Those benefits are funded on a pay-as-you-go basis. Under the requirements of the Governmental Accounting Standards Board (GASB) Statement No. 45 (GASB 45), all governmental entities are required to report the estimated cost of the accrued liability for such post-retirement healthcare costs. Governments, including the County, with budgeted revenues in excess of \$100 million must report that liability in its 2007 and forward year-end statements.

GASB 45 requires governments to account for OPEB liabilities much like they already account for pension liabilities, generally adopting the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB. Unlike GASB 27, which covers accounting for pensions, GASB 45 does not require governments to report a net OPEB obligation initially.

Under GASB 45, based on actuarial valuation, an annual required contribution (ARC) will be determined for each municipality. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

GASB 45 does not require that the unfunded liability actually be amortized nor that it be advance funded, only that the municipality account for its unfunded accrued liability and compliance in meeting its ARC.

Actuarial valuation will be required every two years since the County's OPEB plan has more than 200 members.

	<u>Primary Government</u>	<u>Community College (Component Unit)</u>
Amortization Component:		
Actuarial Accrued Liability as of January 1, 2017	\$800,216,866	\$111,122,535
Assets at Market Value	<u>-</u>	<u>-</u>
Unfunded Actuarial Accrued Liability	<u>800,216,866</u>	<u>111,122,535</u>
Funded Ratio	0.00%	0.00%
Covered Payroll (active plan members)	<u>153,703,672</u>	<u>25,074,053</u>
UAAL as a Percentage of Covered Payroll	520.62%	443.18%
Annual Required Contribution	76,266,410	\$12,767,674
Interest on Net OPEB Obligation	14,265,199	1,825,828
Adjustment to Annual Required Contribution	<u>4,071,638</u>	<u>61,032</u>
Annual OPEB Cost	94,603,247	14,654,534
Contributions Made	<u>(19,706,773)</u>	<u>(2,867,002)</u>
Increase in Net OPEB Obligation	74,896,474	11,787,532
Net OPEB Obligation – January 1, 2017	<u>356,629,975</u>	<u>46,158,264</u>
Net OPEB Obligation - December 31, 2017	<u>\$431,526,449</u>	<u>\$57,945,796</u>

TAX INFORMATION

Tax Collection Procedure

Real property taxes are levied and attached as a lien against property on January 1. County taxes are billed with the town and city taxes and initially collected by the towns and cities on behalf of the County.

Real property taxes in the towns may be paid between January 1 and January 31 without interest or penalty. Payments received after January 31 must include interest computed at 1% per month from February 1. The towns retain the first moneys collected to satisfy the entire amount of their respective tax warrants. Moneys collected thereafter are remitted to the County. Tax rolls and a list of the unpaid taxes are returned to the County after March 31. A 5% penalty is added to the unpaid taxes by the County, which collects these taxes with interest computed at 1% per month from February 1. The County continues to collect unpaid taxes and is responsible for the enforcement of the tax lien. For taxes levied for periods prior to January 1, 1995, the tax enforcement period is approximately four and three-quarter years. For taxes levied for periods after January 1, 1995, the tax enforcement period is estimated to run two and one-half years.

Cities, on the other hand, must pay the County the full amount of the County taxes levied in the city. Similarly, cities are responsible for the collection and enforcement of taxes levied within their corporate limits for school district purposes. County taxes remaining unpaid are enforced by the cities in the same manner as unpaid city and school district taxes.

The County is also responsible for collecting and enforcing delinquent school taxes on properties outside of the three cities. Such taxes are collected by the school districts in the County between September 1 and October 31. On or about November 1, the school tax receivers transmit the school tax rolls together with a listing of the unpaid taxes to the appropriate school authorities. The school districts must certify such listing of unpaid taxes and transmit said list to the County. Unpaid school taxes (except for properties in the three cities) are re-levied as part of the County and town tax bill due on January 1 of the next calendar year and thereafter collected and enforced in the same manner as County real property taxes. The County must satisfy the full amount of the unpaid school taxes no later than April 1 of the year following the levy of such taxes.

Pursuant to Section 1242 of the Real Property Tax Law and Orange County Local Law No. 7 of 1978, the County has agreements with the villages within the County to collect and enforce delinquent village taxes when requested by the village. The County enforces taxes on behalf of all the villages located within the County. County tax bills include amounts relieved for unpaid village taxes where appropriate.

Constitutional Tax Limit

The amount that may be raised by the levy of taxes on real property in the County in any year for purposes other than debt service on County indebtedness is limited to one and one-half per centum (subject to increase up to two per centum by the State Legislature) of the average full valuation of taxable real estate in the County. See "Tax Levy Limit Law" herein.

The following table sets forth such real estate taxing limit of the County for the years ending December 31, 2014 through 2018.

Computation Of Constitutional Tax Limit For Years Ending December 31

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Tax Limit	\$501,749,900	\$477,091,403	\$462,559,012	\$455,831,049	\$456,658,624
Add Exclusions ^a	31,179,264	29,555,409	30,647,164	28,950,550	25,001,323
Total Taxing Power	532,929,164	506,646,812	493,206,176	484,781,599	481,659,947
Tax Levy ^b	115,524,958	121,154,170	119,596,374	121,104,342	123,466,554
Tax Margin	417,404,206	385,492,642	373,609,802	363,677,257	358,193,393
Percent of Unused Taxing Power	78.32%	76.09%	75.75%	79.78%	78.44%

a. Net exclusions for debt service

b. Unadjusted tax levy for County purposes only

Real Property Taxes

The following table sets forth the percentage of the County's General Fund revenue as reported in the audited financial statements (including transfers) for each of the fiscal years 2013 through 2017.

<u>FYE Dec 31:</u>	<u>Total Revenue</u>	<u>Real Property Taxes</u>	<u>Real Property Taxes to Revenues (%)</u>
2013	\$554,959,665	\$68,693,638	12.38
2014	535,208,515	64,334,145	12.02
2015	556,012,702	71,742,762	12.90
2016	580,508,500	86,747,747	14.94
2017	594,126,033	86,682,843	14.59

The following table sets forth the trend for real property taxes and tax collections during the last five years.

Tax Levy and Collection Record

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
County Taxes	\$ 114,227,825	\$ 116,009,779	\$ 118,296,374	\$ 120,046,374	\$ 122,377,892
Local Special Districts	2,434,978	2,670,901	2,857,955	2,786,058	2,871,174
Relieved Schools	30,411,164	28,052,268	28,103,437	27,657,314	28,867,146
Relieved Villages	2,722,115	2,402,503	2,334,710	2,628,062	2,515,805
Towns	167,474,705	169,561,981	170,921,440	174,943,791	177,453,671
Relevy Penalties	2,119,330	2,131,834	2,130,671	2,119,977	2,196,806
Late Penalties and Fees	1,603,457	1,562,948	1,489,911	1,468,975	1,496,121
Total Tax Levy	<u>320,993,574</u>	<u>322,392,214</u>	<u>326,134,498</u>	<u>331,650,551</u>	<u>337,778,615</u>
Collected End of Year of Levy:					
Amount ^a	\$ 305,780,532	\$ 307,501,065	\$ 312,978,446	\$ 318,319,188	\$ 323,195,006
Percent	95.26%	95.38%	95.97%	95.98%	95.68%

a. Includes amounts unpaid by cities for county tax levy within the cities.

Selected Listing of Large Taxable Properties
2017 Assessment Roll^a

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
Orange & Rockland Utilities	Public Utility	\$240,357,610
Chelsea GCA Realty	Shopping Center	158,737,400
Central Hudson & Gas	Public Utility	132,600,692
Roseton Generating	Public Utility	48,091,500
Crystal Run Newco LLC	Commercial Landlord	34,587,906
Allegiance Healthcare	Healthcare	30,955,000
GWL 201 Neelytown LLC	Real Estate Developer	30,052,400
Middletown I Resources LP	Shopping Center	26,636,724
Idlewild Creek Apartments LP	Apartment Complex	25,041,700
East Coast Imperial Garden	Apartment Complex	<u>7,700,100</u>
	Total ^b	<u><u>\$734,761,032</u></u>

- a. Assessment Roll established in 2017 for levy and collection of taxes during 2018 Fiscal Year. See "Tax Certiorari Claims" herein.
b. Represents 5.57% of the total Assessed Valuation of \$13,187,370,113.

Tax Certiorari Claims

In common with other municipalities, there are a number of tax certiorari proceedings pending involving properties that are subject to the levy of County taxes. The plaintiffs in these matters have asserted that their properties are over-assessed and are seeking assessment reductions. A refund of excess taxes is also generally requested. Historically, certiorari claims have been settled through negotiations, resulting in amounts, at times, substantially less than originally claimed. Many settlements provide for future adjustments with no direct outlay of money. There are no significant claims filed by the larger taxpayers at this time.

Sales Tax

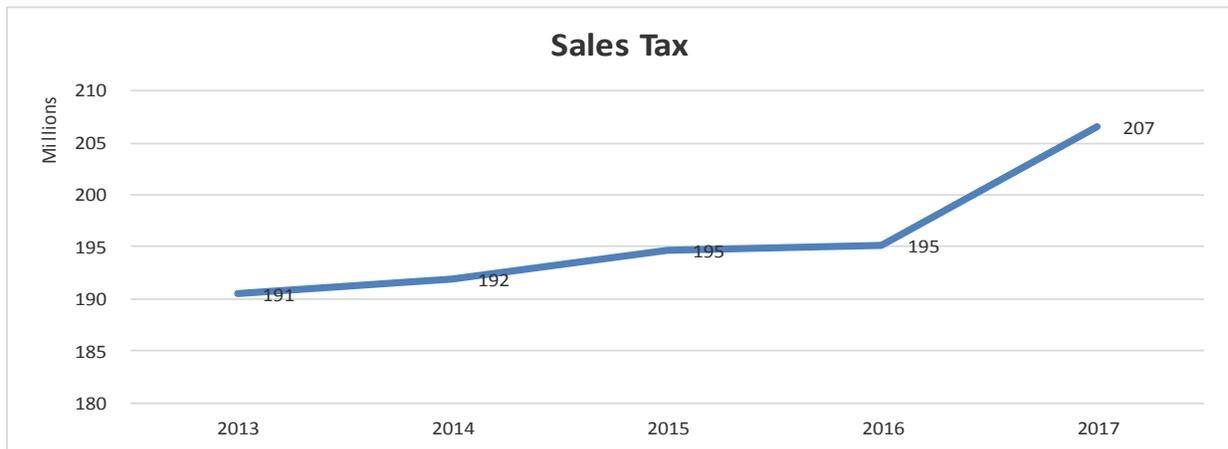
Most counties in the State share some portion of the proceeds from their sales tax with cities, towns, villages, or school districts. These sales tax distributions are done in accordance with sharing agreements based on population, real property valuation and/or other factors, some of which are required by statute under certain circumstances and others or which are left to the discretion of the county. All of the sharing agreements must be approved by the county legislature, and any agreement between cities and counties that does not allocate revenues solely in proportion to population must also be approved by the State Comptroller.

The County presently imposes a sales tax and use tax of 3.75%, in addition to the 4% tax imposed by the State and 3/8% levied by the Metropolitan Transportation Authority, for a countywide sales tax rate of 8 1/8%. Such sales and use tax collections are administered by the State Tax Commission and paid at least monthly to the County. The County, pursuant to a Sales Tax Sharing Agreement, shares the proceeds of the County's 3.75% sales and use tax with the three cities, twenty towns and nineteen villages within the County. Under the terms of the Agreement, the County retains 73.62% of the sales tax revenues with the balance disbursed quarterly to the municipalities on a formula basis.

The following table sets forth the percentage of the County's General Fund revenue (including other financing sources) comprised of sales tax for each of the fiscal years 2013 through 2017.

<u>Year Ended December 31:</u>	<u>Total General Fund Revenues</u>	<u>Sales Taxes (Net of Distribution to Municipalities)</u>	<u>Sales Taxes to Revenues (%)</u>
2013	\$554,959,665	\$190,516,436	34.33
2014	535,208,515	191,961,254	35.87
2015	556,012,702	194,690,649	35.02
2016	580,508,500	195,178,088	33.62
2017	594,126,033	206,531,355	34.76

The County has budgeted \$217,939,613 in sales tax for the fiscal year ending December 31, 2019.



Source: Audited financial statements 2013 through 2017. Table itself is not audited.

Hotel Motel Tax

The Hotel Motel Room Occupancy Tax Local Law No. 13 of 2009 was adopted by the County Legislature in August 2009. The effective date of its enactment was August 24, 2009 when it was filed with the Office of the Secretary of State for the State of New York. The local law imposes of 5% tax on the occupancy of hotel/motel rooms in the County. The local law remains in full force and effect for a period of three (3) years from the effective date of its enactment. Pursuant to section 25 of the local law, a subsequent local law imposing a hotel and motel room occupancy tax may be adopted by the legislature upon the expiration. Local Law 1 of 2012, Local Law 3 of 2015, and Local Law 5 of 2018 were adopted by the Legislature extending the law an additional period of three years. The currently law will be in effect until to August of 2021.

The intent of this local law shall be to impose a tax on facilities providing lodging on an overnight basis and provide for the collection thereof in order to make funds available for deposit in the General Fund of the County to be allocated to enhance the general economy of the County.

Operators must file with the Commissioner of Finance a certificate of registration. The Commissioner of Finance will then issue a certificate of authority empowering such operator to collect the tax from the occupant.

On a quarterly basis, the operators file a tax return together with the tax they have collected to the Commissioner of Finance. Quarters end on the last day of February, May, August and November. Payment is due by the 20th of the month following the end of the quarter. Failure to file a return or pay over any tax within the time required shall be subject to a penalty of five percent (5%) of the amount of tax due. In addition to the aforementioned penalty, interest at the rate of one percent (1%) of such tax for each month of delay, excepting the first month after such return was required to be filed or such tax became due, shall accrue.

Exempt Organizations include those in possession of a New York State tax exempt certificate, any person occupying any room or rooms for at least 30 consecutive days shall be considered a "permanent resident" with regard to the period of such occupancy, any occupant whose rent is paid from public assistance from the County shall be deemed an "exempt occupant" with respect to the period of such occupancy, regardless of the length thereof are not subject to the five percent (5%) tax imposed by the local law.

The following table sets forth the annual hotel/motel revenues received by the County for the five most recently completed fiscal years.

<u>Year Ending December 31:</u>	<u>Hotel/Motel Taxes</u>
2013	\$2,965,586
2014	3,085,121
2015	3,200,805
2016	3,505,731
2017	3,590,909
2018 (Budget)	3,762,923
2019 (Budget)	4,171,466

The County has executed an Agreement with Airbnb which will collect and remit the 5% occupancy tax on behalf of its operators beginning on December 1, 2018.

Tax Levy Limit Law

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

The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012 continuing through June 15, 2020, unless extended. Pursuant to the Tax Levy Limitation Law, the tax levy of a municipality cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index ("CPI"), over the amount of the prior year's tax levy. Certain adjustments would be permitted for taxable real property full valuation increases or changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law (resolution in the case of fire districts and certain special districts) to override such limitation for such coming fiscal year only. There are permissible exceptions to the tax levy limitation provided in the Tax Levy Limitation Law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees' Retirement System, the Police and Fire Retirement System, and the Teachers' Retirement System. Municipalities are also permitted to carry forward a certain portion of their unused levy limitation from a prior year. Each municipality prior to adoption of each fiscal year budget must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for each fiscal year.

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

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

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

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

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

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

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

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

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

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

LITIGATION

The County, some of its officers and employees and/or agents are defendants in lawsuits. The Department of Law has reviewed the status of all cases currently pending and has determined that there are no cases pending at this time where there is a reasonable possibility of a judgment against any of the defendants that would likely result in an exposure of at least five million dollars (\$5,000,000). Please note that the County is self-insured for only the first one million dollars of any settlement, verdict or judgment. The Departments of Residential Healthcare Services, Mental Health and Health are self-insured for only the first \$750,000 of any settlement, verdict or judgment. Any settlement, verdict or judgment in excess of one million dollars or \$750,000 respectively would be paid out of the County's excess and umbrella insurance policies unless a policy exclusion exists.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the County, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code. The Tax Certificate of the County (the "Tax Certificate"), which will be delivered concurrently with the delivery of the Bonds will contain provisions and procedures relating to compliance with applicable requirements of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the County in connection with the Bonds and Bond Counsel has assumed compliance by the County with certain ongoing provisions and procedures set forth in the Tax Certificate relating to compliance with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the County, under existing statutes, interest on the Bonds is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

Bond Counsel expresses no opinion as to any other federal, state or local tax consequences arising with respect to the Bonds, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Bonds.

Certain Ongoing Federal Tax Requirements and Certifications

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The County, in executing the Tax Certificate, will certify to the effect that the County will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds.

Prospective owners of the Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Bond (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity (a bond with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Bonds. In general, the issue price for each maturity of Bonds is expected to be the initial public offering price set forth on the cover page of the Official Statement. Bond Counsel further is of the opinion that, for any Bonds having OID (a “Discount Bond”), OID that has accrued and is properly allocable to the owners of the Discount Bond under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner’s adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Discount Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Bond Premium

In general, if an owner acquires a bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the bond after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that bond (a “Premium Bond”). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner’s yield over the remaining term of the Premium Bond, determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such Bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Bond should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification,” or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner’s federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law or otherwise prevent beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Bonds.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

CYBERSECURITY

The County, like many other public and private entities, relies on technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the County faces multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the County invests in various forms of cybersecurity and operational controls; however, no assurances can be given that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage County digital networks and systems and the costs of remedying any such damage could be substantial.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds will be subject to the final approving opinion of Hawkins Delafield & Wood LLP, Bond Counsel, substantially as set forth in Appendix C.

DISCLOSURE UNDERTAKING

At the time of the delivery of the Bonds, the County will provide an executed copy of its Undertaking to Provide Continuing Disclosure substantially as set forth in Appendix D.

BOND RATING

The County has applied to Moody's Investors Service ("Moody's"), 7 WTC at Greenwich Street, New York, NY, Phone: (212) 553-4055 and Fax: (212) 298-6761 for a rating on the Bonds and such rating is pending at this time. The ratings reflect only the views of the rating agencies furnishing the same, and an explanation of the significance of these ratings may be obtained only from the rating agencies. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigation, studies and assumptions by the rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of the ratings assigned to the Bonds could have an adverse affect on the market price of the Bonds or the availability of a secondary market for such Bonds.

MUNICIPAL ADVISOR

Munistat Services, Inc. (the "Municipal Advisor"), is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent financial advisor to the County on matters relating to debt management. The Municipal Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Bonds and has reviewed and commented on certain legal documents, including this Official Statement. The advice on the plan of financing and the structuring of the Bonds was based on materials provided by the County and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the County or the information set forth in this Official Statement or any other information available to the County with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement.

ADDITIONAL INFORMATION

Additional information may be obtained upon request from the office of Karin E. Hablow, Commissioner of Finance, County of Orange, 255 Main Street, Goshen, NY 10924, telephone number (845) 291-2488 and email: khablow@orangecountygov.com or from the office of Munistat Services Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number (631) 331-8888 and website: www.munistat.com.

Munistat Services, Inc. may place a copy of this Official Statement on its website at www.munistat.com. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Munistat Services, Inc. has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the County nor Munistat Services, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Munistat Services, Inc. and the County disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Munistat Services, Inc. and the County also assumes no liability or responsibility for any errors or omissions, unauthorized editing, or for any updates to dated website information.

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

The preparation and distribution of this Official Statement has been authorized by the applicable bond resolution of the County which delegates to the Commissioner of Finance the power to sell and issue the Bonds.

COUNTY OF ORANGE, NEW YORK

By: s/s KARIN E. HABLOW
Commissioner of Finance and Chief Fiscal Officer
County of Orange
Goshen, New York

January , 2019

APPENDIX A

FINANCIAL INFORMATION

**Statement of Revenues, Expenditures and Fund Balances
General Fund**

Fiscal Year Ending December 31:

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues:					
Real Property Taxes	\$ 68,693,638	\$ 64,334,145	\$ 71,742,262	\$ 86,747,747	\$ 86,682,843
Other Tax Items	13,861,647	10,610,181	10,316,594	11,544,584	12,657,322
Non-Property Tax Items	263,309,708	265,404,077	269,010,341	270,427,092	285,391,860
Departmental Income	31,735,714	25,526,266	24,445,364	26,224,569	28,559,130
Intergovernmental Charges	6,434,032	6,198,909	7,509,594	9,152,674	9,208,217
Use of Money and Property	5,501,838	5,968,341	6,036,589	7,932,728	5,864,102
Fines and Forfeitures	629,514	763,149	837,694	1,081,478	909,344
Sale of Prop. and Comp. for Loss	248,837	312,488	237,835	339,687	360,781
Interfund Revenues	9,695,952	8,004,018	8,869,539	8,661,114	8,539,210
State Aid	83,565,494	77,017,023	81,051,774	79,302,049	85,366,243
Federal Aid	62,362,437	60,001,477	64,975,362	65,594,235	61,667,118
Miscellaneous	4,620,029	5,037,480	4,208,535	8,276,876	3,684,440
Total Revenues	550,658,840	529,177,554	549,241,483	575,284,833	588,890,610
Expenditures:					
General Government Support	137,926,246	134,123,179	164,523,974	139,628,867	143,540,342
Education	52,871,788	53,648,849	52,931,913	54,197,450	56,086,709
Public Safety	85,142,825	82,557,628	82,634,512	88,230,704	91,082,474
Health	56,126,820	48,979,915	49,504,398	49,789,021	52,053,434
Transportation	630,221	636,319	633,303	636,470	648,250
Economic Assistance and Opportunity	237,469,885	217,372,180	201,174,308	222,517,312	221,290,051
Culture and Recreation	7,359,433	6,891,908	6,935,013	7,155,464	7,519,661
Home and Community Services	9,764,718	10,498,383	17,231,007	14,918,633	17,465,131
Employee Benefits	1,399,762	373,610	223,364	(1,807,150)	836,833
Debt Service					
Total Expenditures	588,691,698	555,081,971	575,791,792	575,266,771	590,522,885
Excess (Deficiency) of Revenues over Expenditures	<u>(38,032,858)</u>	<u>(25,904,417)</u>	<u>(26,550,309)</u>	<u>18,062</u>	<u>(1,632,275)</u>
Other Financing Sources (Uses):					
Operating Transfers In	4,300,825	6,030,961	6,771,219	5,223,667	5,235,423
Operating Transfers Out	<u>(3,123,297)</u>	<u>(1,846,971)</u>	<u>(1,549,596)</u>	<u>(1,491,957)</u>	<u>(1,439,734)</u>
Total Other Financing Sources (Uses)	1,177,528	4,183,990	5,221,623	3,731,710	3,795,689
Excess (Deficiency) of Revs & Other Sources Over Exp. & Other Uses	<u>(36,855,330)</u>	<u>(21,720,427)</u>	<u>(21,328,686)</u>	<u>3,749,772</u>	<u>2,163,414</u>
Fund Balance Beginning of Year	158,718,943	121,863,613	100,143,186	78,814,500	82,564,272
Residual Equity Transfers					
Fund Balance End of Year	\$ <u>121,863,613</u>	\$ <u>100,143,186</u>	\$ <u>78,814,500</u>	\$ <u>82,564,272</u>	\$ <u>84,727,686</u>

*For fiscal year ending December 31, 2015, the decrease in total fund balance is primarily a result of the County's determination to set up an allowance for uncollected amounts due from the Water Authority, in the amount of \$29,154,123. Such amount had previously been included in the fund balance within the nonspendable component. Such adjustment had no impact on the unassigned portion of fund balance or the cash flow of the County.

Source: Audited Annual Financial Reports (2013-2017)

Balance Sheet - General Fund
Fiscal Year Ending December 31:

ASSETS	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Cash and Cash Equivalents	\$ 49,238,398	\$ 59,448,905	\$ 52,016,482	\$ 96,436,325	\$ 121,886,483
Investments	10,059,876	2,511,131			
Receivables:					
Taxes Receivable, Net	62,207,689	56,712,272	52,780,008	49,157,950	50,335,903
Accounts, Net	5,182,275	5,086,589	4,358,668	4,046,785	3,755,554
Sales Tax	27,743,922	28,088,371	28,908,641	27,561,512	29,416,389
State and Federal Receivables	70,612,340	54,570,714	50,098,281	33,112,005	41,298,807
Due from Other Governments	2,165,720	3,196,809	1,782,816	1,541,173	820,081
Due from Component Unit	28,916,123	29,154,123			
Due from Other Funds	7,010,881	3,959,002	27,299,909	12,905,032	11,565,687
Prepaid Expenses	<u>6,030,890</u>	<u>5,287,986</u>	<u>3,017,851</u>	<u>4,789,409</u>	<u>4,888,751</u>
 Total Assets	 <u>\$ 269,168,114</u>	 <u>\$ 248,015,902</u>	 <u>\$ 220,262,656</u>	 <u>\$ 229,550,191</u>	 <u>\$ 263,967,655</u>
 LIABILITIES					
Accounts Payable	\$ 46,692,573	\$ 40,166,193	\$ 47,616,952	\$ 44,616,971	\$ 55,522,456
Accrued Liabilities	28,413,118	23,330,625	16,476,641	19,985,377	16,314,225
Due to Other Governments	1,792,636	1,787,834	2,003,142	2,605,195	2,514,424
Due to Other Funds	12,562,135	30,222,754	29,782,699	37,959,810	60,942,677
Due to School Districts	35,955,046	34,394,802	32,302,698	31,801,893	33,751,581
Unearned Revenue	2,374,111	98,605	60,901	78,542	73,657
Deferred Revenues					
Total Liabilities	<u>127,789,619</u>	<u>130,000,813</u>	<u>128,243,033</u>	<u>137,047,788</u>	<u>169,119,020</u>
Deferred Inflows of Revenues -					
Deferred Tax Revenues	<u>19,514,882</u>	<u>17,871,903</u>	<u>13,205,123</u>	<u>9,938,131</u>	<u>10,120,949</u>
Total Liabilities & Deferred Inflows	<u>147,304,501</u>	<u>147,872,716</u>	<u>141,448,156</u>	<u>146,985,919</u>	<u>179,239,969</u>
 FUND BALANCE					
Nonspendable Fund Balance	34,947,013	34,442,109	3,017,851	5,045,409	4,888,751
Restricted	4,209,836	4,251,058	5,062,753	5,563,262	4,876,751
Committed	10,506,214	4,621,108	3,352,479	1,459,240	784,482
Assigned	51,049,382	31,240,582	25,012,287	26,725,327	23,962,784
Unassigned	<u>21,151,168</u>	<u>25,588,329</u>	<u>42,369,130</u>	<u>43,771,034</u>	<u>50,214,918</u>
 Total Fund Balances	 <u>121,863,613</u>	 <u>100,143,186</u>	 <u>78,814,500</u>	 <u>82,564,272</u>	 <u>84,727,686</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>\$ 269,168,114</u>	 <u>\$ 248,015,902</u>	 <u>\$ 220,262,656</u>	 <u>\$ 229,550,191</u>	 <u>\$ 263,967,655</u>

*For fiscal year ending December 31, 2015, the decrease in total fund balance is primarily a result of the County's determination to set up an allowance for uncollected amounts due from the Water Authority, in the amount of \$29,154,123. Such amount had previously been included in the fund balance within the nonspendable component. Such adjustment had no impact on the unassigned portion of fund balance or the cash flow of the County.

Source: Audited Annual Financial Reports (2013-2017)

2017 BUDGET SUMMARIES BY FUNDS

	<u>EXPENDITURE</u>		<u>REVENUE</u>			<u>STATE</u>	
FUNDS:	<u>TOTAL</u>		<u>TOTAL</u>	<u>TAXATION</u>	<u>SURPLUS</u>	<u>FEDERAL</u>	
						<u>& OTHER</u>	
Airport	\$ 1,441,539	\$	1,441,539	\$	155,349	\$	1,286,190
Community Development	2,776,852		2,776,852				2,776,852
County Road	16,357,817		16,357,817	11,167,029	1,000,000		4,190,788
Debt Service	32,953,711		32,953,711	21,321,251	4,800,000		6,832,460
Employment and Training	8,553,569		8,553,569	99,493			8,454,076
General Fund	382,726,725		382,726,725	253,008,974			129,717,751
Landfill	13,237,608		13,237,608	1,318,796	600,000		11,318,812
Motor Pool	1,983,166		1,983,166				1,983,166
Road Machinery	2,686,433		2,686,433	404,907			2,281,526
Sewer	9,559,638		9,559,638		901		9,558,737
Small Watershed Protection	670,008		670,008	12,000	51,000		607,008
Social Services	212,369,424		212,369,424	96,178,915	15,588,329		100,602,180
Valley View	50,799,144		50,799,144	776,018			50,023,126
Water Authority	339,509		339,509				339,509
Total Revenues	\$ 736,455,143	\$	736,455,143	\$	384,442,732	\$	22,040,230
Reserve for Uncollected Taxes					1,000,000		
Total Taxation Required					<u><u>385,442,732</u></u>		
Sales Tax: County Share				195,374,183			
Sales Tax: Municipalities				70,022,175			
Property Tax:				120,046,374			
Total Taxation				<u><u>385,442,732</u></u>			

2018 BUDGET SUMMARIES BY FUNDS

	<u>EXPENDITURE</u>		<u>REVENUE</u>			<u>TAXATION</u>		<u>SURPLUS</u>		<u>STATE</u>
FUNDS:	<u>TOTAL</u>		<u>TOTAL</u>							<u>FEDERAL</u>
										<u>& OTHER</u>
Airport	\$ 1,478,254	\$	1,478,254	\$			\$	129,737	\$	1,348,517
Community Development	2,612,440		2,612,440							2,612,440
County Road	17,419,195		17,419,195		10,991,997			1,367,449		5,059,749
Debt Service	35,473,093		35,473,093		18,399,863			9,100,000		7,973,230
Employment & Training	8,206,713		8,206,713		91,939					8,114,774
General Fund	396,711,861		396,711,861		246,989,751			15,588,329		134,133,781
Landfill	13,411,043		13,411,043		1,567,118			600,000		11,243,925
Motor Pool	2,167,462		2,167,462					175,000		1,992,462
Road Machinery	2,677,001		2,677,001		394,907					2,282,094
Sewer	9,601,206		9,601,206							9,601,206
Small Watershed Protection	745,825		745,825							745,825
Social Services	211,122,247		211,122,247		114,913,876			70,000		96,138,371
Valley View	51,898,969		51,898,969							51,898,969
Water Authority	509,383		509,383							509,383
Total Revenues	\$ 754,034,692	\$	754,034,692	\$	393,349,451	\$	27,030,515	\$	333,654,726	
Reserve for Uncollected Taxes					1,000,000					
Total Taxation Required					394,349,451					
Sales Tax: County Share					200,874,183					
Sales Tax: Municipalities					71,097,376					
Property Tax:					122,377,892					
Total Taxation					394,349,451					

ASSESSED VALUATIONS FOR FISCAL YEAR ENDING DECEMBER 31, 2014

	Assessed Valuation	State Eq. Rate	Full Valuation
City of:			
Middletown	\$ 222,689,927	18.50%	\$ 1,203,729,335
Newburgh	935,442,454	100.00%	935,442,454
Port Jervis	164,307,977	45.00%	365,128,838
Town of:			
Blooming Grove	279,252,822	19.20%	1,454,441,781
Chester	786,824,834	67.00%	1,174,365,424
Cornwall	953,794,876	76.50%	1,246,790,688
Crawford	321,311,737	41.44%	775,366,161
Deer Park	272,810,931	56.00%	487,162,377
Goshen	936,568,363	67.00%	1,397,863,228
Greenville	253,222,012	67.30%	376,258,562
Hamptonburgh	670,760,505	109.00%	615,376,610
Highlands	516,510,906	100.00%	516,510,906
Minisink	197,274,906	50.00%	394,549,812
Monroe	508,128,759	20.38%	2,493,271,634
Montgomery	1,301,096,148	70.00%	1,858,708,783
Mount Hope	257,596,755	58.00%	444,132,336
Newburgh	1,112,545,148	39.50%	2,816,569,995
New Windsor	369,141,132	19.28%	1,914,632,427
Tuxedo	182,728,977	17.50%	1,044,165,583
Wallkill	535,430,486	21.50%	2,490,374,353
Warwick	514,420,535	15.50%	3,318,842,161
Wawayanda	496,231,492	71.20%	696,954,343
Woodbury	<u>621,509,755</u>	43.80%	<u>1,418,972,043</u>
 Total	 \$ <u><u>12,409,601,437</u></u>		 \$ <u><u>29,439,609,834</u></u>

ASSESSED VALUATIONS FOR FISCAL YEAR ENDING DECEMBER 31, 2015

	Assessed Valuation	State Eq. Rate	Full Valuation
City of:			
Middletown	\$ 223,244,484	17.88%	\$ 1,248,570,940
Newburgh	883,771,581	100.00%	883,771,581
Port Jervis	165,182,755	45.00%	367,072,789
Town of:			
Blooming Grove	278,663,763	18.50%	1,506,290,611
Chester	789,595,822	65.50%	1,205,489,805
Cornwall	966,099,417	77.34%	1,249,158,801
Crawford	322,939,605	41.40%	780,047,355
Deer Park	274,097,477	60.00%	456,829,128
Goshen	947,862,222	67.00%	1,414,719,734
Greenville	254,788,518	71.40%	356,846,664
Hamptonburgh	653,668,324	107.72%	606,821,690
Highlands	515,295,142	106.00%	486,127,492
Minisink	199,031,908	52.76%	377,240,159
Monroe	515,031,974	19.50%	2,641,189,610
Montgomery	1,318,320,991	71.00%	1,856,790,128
Mount Hope	258,128,435	59.00%	437,505,822
Newburgh	1,086,360,511	38.70%	2,807,133,103
New Windsor	373,031,395	18.59%	2,006,623,964
Tuxedo	176,784,558	17.70%	998,782,814
Wallkill	538,254,091	21.90%	2,457,781,237
Warwick	516,251,672	15.00%	3,441,677,813
Wawayanda	502,885,554	72.50%	693,635,247
Woodbury	<u>638,282,956</u>	44.23%	<u>1,443,099,607</u>
 Total	 \$ <u><u>12,397,573,155</u></u>		\$ <u><u>29,723,206,094</u></u>

ASSESSED VALUATIONS FOR FISCAL YEAR ENDING DECEMBER 31, 2016

	Assessed Valuation	State Eq. Rate	Full Valuation
City of:			
Middletown	\$ 225,872,857	18.50%	\$ 1,220,934,362
Newburgh	869,271,092	100.00%	869,271,092
Port Jervis	164,316,344	45.00%	365,147,431
Town of:			
Blooming Grove	278,110,607	18.80%	1,479,311,739
Chester	803,982,520	65.25%	1,232,157,119
Cornwall	973,762,987	76.35%	1,275,393,565
Crawford	325,066,406	40.75%	797,708,972
Deer Park	276,772,875	60.00%	461,288,125
Goshen	972,634,293	65.50%	1,484,937,852
Greenville	256,633,390	68.20%	376,295,293
Hamptonburgh	651,805,173	100.00%	651,805,173
Highlands	515,500,110	106.00%	486,320,858
Minisink	199,247,960	50.00%	398,495,920
Monroe	521,279,209	18.93%	2,753,720,069
Montgomery	1,317,094,592	72.00%	1,829,298,044
Mount Hope	259,473,290	59.00%	439,785,237
Newburgh	1,052,009,724	38.00%	2,768,446,642
New Windsor	374,334,132	18.55%	2,017,973,757
Tuxedo	176,997,165	17.15%	1,032,053,440
Wallkill	544,623,021	22.10%	2,464,357,561
Warwick	519,721,138	15.00%	3,464,807,587
Wawayanda	516,044,636	69.50%	742,510,268
Woodbury	<u>651,450,114</u>	42.75%	<u>1,523,859,916</u>
 Total	 \$ <u>12,446,003,635</u>		 \$ <u>30,135,880,022</u>

ASSESSED VALUATIONS FOR FISCAL YEAR ENDING DECEMBER 31, 2017

	Assessed Valuation	State Eq. Rate	Full Valuation
City of:			
Middletown	\$ 228,210,123	16.90%	\$ 1,350,355,757
Newburgh	864,176,167	100.00%	864,176,167
Port Jervis	167,109,589	44.00%	379,794,520
Town of:			
Blooming Grove	278,112,785	18.60%	1,495,230,027
Chester	804,302,639	63.00%	1,276,670,856
Cornwall	976,193,427	73.52%	1,327,793,018
Crawford	324,944,980	40.00%	812,362,450
Deer Park	276,795,591	60.00%	461,325,985
Goshen	970,693,037	65.00%	1,493,373,903
Greenville	257,617,762	67.80%	379,967,201
Hamptonburgh	651,037,201	100.00%	651,037,201
Highlands	516,415,326	106.00%	487,184,270
Minisink	199,521,727	50.00%	399,043,454
Monroe	530,156,507	19.00%	2,790,297,405
Montgomery	1,324,766,590	71.00%	1,865,868,437
Mount Hope	259,780,555	60.00%	432,967,592
Newburgh	1,060,779,918	36.00%	2,946,610,883
New Windsor	377,219,076	18.67%	2,020,455,683
Tuxedo	175,919,045	17.02%	1,033,601,910
Wallkill	591,575,234	22.00%	2,688,978,336
Warwick	521,569,389	15.00%	3,477,129,260
Wawayanda	521,384,140	68.50%	761,144,730
Woodbury	<u>701,129,311</u>	42.75%	<u>1,640,068,564</u>
 Total.	 \$ <u>12,579,410,119</u>		 \$ <u>31,035,437,609</u>

ASSESSED VALUATIONS FOR FISCAL YEAR ENDING DECEMBER 31, 2018

	Assessed Valuation	State Eq. Rate	Full Valuation
City of:			
Middletown	\$ 229,077,064	17.45%	\$ 1,312,762,544
Newburgh	882,487,198	100.00%	882,487,198
Port Jervis	166,868,685	42.00%	397,306,393
Town of:			
Blooming Grove	281,262,587	18.85%	1,492,109,215
Chester	833,980,436	62.50%	1,334,368,698
Cornwall	1,428,503,024	100.00%	1,428,503,024
Crawford	327,027,138	40.00%	817,567,845
Deer Park	279,145,539	58.45%	477,580,050
Goshen	980,604,106	65.00%	1,508,621,702
Greenville	259,644,723	65.60%	395,799,883
Hamptonburgh	652,779,731	100.00%	652,779,731
Highlands	513,728,451	106.00%	484,649,482
Minisink	200,416,972	50.00%	400,833,944
Monroe	534,838,060	19.50%	2,742,759,282
Montgomery	1,370,062,648	68.00%	2,014,798,012
Mount Hope	262,927,353	61.00%	431,028,448
Newburgh	1,048,145,301	34.44%	3,043,395,183
New Windsor	379,995,800	18.04%	2,106,406,874
Tuxedo	177,726,657	16.80%	1,057,896,768
Wallkill	594,140,724	21.24%	2,797,272,712
Warwick	522,942,515	14.60%	3,581,798,048
Wawayanda	532,338,864	68.50%	777,137,028
Woodbury	<u>728,726,537</u>	41.70%	<u>1,747,545,652</u>
 Total	 \$ <u><u>13,187,370,113</u></u>		\$ <u><u>31,885,407,714</u></u>

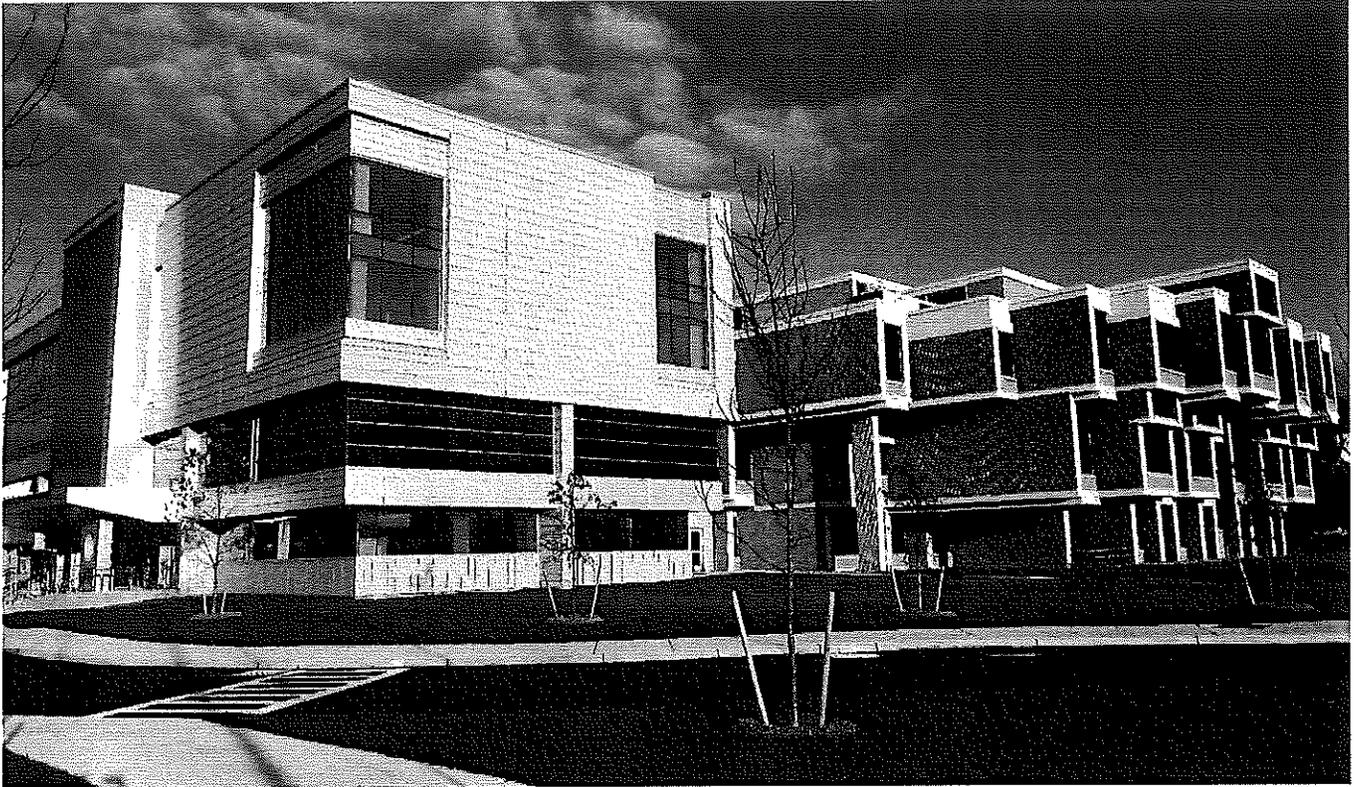
COUNTY OF ORANGE

APPENDIX B

**AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017**

NOTE: SUCH FINANCIAL REPORT AND OPINIONS WERE PREPARED AS OF THE DATE THEREOF AND HAVE NOT BEEN REVIEWED AND/OR UPDATED IN CONNECTION WITH THE PREPARATION AND DISSEMINATION OF THIS OFFICIAL STATEMENT. CONSENT OF THE AUDITORS HAS NOT BEEN REQUESTED OR OBTAINED.

County of Orange, New York



Comprehensive Annual Financial Report



**Year Ended
December 31, 2017**

**Steven M. Neuhaus
County Executive**

Cover Photograph:

View of the Refurbished Government Center

-Photo courtesy of Kim Smith Photo

COUNTY OF ORANGE, NEW YORK

**Comprehensive Annual Financial Report
Fiscal Year Ended December 31, 2017**

Prepared by

Department of Finance

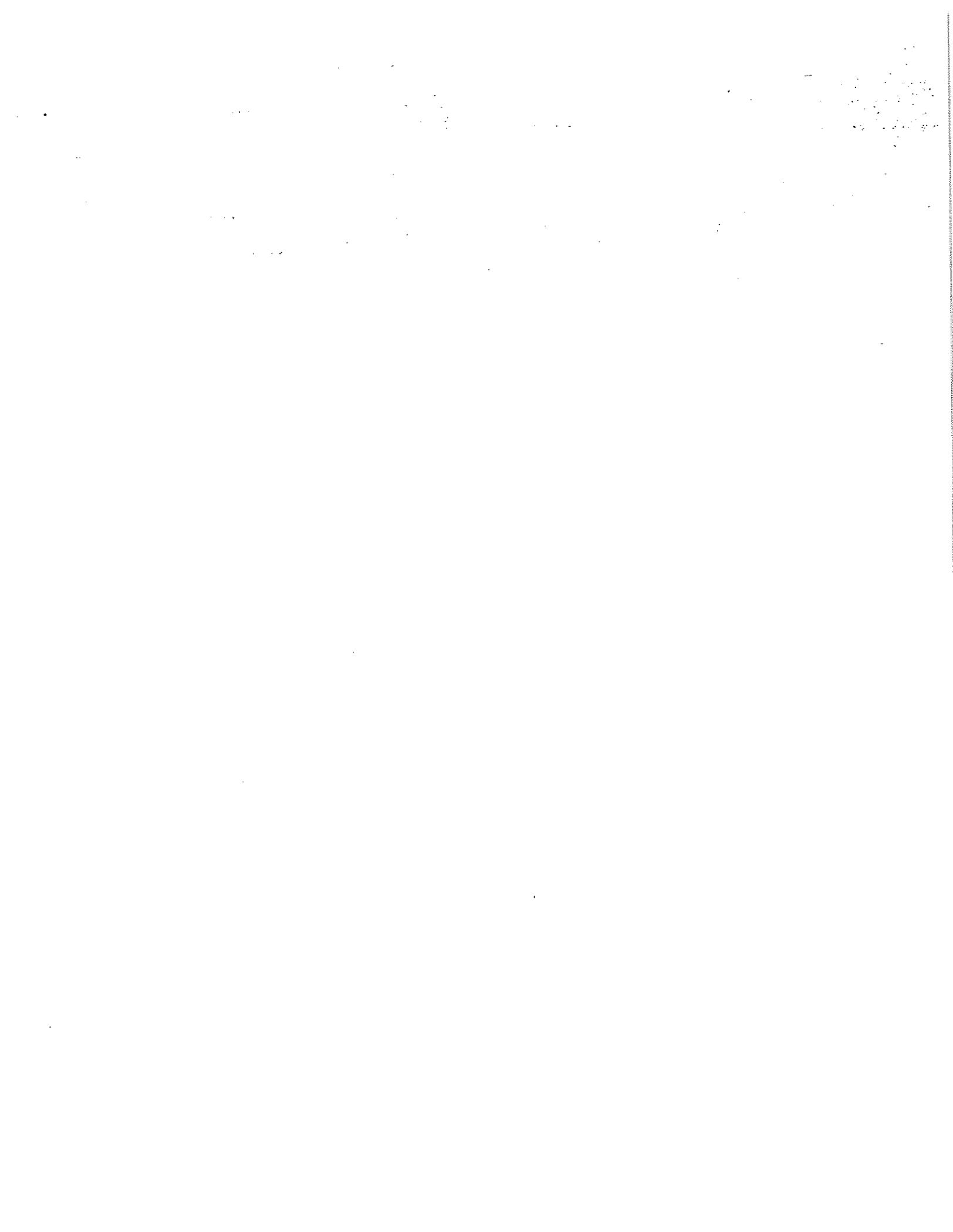
Karin E. Hablow

Commissioner

255 Main Street

Goshen, New York 10924

(845) 291-2488



County of Orange, New York

Comprehensive Annual Financial Report
Fiscal Year Ended December 31, 2017
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<p style="text-align: center;">STATISTICAL SECTION (Unaudited)</p>

This part of the County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information reveals about the County's overall financial health.

This section includes the following schedules

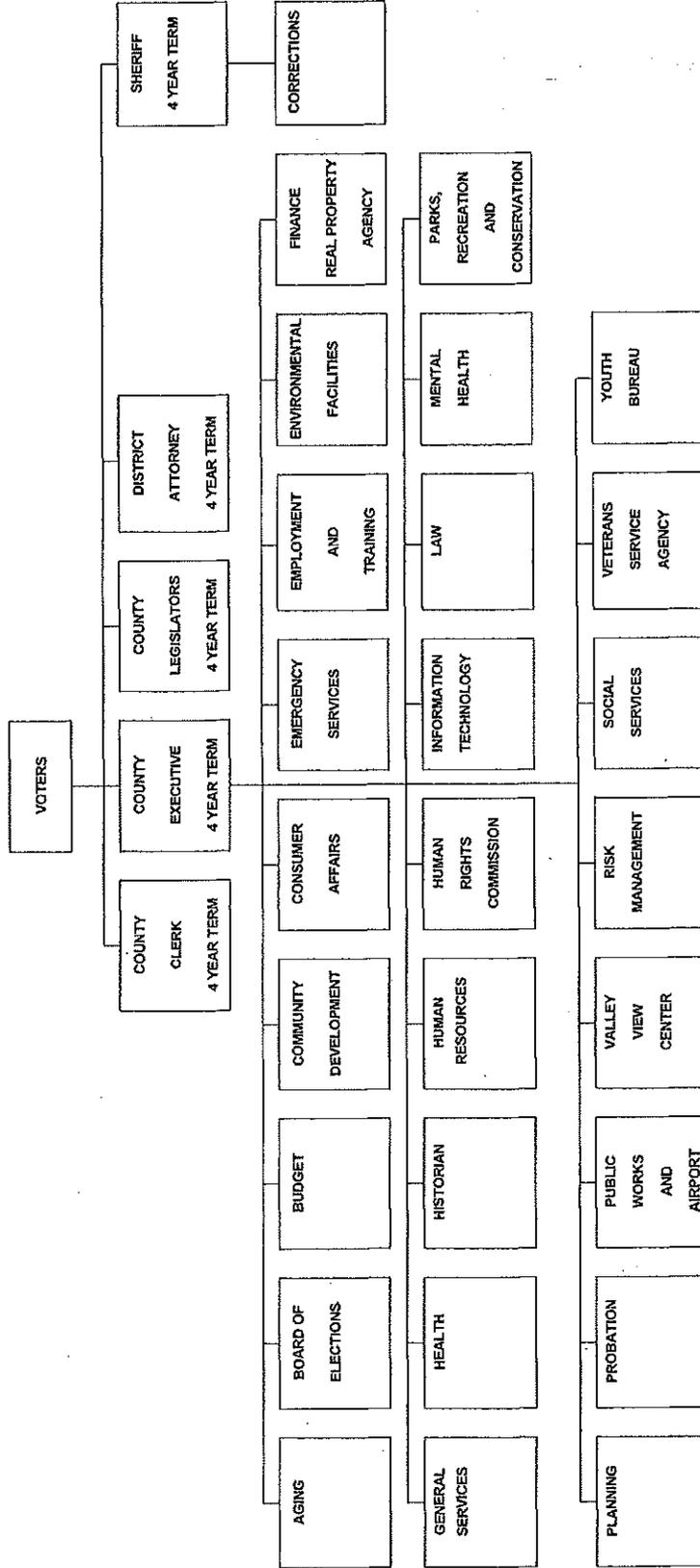
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County of Orange, New York

Principal Officials
December 31, 2017

<u>Office</u>	<u>Name</u>	<u>Term Expires</u>
ELECTED OFFICIALS		
County Executive	Steven M. Neuhaus	12/31/2021
County Legislators		
Chair of the Legislature	L. Stephen Brescia	12/31/2019
District #1	Michael Amo	12/31/2019
District #2	Janet Sutherland	12/31/2019
District #3	Paul Ruszkiewicz	12/31/2019
District #4	Kevindaryan Lujan	12/31/2019
District #5	Katie Bonelli	12/31/2019
District #6	James M. Kulisek	12/31/2019
District #7	Peter Tuohy	12/31/2019
District #8	Barry J. Cheney	12/31/2019
District #9	L. Stephen Brescia	12/31/2019
District #10	John S. Vero	12/31/2019
District #11	Kathy Stegenga	12/31/2019
District #12	Kevin W. Hines	12/31/2019
District #13	Thomas J. Faggione	12/31/2019
District #14	Laurie R. Tautel	12/31/2019
District #15	Joseph J. Minuta	12/31/2019
District #16	Leigh J. Benton	12/31/2019
District #17	Mike Anagnostakis	12/31/2019
District #18	Rob Sassi	12/31/2019
District #19	Michael D. Paduch	12/31/2019
District #20	Joel Sierra	12/31/2019
District #21	James D. O'Donnell	12/31/2019
County Clerk	Annie Rabbitt	12/31/2019
District Attorney	David M. Hoovler	12/31/2019
Sheriff	Carl E. DuBois	12/31/2018
APPOINTED OFFICIALS		
County Attorney	Langdon C. Chapman	Appointed
Commissioner of Finance	Karin E. Hablow	Appointed

COUNTY OF ORANGE, NEW YORK TABLE OF ORGANIZATION DECEMBER 31, 2017





Steven M. Neuhaus
County Executive

DEPARTMENT OF FINANCE

Karin E. Hablow
Commissioner
Orange County Government Center
Goshen, New York 10924-1698
(845) 291-2485

June 15, 2018

To the Honorable County Executive and Members of
the County Legislature of the County of Orange:

The Comprehensive Annual Financial Report ("CAFR") for the County of Orange, New York ("County") for the fiscal year ended December 31, 2017 is herewith submitted. New York State requires the County to submit an annual report of the financial records and transactions presented in conformity with generally accepted accounting principles ("GAAP") and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This CAFR is issued pursuant to that requirement.

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the County's assets from loss, theft, or misuse and to compile sufficient, reliable information for the preparation of the County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. Management asserts that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's financial statements have been audited by O'Connor Davies, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the County for the fiscal year ended December 31, 2017, are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting

principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering unmodified opinions that the County's basic financial statements for the fiscal year ended December 31, 2017, are fairly presented, in all material respects, in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report. The financial section also includes a narrative introduction, overview and analysis of the December 31, 2017 financial statements to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditor.

The independent audit of the basic financial statements of the County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the basic financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of Federal awards. These reports are available in the County's separately issued Single Audit Report.

PROFILE OF THE COUNTY

The County encompasses approximately 816 square miles and, per the U.S. Census Bureau, had an estimated population of 382,226 as of July 1, 2017. The County experienced a 2.5% population growth from 2010 to 2017. The County is located 60 miles northwest of the City of New York. The County is bordered by the Hudson River to the east, the States of Pennsylvania to the west and New Jersey to the southwest, the Counties of Sullivan and Ulster to the north and the County of Rockland to the south.

The County operates under a charter form of government that provides for separate, independent executive and legislative functions with an elected County Executive and a 21-person County Legislature. This current form of government was adopted pursuant to the provisions of Local Law No. 8 of 1968 and became effective on January 1, 1970.

The County Executive is elected from the County at large for a term of four years with the right of unlimited self-succession. The County Executive must be a qualified elector of the County and may not concurrently hold another public office. The County Executive is the chief executive officer responsible for the administration of all County affairs. The County Executive is required to approve all local laws of the County Legislature. Any local law that is not approved must be returned to the Legislature within 30 days, together with a written explanation for the disapproval, or is otherwise deemed to have been approved by such Executive. The County Legislature may override a veto of the County Executive with a two-thirds vote of its membership.

The County Legislature is the legislative, appropriating and policy making body of the County. The 21 members represent legislative districts of approximately equal population. Members are elected to serve four-year terms and may serve an unlimited number of terms. The membership of the County Legislature as of December 31, 2017 is included on the list of Principal Officials. Duties of the Legislature include, among others: review and adoption of the County's annual budget, approval of budgetary modifications during the year, and authorization by resolution for the issuance of debt. Legislative committees have been organized to oversee various aspects of County government. These committees are advisory in nature and formal actions must be approved by a vote of the Legislature as a whole.

The Department of Finance is charged with the administration of the financial affairs of the County, including the collection of all taxes and other revenues due to the County, the custody and safekeeping of all funds belonging to the County and the disbursement of all County funds. Duties of the Department of Finance include tax collection, financial accounting and reporting, payroll and accounts payable disbursement functions, cash and investment management, debt management and internal audit.

Other elected officials include the County Clerk, District Attorney, and Sheriff, who are elected from the County, at large, for four-year terms.

The County provides a full range of services and facilities, some of which include:

- Parks and recreation services including a 3,415-acre County park system, which includes golf courses, trails, picnic areas and winter snow tubing.

- Public safety and judiciary services including criminal justice, district attorney, corrections, and probation programs.
- Transportation services, which include maintenance of 311 miles of County roads and operation of the Orange County Airport.
- Educational services, which includes the Orange County Community College and various other programs throughout the County.
- Health services through the Valley View Center for Nursing Care and Rehabilitation, the County Health Department, Mental Health Department, and community health care services.
- Housing and community development programs, as well as land use and environmental planning services.
- Social services, including administration of State and federally funded public assistance programs, veterans' assistance, and employment and training services.
- Sewer services provided by the Orange County Sewer District.

This report includes all the funds of the County. It includes all County organizations and activities for which the County is financially accountable. The County has considered all potential component units based on criteria set forth in Governmental Accounting Standards Board ("GASB") Statement No. 61, an amendment of GASB Statement Nos. 14 and 34, including legal standing, fiscal dependency and financial accountability. Based upon the application of the above criteria, the Orange County Community College, the Orange County Industrial Development Agency, the Orange County Water Authority and the Orange County Soil and Water Conservation District are included in the County's reporting entity as discrete presentations.

The County also maintains budgetary controls to ensure compliance with legal provisions embodied in the annual budget approved by the County Legislature. During the month of June, the various County departments are given notice to prepare their budgets. These preliminary budgets are due in the Budget office by July 1st and include the estimated revenues and expenditures for the ensuing fiscal year. Budget hearings are scheduled with each department to occur during August and September. On October 1st, the County Executive presents the original copy of the budget to the Clerk of the Legislature. A resolution is then adopted specifying the time and place of the public hearing,

which shall be held by October 25th. On or before November 15th, the Legislature submits its budget modifications, if any, to the County Executive, who has until December 1st to accept or veto such modifications, as prescribed by law. The final document is filed by December 15th. Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established within individual funds at the function level.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

Local Economy

Demographically, the County is suburban residential in nature; however, the County has large tracts of land devoted to farming, as well as three small cities, which account for 18% of the total population. The commercial and industrial base of the County has been centered primarily in the Newburgh and Middletown areas, both of which are located at the intersection of major highway systems. However, recent commercial and industrial development has been completed through a network of business parks located throughout the County. Several of the County's larger employers include Orange Regional Medical Center, Crystal Run Healthcare, Elant Inc., Access: Supports for Living, and C&S Wholesale Grocers' Inc. In addition to many other new commercial and industrial development initiatives, Legoland NY has been approved and is expected to be open in 2020. The park is expected to cost \$350 million, and generate more than 1,000 jobs in addition to 800 construction jobs in its development.

The County's employment base is quite diverse. A majority of the County's workforce is employed in service and trade related jobs. Data compiled by the United States Bureau of Economic Analysis for 2010 indicated that wholesale and retail trade accounted for 19% of employment in the area, while service employment accounted for an additional 37%. Government employment was 19% of the workforce, reflecting the presence of the U.S. Military Academy, at West Point, in the County. The Orange Regional Medical Center is the largest non-governmental employer with 2,524 employees.

There are 34 non-governmental employers that employ 300 or more persons within the County. The County's annual unemployment rates have been consistently below the State and national levels.

Major Initiatives

The following major initiatives were commenced or were in progress during calendar year 2017 by the various departments and agencies of the Orange County government:

Information Technology Plan: The County continues to upgrade and maintain technology annually on a systematic basis with regard to its equipment, software, and technical tools. We strive to use technology to reduce cost and increase value for the citizens of Orange County.

Building Projects: In 2017, the County completed the renovations/additions to the Maple building to provide 14,000 square feet of space for BOCES, completed the electronic Security upgrade at the Orange County Jail, and Completed substantial upgrades at Emergency Housing, roofing and additional bathrooms. The County also completed the renovations/additions to the Government Center.

Infrastructure Construction Projects: During the year, construction was completed on three bridge replacement initiatives, and two large culvert replacements/rehabilitations along County roads, along with the rehabilitation of one dam and completed construction on phase 2 of the Orange County Airport 3-21 runway reconstruction project. In addition, 24.1 miles of County roads were paved and/or surface treated by the end of the year.

Emergency Services Communications Upgrade: Orange County initiated a new Capital Project in 2013 to replace its aging Public Safety Radio System. The project consists of replacing all our current radio equipment with new P-25 (the federal standard for receiving grant money) equipment, as well as increasing our tower locations from 8 to 15 sites. This comprehensive upgrade utilizes both County funding and a NYS communications grant. This upgrade will increase our "on the street" portable radio coverage from the low 70th percentile to 95% coverage. It will also provide both intra and inter-agency interoperable communications. The following tasks were completed in 2017;

- Four towers were constructed
- Bids were received for completing six more tower sites.
- Equipment started being mounted on several towers

Long-Term Financial Planning

Orange County Government Center: In both August and September of 2011, the Orange County Government Center sustained damage due to two weather storm events that subsequently forced the closure of the building. In 2016, the County completed selective demolition to the Orange County Government Center and is in the process of reconstructing, renovating, and expanding the building. Reconstruction of the Orange County Government Center was completed in the Fall of 2017, and departments have been moved back into the complex during the fourth quarter of 2017 and the first quarter of 2018. Along with the departments being moved back into the Orange County Government Center, the Department of Motor Vehicles has also been re-opened in the Orange County Government Center.

Solid Waste Plan: The County continues to explore the best strategies for handling and disposing of solid waste. The County is looking at the latest techniques as they develop and has retained in all contracts and operations a built-in flexibility for future options, allowing adoption of the safest, most efficient and economical method of solid waste handling and disposal available. Additionally, through a contractual agreement, Orange County has insured transportation and disposal of solid waste at the County's option into the year 2018, at a reasonable cost. A new Local Solid Waste Management Plan (SWMP) was drafted and submitted to the New York State Department of Environmental Conservation for their review and comment. The SWMP covers a ten-year period.

Recycling Program: Single stream recycling was introduced into the County by the largest private hauler in the County. As a result, we are no longer working with Rockland County. Initial results appear favorable for both the financial benefit to the County and the increase in recycling rates. The County continues with household hazardous waste collection events four times a year to better serve the environment and the needs of the residents. The County includes electronics on the list of commodities accepted for recycling at all three transfer stations.

RELEVANT FINANCIAL POLICIES

The County prepares its budgets, capital improvement plans, and forecasts with the various financial policies in mind, and operates in compliance with the policies. The County does not foresee any issues with its ability to comply with the current policies in the implementation of its near and long-term initiatives.

AWARDS AND ACKNOWLEDGEMENTS

GFOA - Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association (“GFOA”) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its CAFR for the year ended December 31, 2016. This was the 22nd consecutive year that the County received this award. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of only one year. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of the CAFR was made possible by the efficient and dedicated services of the entire staff of the Department of Finance, particularly, the divisions of Administration and Accounting. I would like to express my appreciation to all members of the Department and to our independent auditor, PKF O’Connor Davies, LLP, which assisted in its preparation. Due credit also should be given to the County Executive and County Legislators for their interest and support in planning and conducting the operations of the County in a responsible and progressive manner.

Respectfully submitted,



Karin E. Hablow
Commissioner of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**County of Orange
New York**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morrill

Executive Director/CEO

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Independent Auditors' Report

The Honorable Legislature of the
County of Orange, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County of Orange, New York ("County") as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Valley View Center for Nursing Care and Rehabilitation Enterprise Fund. We also did not audit the financial statements of the Orange County Community College (a component unit), Orange County Industrial Development Agency (a component unit) and the Orange County Water Authority (a component unit), which represent (69.2%, 28.1%, 1.5%) and (94.0%, 4.3%, 0.3%) respectively, of the assets and revenues of the discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for such fund and component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit for the year ended December 31, 2017 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund financial statements and schedules and the introductory and statistical sections for the year ended December 31, 2017 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2017 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2017.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the County as of and for the year ended December 31, 2016 (not presented herein), and have issued our report thereon dated July 11, 2017, which contained unmodified opinions on the respective financial

statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information. The combining and individual fund financial statements and schedules for the year ended December 31, 2016 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the 2016 financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2016 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2016.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2017 and; accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2018 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP
Harrison, New York
June 15, 2018

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County of Orange, New York

Management's Discussion and Analysis December 31, 2017

Introduction

As management of the County of Orange, New York ("County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

Key financial highlights for fiscal year 2017 are as follows:

- For the year ended December 31, 2017, the County was in compliance with the provisions of the Governmental Accounting Standards Board ("GASB") Statement No. 68, "Accounting and Financial Reporting for Pensions". This pronouncement established new accounting and financial reporting requirements associated with the County's participation in the cost sharing multiple employer pension plans administered by the New York State and Local Employees' Retirement System ("ERS"). Cost-sharing employers are required to report in their government-wide financial statements a net pension liability (asset), pension expense and pension-related deferred inflows and outflows of resources based on their proportionate share of the collective amounts for all the municipalities and school districts in the plan. At December 31, 2017, the County reported in its Statement of Net Position a liability of \$52,380,761 which is a decrease of \$31,649,586 from December 31, 2016, for governmental activities and \$8,289,801 at December 31, 2017, which is a decrease of \$5,039,590 from December 31, 2016, for business-type activities for its proportionate share of the ERS net pension liabilities. More detailed information about the County's pension plan reporting in accordance with the provisions of GASB Statement No. 68, including amounts reported as pension expense and deferred inflows/outflows of resources, is presented in the notes to financial statements.
- On the government-wide financial statements for governmental activities, the liabilities and deferred inflows of resources of the County exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$139,235,054. However, unrestricted net position, which is available to meet the ongoing obligations of the County, reflects a deficit of \$315,268,274 at December 31, 2017. The unrestricted net position deteriorated by \$64,493,978 from the prior year. This decrease results primarily from the change in the accrual of certain operating liabilities pursuant to GASB Statement No. 34. These include borrowings for judgments and claims and compensated absences. The required accrual of the County's annual other postemployment benefit cost ("OPEB") in accordance with the provisions of GASB Statement No. 45 in accordance with GASB Statement No. 68 noted above causes the remainder of the deterioration of the County's unrestricted net position. This obligation will be satisfied in future years.
- On the government-wide financial statements for business-type activities, the assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources of the County at the close of the most recent fiscal year by \$1,203,072. However, unrestricted net position, which is available to meet the ongoing obligations of the County, reflects a

deficit of \$16,475,191 at December 31, 2017. The unrestricted net position improved by \$1,851 from the prior year.

- The General Fund reported an ending total fund balance of \$84,727,686, which represents an increase of \$2,163,414 from fiscal year 2016. The unassigned portion of this total fund balance was \$50,214,918, an increase of \$6,443,884 from the prior year.
- The County's total outstanding bonds payable for December 31, 2017 were \$308,556,763, a net increase of \$35,287,468 from the prior year.

Overview of the Financial Statements

The County's financial statements are comprised of the Management's Discussion and Analysis ("MD&A") and the basic financial statements. This discussion and analysis serves as an introduction to the basic financial statements. The MD&A provides an analysis and overview of the County's financial activities. The basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains combining and individual fund financial statements and schedules, in addition to the basic financial statements, along with statistical tables.

Government-Wide Financial Statements

The government-wide financial statements are presented in a manner similar to private-sector business financial statements. The statements are prepared using the economic resources measurement focus and the accrual basis of accounting. The government-wide financial statements include two statements: Statement of Net Position and Statement of Activities. Fiduciary activities, whose resources are not available to finance County programs, are excluded from these statements.

The Statement of Net Position presents information on all the County's assets, liabilities and deferred inflows/outflows of resources (when applicable), with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator as to whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, uncollected taxes, OPEB and net pension liabilities).

Both the financial statements have separate sections for the two different types of activities.

These two types of activities are:

Governmental activities - The activities reflected in this section are general government support, education, public safety, health, transportation, economic opportunity and development, culture and recreation, home and community services and interest. These activities are mostly supported by taxes, charges for services and operating grants and contributions.

Business-type activities - These activities consist of the Valley View Center for Nursing Care and Rehabilitation, a chronic care hospital and skilled nursing facility. These activities are intended to recover their costs of operation, including depreciation, primarily through user charges.

The government-wide financial statements include not only the County itself (the *primary government*), but also the Orange County Community College, the Orange County Industrial Development Agency, the Orange County Soil and Water Conservation District and the Orange County Water Authority, for which the County is financially accountable. Financial information for these *component units* are reported separately from the financial information presented for the primary government.

The government-wide financial statements can be found immediately following this discussion and analysis.

Fund Financial Statements

A fund is an entity with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenues, and expenditures/expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The County divides its funds into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds - Most of the basic services provided by the County are financed and accounted for through governmental funds. Governmental fund financial statements focus on current inflows and outflows of spendable resources, as well as the available balances of these resources at the end of the fiscal year. This information is useful in determining the County's financing requirements for the subsequent fiscal period. Governmental funds use the flow of current financial resources measurement focus and the modified accrual basis of accounting.

Since the focus of governmental funds is for the current period, it is useful to compare this information to the data presented in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's current financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County has twelve individual governmental funds: General, County Road, Road Machinery, Sewer District, Airport, Sanitary Landfill, Off-Street Parking, Workforce Investment Act, Small Watershed Protection, Community Development, Debt Service, and Capital Projects funds. Of these, the General, Community Development and Capital Projects funds are reported as major funds, and are presented in separate columns on the statement of revenues, expenditures and changes in fund balance. Data for the other nine governmental funds are combined into a single, aggregated column on these statements. Individual fund data for these non-major funds can be found on the combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its General Fund, all Special Revenue Funds (except the Community Development fund) and the Debt Service Fund. A budgetary comparison statement has been provided for these funds to demonstrate compliance with the budgets.

The governmental fund financial statements can be found in the basic financial statements section of this report.

Proprietary Funds - These funds are used to show activities that operate similarly to private business enterprises. Since these funds charge fees for services provided, they are known as proprietary funds. Proprietary fund financial statements use the economic resources measurement focus and the accrual basis of accounting, like the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Valley View Center for Nursing Care and Rehabilitation. In addition, the internal service funds are presented in the proprietary fund financial statements.

The proprietary fund financial statements can be found in the basic financial statement section of this report.

Fiduciary funds - These funds are used to account for resources held for the benefit of parties outside of the County. The funds are not reflected in the government-wide financial statements, because the assets of these funds are not available to support the activities of the County.

The financial statements for the fiduciary funds can be found in the basic financial statement section of this report.

Component Units - As discussed above, component units are legally separate entities for which the County is financially accountable. The component units addressed above are aggregated when reported in the government-wide financial statements. The combining statements for the component units can be found in the basic financial statements section of this report.

Notes to Financial Statements

The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements are located following the basic financial statements section of this report.

Other Information

In addition to the basic financial statements and notes to the financial statements, this report also presents required supplementary information ("RSI") concerning the County's progress in funding its OPEB obligation to its employees and its contributions and proportionate share of the net pension liability for its participation in ERS. RSI immediately follows the notes to financial statements.

This report also includes supplementary information ("SI"), which immediately follows RSI and gives the reader further detail on the information presented in the basic financial statements. Included in SI are the combining and individual fund financial statements and schedules and the project length schedule for the Capital Projects Fund.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the County's financial position. In the case of the County, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$138,031,982 for fiscal year 2017. The County's overall net position decreased by \$71,289,588 from the prior fiscal year. The reasons for this overall decrease are discussed in the sections for governmental and business-type activities immediately after the following table.

Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current Assets	\$ 298,925,345	\$ 296,786,094	\$ 75,734,019	\$ 62,276,383	\$ 374,659,364	\$ 359,062,477
Capital Assets, Net	450,300,960	413,215,474	10,987,088	11,261,708	461,288,048	424,477,182
Total Assets	749,226,305	710,001,568	86,721,107	73,538,091	835,947,412	783,539,659
Deferred Outflows of Resources	52,610,223	96,195,782	7,023,259	13,796,992	59,633,482	109,992,774
Current Liabilities	139,394,204	138,522,342	3,814,182	3,267,592	143,208,386	141,789,934
Long-term Liabilities	787,460,000	719,650,651	86,477,363	80,247,352	873,937,363	799,898,003
Total Liabilities	926,854,204	858,172,993	90,291,545	83,514,944	1,017,145,749	941,687,937
Deferred Inflows of Resources	14,217,378	16,042,184	2,250,048	2,544,708	16,467,426	18,586,890
Net Position						
Net Investment In Capital Assets	131,558,161	141,252,962	7,019,910	7,485,015	138,578,071	148,737,977
Restricted	44,475,059	41,503,507	10,668,353	10,267,460	55,133,412	51,770,967
Unrestricted	(315,268,274)	(250,774,296)	(16,475,191)	(16,477,042)	(331,743,465)	(267,251,338)
Total Net Position	\$ (139,235,054)	\$ (68,017,827)	\$ 1,203,072	\$ 1,275,433	\$ (138,031,982)	\$ (66,742,394)

The largest component of the County's net position is its investment in capital assets (e.g. land, buildings, equipment and infrastructure); less any related debt used to acquire those assets that is still outstanding, of \$138,578,071. The County uses these capital assets to provide services to the citizens and consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another portion of net position is restricted net position aggregating \$55,133,412 at December 31, 2017. This amount represents resources that are subject to external restrictions on how they may be used. For governmental activities, \$44,475,059 is restricted for the following purposes:

	<u>2017</u>
Capital projects	\$ 18,957,961
Tax stabilization	959,774
Debt service	11,333,953
Equipment	13,227
Sanitary landfill improvements	24,544
Unemployment benefits	1,207,223
Future capital projects	1,251,426
Stop-DWI Program	650,479
Highway capital projects	172,744
Handicapped Parking Education Program	34,670
Repairs	163,683
Forfeiture of crime proceeds	773,179
Sewer purposes	5,661,773
Small watershed protection purposes	1,201,065
Workers' compensation benefits, self insurance and liability and casualty claims	2,069,358
	<u>\$ 44,475,059</u>

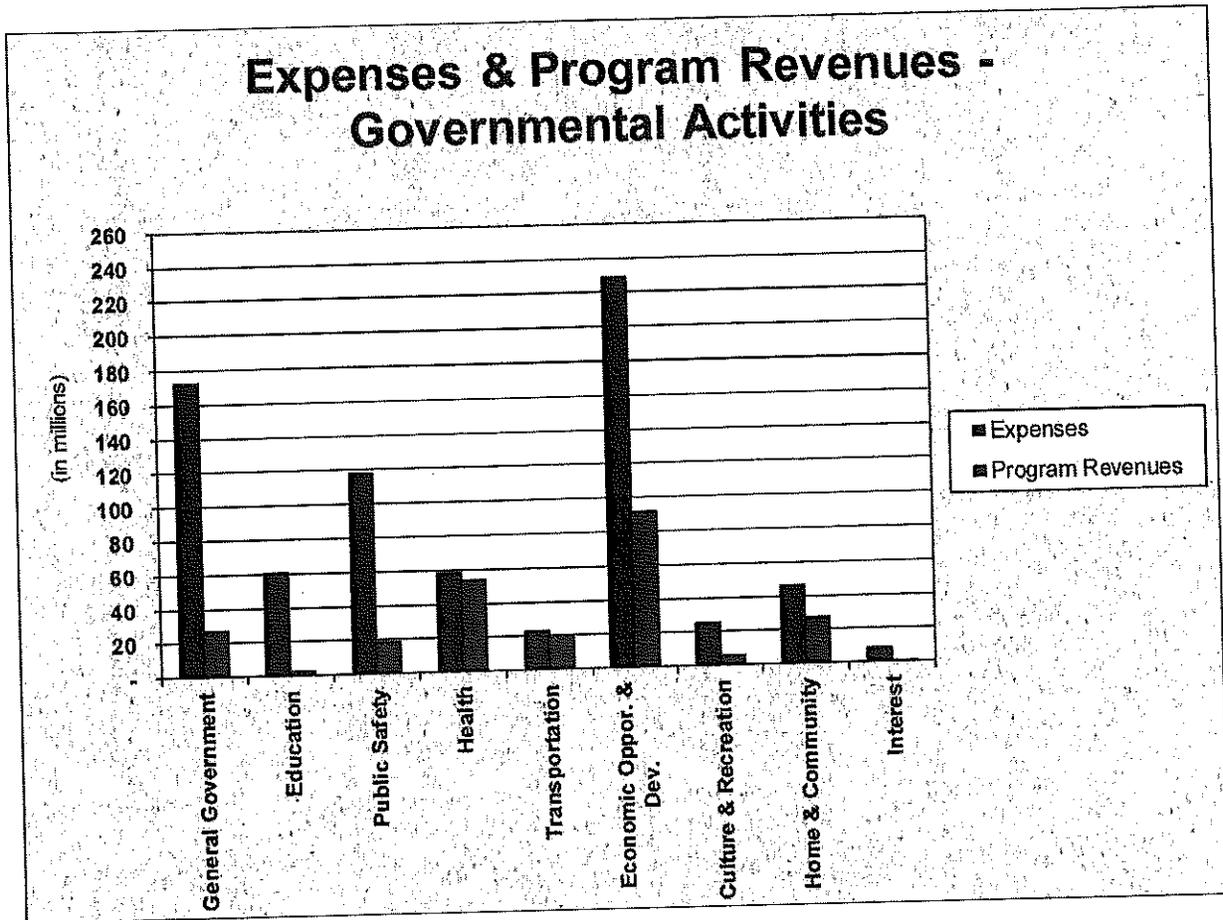
There was a net increase of \$2,971,552 in restricted net position reported in connection with the County's governmental activities compared to the prior year. Decreases in the amounts restricted for future capital projects of \$953,010, debt service \$2,787,017, and for workers' compensation of \$3,941,930 due to lower than expected expenses, were offset by an increase in the monies restricted for capital projects of \$10,128,984. These factors combined for the majority of the change in the County's restricted net position.

The remaining portion of net position, unrestricted net position, is a negative \$331,743,465 with a deficit of \$315,268,274 reported in governmental activities and a \$16,475,191 deficit reported for business-type activities. This deficit does not mean the County does not have resources available to meet its obligations in the ensuing year. Rather, it is partly the result of having long-term commitments, including claims payable (\$37,931,357), compensated absences (\$11,678,530), landfill closure costs (\$1,760,000) and OPEB obligations (\$431,526,449) that are greater than currently available resources. Additionally, the County was required to record, for the third time since inception in 2015, its proportionate share of the net pension liability of ERS in accordance with GASB Statement No. 68. The recording of the current year's increase in the net OPEB obligation of \$74,896,474 and the increase in bonds payable of \$35,287,468, partially offset by the decrease in the net pension liability of \$36,689,176 were the primary reasons for the overall decrease in the County's net position. Additional information on all of these long-term liabilities can be found in Note 3, F in the notes to financial statements.

Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
REVENUES						
Program Revenues						
Charges for Services	\$ 76,206,281	\$ 75,578,414	\$ 44,576,993	\$ 42,593,695	\$ 120,783,274	\$ 118,172,109
Operating Grants and Contributions	162,525,941	155,173,703	-	-	162,525,941	155,173,703
Capital Grants and Contributions	9,008,028	14,751,334	-	-	9,008,028	14,751,334
General Revenues						
Real Property Taxes	121,344,486	119,137,484	-	-	121,344,486	119,137,484
Other Tax Items	12,657,322	11,544,583	-	-	12,657,322	11,544,583
Non-property Taxes	283,804,249	268,862,803	-	-	283,804,249	268,862,803
Unrestricted Use of Money and Property	237,022	859,311	-	-	237,022	859,311
Tobacco Settlement Proceeds	3,386,989	7,735,341	-	-	3,386,989	7,735,341
Off Track Betting Surcharge	206,531	224,447	-	-	206,531	224,447
Intergovernmental Charge	-	-	17,658,236	26,490,381	17,658,236	26,490,381
Donated Land	-	141,700	-	-	-	141,700
Other Revenues	61,302	671,725	-	-	61,302	671,725
Total Revenues	669,538,151	654,680,845	62,235,229	69,084,076	731,773,380	723,764,921
PROGRAM EXPENSES						
General Government Support	172,318,067	167,117,249	-	-	172,318,067	167,117,249
Education	60,281,727	58,296,967	-	-	60,281,727	58,296,967
Public Safety	117,940,939	115,691,817	-	-	117,940,939	115,691,817
Health	58,062,089	55,712,429	-	-	58,062,089	55,712,429
Transportation	23,213,263	23,380,423	-	-	23,213,263	23,380,423
Economic Opportunity and Development	228,725,287	229,676,125	-	-	228,725,287	229,676,125
Culture and Recreation	25,277,974	23,646,922	-	-	25,277,974	23,646,922
Home and Community Services	46,154,404	38,803,418	-	-	46,154,404	38,803,418
Interest	8,781,628	8,113,197	-	-	8,781,628	8,113,197
The Valley View Center for Nursing Care and Rehabilitation	-	-	62,307,590	61,264,584	62,307,590	61,264,584
Total Expenses	740,755,378	720,438,547	62,307,590	61,264,584	803,062,968	781,703,131
Change in Net Position	(71,217,227)	(65,757,702)	(72,361)	7,819,492	(71,289,588)	(57,938,210)
NET POSITION						
Beginning	(68,017,827)	(2,260,125)	1,275,433	(6,544,059)	(66,742,394)	(8,804,184)
Ending	\$ (139,235,054)	\$ (68,017,827)	\$ 1,203,072	\$ 1,275,433	\$ (138,031,982)	\$ (66,742,394)

The following charts provide comparisons of governmental activities' program revenues and expenses and shows the sources of governmental activities' revenues and expenses.

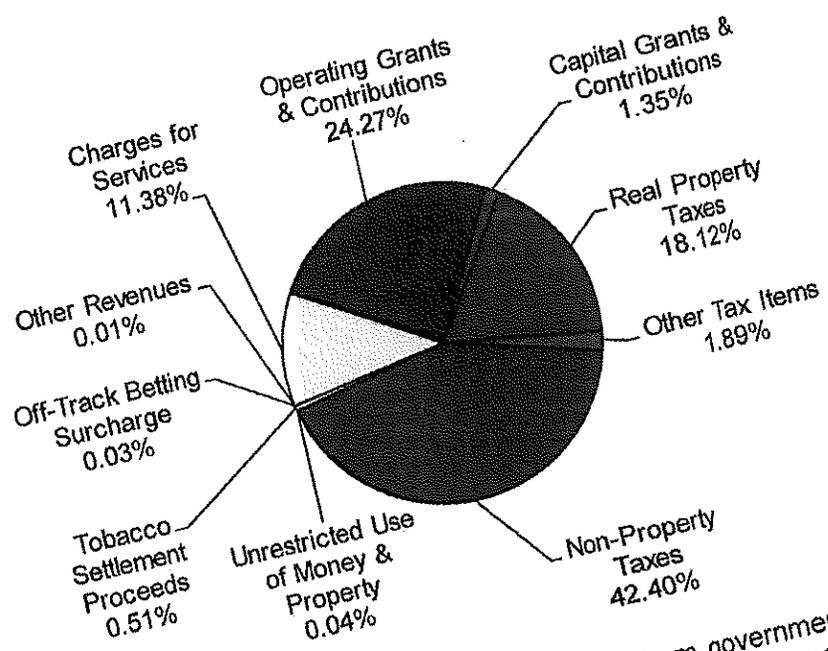


Governmental activities. Governmental activities decreased the County's net position by \$71,217,227.

For the fiscal year ended December 31, 2017, revenues from governmental activities totaled \$670 million. Tax revenues (\$418 million), comprised primarily of real property taxes, other tax items and sales tax, represent the largest revenue source (62.4%). Collection of the current tax levy remains very strong at 95.98%, while averaging 95.0% over the last 10 years. The \$14,857,306 increase in total governmental activities revenues from the prior year is the result of a combination of the following factors:

- Real property taxes allocated to governmental activities increased by \$2,207,002.
- Operating grants and contributions increased by \$7,352,238, however capital grants and contributions decreased by \$5,743,306.
- Non-property taxes increased by \$15,041,446, primarily from an increase in sales tax revenues resulting from improved economic conditions.
- Tobacco settlement proceeds decreased by \$4,348,352 as a result of the lack of the additional payment related to the New York State NPM (non-participating manufacturer) adjustment settlement which was received in fiscal 2016 only.

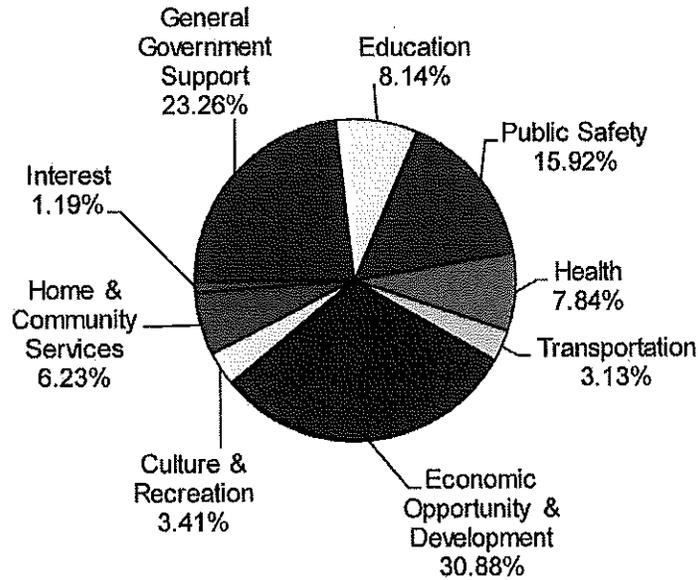
Revenues Governmental Activities 2017



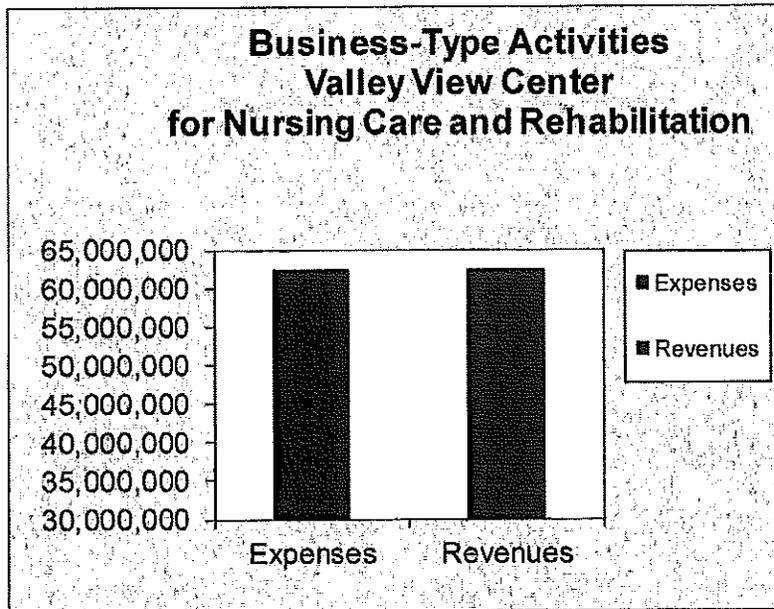
For the fiscal year ended December 31, 2017, expenses from governmental activities totaled \$741 million. The largest components of governmental activities expenses are economic opportunity and development (i.e. social services programs) \$228,725,287 (30.9%), general government support (inclusive of sales tax distribution to other municipalities) \$172,318,067 (23.3%), public safety (i.e. sheriff's department and jail) \$117,940,939 (15.9%), education (i.e. community college support and education of handicapped children) \$60,281,727 (8.1%) and health (health and mental health services) \$58,062,089 (7.8%). The \$20,316,831 increase in total governmental activities expenses from the prior year is the result of a combination of the following factors:

- General government support expenses increased by \$5,200,818 due to increased capital projects, and increased sales tax distribution to municipalities.
- Education expenses increased by \$1,984,760 due to increased expenses in education for handicapped children, and an increase in non-residential tuition.
- Public Safety – Expenses increased by \$2,249,122 due to contractual salary increases from settled labor contracts.
- Health – Expenses increased by \$2,349,660 due to increased contractual expenses for early intervention and mental health services.
- Economic opportunity and development expenses decreased by \$950,838 attributable to the reduction in required County match recorded for IGT payments for nursing home as compared to the prior year.
- Culture and Recreation – Expenses increased by \$1,631,052 due to the recording of County's OPEB and net pension liabilities.
- Home and community services expenses increased by \$7,350,986 as a result of increased planning costs, as well as increased costs related to sewer, sanitary and watershed.

Expenses Governmental Activities 2017



The following chart provides a comparison of business-type activities' revenues and expenses for the current year.



Business-type activities. Business-type activities decreased the County's net position by \$72,361.

Financial Analysis of the Government's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Fund balance reporting. GASB issued Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*", in February 2009. The requirements of GASB Statement No. 54 became effective for financial statements for the County's fiscal period ending December 31, 2011. GASB Statement No. 54 abandoned the reserved and unreserved classifications of fund balance and replaced them with five new classifications: nonspendable, restricted, committed, assigned and unassigned. An explanation of these classifications follows below.

Nonspendable – consists of assets that are inherently nonspendable in the current period, either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale and principal of endowments.

Restricted – consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.

Committed – consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint.

Assigned – consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.

Unassigned – represents the residual classification for the government's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

These changes were made to reflect spending constraints on resources, rather than availability for appropriations and to bring greater clarity and consistency to fund balance reporting. This pronouncement should result in an improvement in the usefulness of fund balance information.

Governmental funds. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for discretionary use. It represents the portion of fund balance that has not yet been limited to use for a particular purpose by either an external party, the County itself, or an individual that has been delegated authority to assign resources for use for particular purposes by the County Legislature.

As of the end of the current fiscal year, the County's governmental funds reported combined fund balances of \$102.8 million, an increase of \$5.3 million in comparison with the prior year. Of the total combined fund balance, \$42.9 million constitutes unassigned fund balance, which is available for spending at the County's discretion. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form (\$7.5 million), 2) restricted for particular purposes (\$7.5 million), 3) committed for particular purposes (\$784,482), and 4) assigned for particular purposes (\$44.1 million).

The **General Fund** is the primary operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$50.2 million, representing 59.3% of the total General Fund balance of \$84.7 million. Two useful measures of liquidity are the percentage of unassigned fund balance to total expenditures, and total fund balance to total expenditures. At the end of the current fiscal year, the General Fund showed a 8.5% unassigned fund balance to total expenditures and other financing uses, while total fund balance represents 14.3% of that same amount.

General Fund revenues and other financing sources were \$594,126,033, an increase of \$13,617,534 compared to the prior year. Expenditures and other financing uses were \$591,962,619, an increase of \$15,203,892 compared to the prior year. Major changes in specific revenues and expenditures in comparison to the prior year were as follows:

- Non-property taxes increased from \$270,427,092 to \$285,391,860 (\$14,964,768 or 5.53%) and primarily represents the sales taxes revenues recognized as the regional economy remains strong.
- Miscellaneous revenues decreased, from \$8,276,876 to \$3,684,440 (\$4,592,436 or -55.5%), reflecting a decrease in tobacco settlement proceeds as compared to the prior year.
- Departmental Income increased from \$26,224,569 to \$28,559,130 (\$2,334,561 or 8.9%), as a result of increased mental health fees, county clerk fees, public health fees, and child care fees.
- State Aid increased from \$79,302,049 to \$85,366,243 (\$6,064,194 or 7.65%), primarily due to lower than usual revenue in 2016 for education of handicapped children attributable to a write-off of \$6 million in uncollectable State Aid.
- Federal Aid decreased from \$65,594,235 to \$61,667,118 mainly due to unspent reimbursable funds in law enforcement programs, and caps applied to aid to dependent children programs.
- Public safety expenditures increased \$2,851,770 (3.23%), from \$88,230,704 to \$91,082,474, primarily the result of increased jail and sheriff expenses.
- General government support expenses increased \$3,911,476 (2.8%), from \$139,628,866 to \$143,540,342, as a result of increased central data processing expenses, and a \$3.6 million increase in distributed sales tax.

The fund balance of the General Fund increased by \$2,163,414 during the fiscal year ended December 31, 2017.

The **Capital Projects Fund** is used to account for capital project activity throughout the County. The Capital Projects Fund ending fund balance is a deficit of \$7,224,689 for fiscal year 2017. This is a decrease of \$5,451,995 representing the net result of issuing serial bonds for various projects in 2017, and continuing to outlay capital expenses on various sizeable projects.

The **Special Revenue Funds** are made up of the following individual funds: County Road, Road Machinery, Sewer District, Airport, Sanitary Landfill, Off-Street Parking, Workforce Investment Act, and Small Watershed Protection funds. For fiscal year ending December 31, 2017, the combined fund balances of these Special Revenue funds totaled \$13,924,917. This

represents an increase of \$446,709 for the fiscal year 2017, resulting from greater than expected county road, sewer and landfill costs.

The **Debt Service Fund** reported a fund balance of \$11,333,953 at December 31, 2017, a decrease of \$2,787,017 from 2016, resulting primarily from increased debt service expenditures.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Factors concerning the finances of the Enterprise Fund have already been addressed in the discussion of the County's business-type activities.

The **Internal Service** funds net position decreased by \$3,471,740, from \$17,641,511 to \$14,169,771, during the year ended December 31, 2017. This decrease can be primarily attributed to the planned use of \$4.2 million of available funds in the Workers' Compensation Benefits Fund to support the operations of the General Fund.

General Fund Budgetary Highlights

During the year, there was a \$64.8 million increase in appropriations between the original and final amended budget. The primary drivers of the increase to the budget were 1) increases in transportation and bus operations within Home and Community Services, primarily for Federal grants (\$40.0 million), 2) increases in various State-funded health programs and grants (\$10.8 million), due to increases in the number of program eligible children, 3) increases in public safety, primarily for civic defense (\$4.9 million), 4) increases in general government support (\$4.9 million), due to increased sales tax distribution to municipalities, and 5) increases in education (\$1.8 million), primarily for education of handicapped children.

Overall, actual General Fund expenditures and other financing uses were \$592.0 million, which was \$65.7 million less than the final budget. The major areas where spending was less than budget was general public safety (\$9.2 million), primarily as a result of savings in unspent grant funds, general government support (\$6.9 million) from savings in the board of elections, and unspent grant funds, health (\$10.0 million), primarily in savings in the home health program, mental health programs, and unspent funds in the WIC grant, and home and community services (\$33.4 million), primarily in unspent planning grant funds.

Actual General Fund revenues and other financing sources were \$594.1 million, which was \$34.2 million less than the final budget. The revenue categories that reflected a positive variance as compared to the final budget were real property tax (\$2.1 million), other tax items (\$3.2 million) primarily from the gain on sale of tax acquired property, non-property taxes (\$11.2 million) attributable to sales tax, and departmental income (\$2.2 million) mainly from County Clerk fees and child care revenues. This was offset by shortfalls in federal aid (\$42.4 million) mainly due to unspent transportation grant funds, and state aid (\$7.7 million) directly attributable to the reduction of aid for health and social service programs as expenditures were less than budgeted for these programs.

Capital Asset and Debt Administration

Capital Assets. The County's investment in capital assets for its governmental and business-type activities as of December 31, 2017, amounts to \$461,288,349 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, infrastructure, and construction-in-progress.

**Orange County Capital Assets
(Net of Depreciation)
(in thousands)**

	Governmental Activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 37,398	\$ 37,398	\$ 139	\$ 139	\$ 37,537	\$ 37,537
Buildings and improvements	240,987	244,255	9,162	9,675	250,149	253,930
Machinery and equipment	12,495	14,021	1,686	1,264	14,181	15,285
Infrastructure	20,378	22,160	-	-	20,378	22,160
Construction-in- progress	139,043	95,381	-	184	139,043	95,565
Total (Net of Depreciation)	<u>\$ 450,301</u>	<u>\$ 413,215</u>	<u>\$ 10,987</u>	<u>\$ 11,262</u>	<u>\$ 461,288</u>	<u>\$ 424,477</u>

The following highlights the amounts expended during the current fiscal year on major capital assets:

- Several projects for construction and reconstruction of County buildings, including the government center were in progress during the past fiscal year.

Additional information on the County's capital assets can be found in Note 3, D in the notes to financial statements.

Long-term Debt. At the end of the current fiscal year, the County had total debt outstanding of \$308,556,763. The net increase in the County's total debt was \$35,287,468. This was the result of new money issues of \$60,024,468, as well as \$12,055,000 of bonds issued to refinance higher interest rate debt. The County redeemed \$36,792,000 in outstanding bonded indebtedness. All of this debt is backed by the full faith and credit of the County.

**Orange County Outstanding Debt
General Obligations Bonds
(in thousands)**

	Governmental Activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
General Obligation Bonds	<u>\$ 304,673</u>	<u>\$ 269,556</u>	<u>\$ 3,884</u>	<u>\$ 3,713</u>	<u>\$ 308,557</u>	<u>\$ 273,269</u>

Through sound financial management and manageable debt levels, the County has been successful in maintaining its high-grade rating for its general obligation bonds. In 2017, the County received an Aa3 rating, with a stable outlook from Moody's Investors Service.

The State Constitution limits the amount of indebtedness, both long-term and short-term, which the County may incur. The State Constitution provides that the County may not contract indebtedness in an amount greater than seven percent of the average full value of taxable real

property in the County for the most recent five years. Certain indebtedness is excluded in ascertaining the County's authority to contract indebtedness within the constitutional limits; accordingly, debt of this kind, commonly referred to as "excluded debt," may be issued without regard to the constitutional limits and without affecting the County's authority to issue debt subject to the limit. At December 31, 2017, the County of Orange had used \$283,340,763, or 13.32% of the constitutional debt limit leaving \$1,843,870,827 remaining to be used.

Additional information on the County's long-term debt can be found in Note 3, F in the notes to financial statements.

Economic Factors and Next Year's Budget

According to the New York State Department of Labor Statistics, the unemployment rate for Orange County was 4.4% in April 2018, up slightly from 4.3% in April 2017. The State-wide unemployment rate in April 2018 is also 4.4%.

Labor Department data also indicates that the number of people employed in the County increased by 0.58%, from 172,600 to 173,600, between May 2016 and May 2017.

Data compiled by the U.S. Census Bureau shows that the wealth indicators for County residents generally compare favorably to national indicators.

The County's median family income for 2016 was \$89,797, while New York State's median family income was \$77,379. The median income for the nation as a whole was \$67,871.

The taxable assessed value of real property in the County increased from \$12,446,003 in 2016 to \$12,579,225 in 2017, with the median sales price of a single-family home in 2017 being \$260,000.

Increased salary and wage costs, along with rising employee and retiree health care costs, will continue to have a profound effect on the County's future budgets.

All of these factors were taken into consideration in developing the fiscal 2018 budget.

The County has appropriated \$17.3 million of the fund balance of the General Fund for spending in the 2018 fiscal year. The 2018 County budget includes a \$2,331,518, or 1.94% increase to the tax levy, providing for a "County-Wide" tax rate of \$3.84 per \$1,000 of assessed value. This is a decrease of \$0.027, or 0.70% less than last year's rate of \$3.867.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Karin E. Hablow, Commissioner of Finance, Orange County Government Center, 265 Main St., Goshen, New York, 10924, telephone (845) 291-2488, or visit the County's web site at www.orangecountygov.com.

**BASIC
FINANCIAL STATEMENTS**

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County of Orange, New York

Statement of Net Position
December 31, 2017

	Primary Government			Component Units
	Governmental Activities	Business- type Activities	Total	
ASSETS				
Cash and equivalents	\$ 194,265,715	\$ 940,798	\$ 195,206,513	\$ 26,412,430
Investments	-	-	-	13,620,937
Receivables				
Property taxes, net	50,335,903	-	50,335,903	-
Accounts, net	17,878,601	9,168,553	27,047,154	11,315,264
Sales taxes	29,416,389	-	29,416,389	-
Sewer rents	1,197,243	-	1,197,243	-
Loans, net	17,230,073	-	17,230,073	-
Internal balances	(61,902,439)	61,902,439	-	-
State and Federal aid, net	44,586,288	-	44,586,288	282,519
Due from other governments	820,081	2,696,020	3,516,101	-
Inventories	-	257,403	257,403	-
Net pension asset	-	-	-	290,866
Prepaid expenses	5,097,491	768,804	5,866,295	255,783
Capital assets				
Not being depreciated	176,441,575	139,066	176,580,641	743,316
Being depreciated, net	273,859,385	10,848,323	284,707,708	4,220,379
Total Assets	749,226,305	86,721,406	835,947,711	57,141,494
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts on refunding bonds	7,505,697	154,490	7,660,187	-
Deferred amounts on pensions	45,104,526	6,868,769	51,973,295	7,177,659
Total Deferred Outflows of Resources	52,610,223	7,023,259	59,633,482	7,177,659
LIABILITIES				
Accounts payable	65,069,846	1,687,228	66,757,074	1,876,173
Accrued interest payable	4,043,233	48,176	4,091,409	-
Accrued liabilities	16,587,128	1,000,929	17,588,057	2,959,156
Due to other governments	2,514,424	137,251	2,651,675	-
Due to school districts	33,751,581	-	33,751,581	-
Unearned revenues	17,427,992	-	17,427,992	5,023,327
Deposits payable	-	940,598	940,598	-
Non-current liabilities				
Due within one year	36,179,339	898,593	37,077,932	64,462
Due in more than one year	751,280,661	85,578,770	836,859,431	64,167,695
Total Liabilities	926,854,204	90,291,545	1,017,145,749	74,090,813
DEFERRED INFLOWS OF RESOURCES				
Deferred amounts on pensions	14,217,378	2,250,048	16,467,426	2,323,813
Deferred amounts on tuition assistance	-	-	-	1,173,977
Total Deferred Inflows of Resources	14,217,378	2,250,048	16,467,426	3,497,790
NET POSITION				
Net investment in capital assets	131,558,161	7,019,910	138,578,071	4,867,543
Restricted for				
Capital projects	18,957,961	-	18,957,961	-
Tax stabilization	959,774	-	959,774	-
Debt service	11,333,953	-	11,333,953	-
Equipment	13,227	-	13,227	-
Sanitary landfill improvements	24,544	-	24,544	-
Unemployment benefits	1,207,223	-	1,207,223	-
Future capital projects	1,251,426	-	1,251,426	-
Stop-DWI Program	650,479	-	650,479	-
Highway capital projects	172,744	-	172,744	-
Handicapped Parking Education Program	34,670	-	34,670	-
Repairs	163,683	-	163,683	-
Forfeiture of crime proceeds	773,179	-	773,179	-
Sewer purposes	5,661,773	-	5,661,773	-
Small watershed protection purposes	1,201,065	-	1,201,065	-
Workers' compensation benefits, self insurance and liability and casualty claims	2,069,358	10,658,353	12,727,711	-
Loans	-	-	-	134,707
Scholarships, awards and grants	-	-	-	14,016,710
Unrestricted	(315,268,274)	(16,475,191)	(331,743,465)	(32,288,410)
Total Net Position	\$ (139,235,054)	\$ 1,203,072	\$ (138,031,982)	\$ (13,269,450)

The notes to financial statements are an integral part of this statement.

County of Orange, New York

Statement of Activities
Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government support	\$ 172,318,067	\$ 23,628,085	\$ 3,195,606	\$ 469,219
Education	60,281,727	-	-	2,659,333
Public safety	117,940,939	11,524,311	6,340,153	757,344
Health	58,062,089	6,279,069	47,543,736	-
Transportation	23,213,263	1,528,781	14,338,550	4,740,392
Economic opportunity and development	228,725,287	9,864,481	81,848,898	-
Culture and recreation	25,277,974	1,725,708	4,108,084	181,107
Home and community services	46,154,404	21,655,846	5,150,914	(16,075)
Interest	8,781,628	-	-	216,708
Total Governmental Activities	740,755,378	76,206,281	162,525,941	9,008,028
Business-type activities				
The Valley View Center For Nursing Care and Rehabilitation	62,307,590	44,576,993	-	-
Total Primary Government	\$ 803,062,968	\$ 120,783,274	\$ 162,525,941	\$ 9,008,028
Component units				
Community College	\$ 88,632,110	\$ 28,228,689	\$ 15,223,010	\$ -
Soil and Water Conservation District	1,173,637	12,985	1,041,734	-
Industrial Development Agency	2,474,694	3,409,899	-	-
Water Authority	289,640	2,240	75,009	-
Total Component Units	\$ 92,570,081	\$ 31,653,813	\$ 16,339,753	\$ -
		General revenues Real property taxes Other tax items Interest and penalties on real property taxes Payments in lieu of taxes Gain on sale of tax acquired property Non-property taxes Sales taxes Hotel occupancy tax Unrestricted use of money and property Contributions from Orange County Grants and contributions not restricted to specific programs Tobacco settlement proceeds Off-track betting surcharge Intergovernmental transfer - Medicaid funding Other revenues Total General Revenues Change in Net Position NET POSITION Beginning Ending		

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business- type Activities	Total	Component Units
\$ (145,025,157)	\$ -	\$ (145,025,157)	\$ -
(57,622,394)	-	(57,622,394)	-
(99,319,131)	-	(99,319,131)	-
(4,239,284)	-	(4,239,284)	-
(2,605,540)	-	(2,605,540)	-
(137,011,908)	-	(137,011,908)	-
(19,263,075)	-	(19,263,075)	-
(19,363,719)	-	(19,363,719)	-
(8,564,920)	-	(8,564,920)	-
(493,015,128)	-	(493,015,128)	-
-	(17,730,597)	(17,730,597)	-
(493,015,128)	(17,730,597)	(510,745,725)	-
-	-	-	(45,180,411)
-	-	-	(118,918)
-	-	-	935,205
-	-	-	(212,391)
-	-	-	(44,576,515)
121,344,486	-	121,344,486	-
7,018,716	-	7,018,716	-
1,550,810	-	1,550,810	-
4,087,796	-	4,087,796	-
280,313,340	-	280,313,340	-
3,590,909	-	3,590,909	-
237,022	-	237,022	1,364,011
-	-	-	18,121,169
-	-	-	13,054,587
3,386,989	-	3,386,989	-
206,531	-	206,531	-
-	17,658,236	17,658,236	-
61,302	-	61,302	650,828
421,797,901	17,658,236	439,456,137	33,190,595
(71,217,227)	(72,361)	(71,289,588)	(11,385,920)
(68,017,827)	1,275,433	(66,742,394)	(1,883,530)
\$ (139,235,054)	\$ 1,203,072	\$ (138,031,982)	\$ (13,269,450)

County of Orange, New York

Balance Sheet
 Governmental Funds
 December 31, 2017

	General	Community Development	Capital Projects	Non-Major Governmental	Total Governmental Funds
ASSETS					
Cash and equivalents	\$ 121,886,483	\$ -	\$ -	\$ 22,524,147	\$ 144,410,630
Taxes receivable, net	50,335,903	-	-	-	50,335,903
Other receivables					
Accounts, net	3,755,554	1,977,543	-	3,311,330	9,044,427
Sales taxes	29,416,389	-	-	-	29,416,389
Sewer rents, net	-	-	-	1,197,243	1,197,243
Loans, net	-	17,230,073	-	-	17,230,073
State and Federal aid, net	41,298,807	-	6,960,511	3,287,481	51,546,799
Due from other governments	820,081	-	-	-	820,081
Due from other funds	11,565,687	-	1,190,000	-	12,755,687
	<u>86,856,518</u>	<u>19,207,616</u>	<u>8,150,511</u>	<u>7,796,054</u>	<u>122,010,699</u>
Prepaid expenditures	4,888,751	23,000	-	185,740	5,097,491
Total Assets	<u>\$ 263,967,655</u>	<u>\$ 19,230,616</u>	<u>\$ 8,150,511</u>	<u>\$ 30,505,941</u>	<u>\$ 321,854,723</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)					
Liabilities					
Accounts payable	\$ 55,522,456	\$ 838,367	\$ 5,271,291	\$ 2,744,242	\$ 64,376,356
Accrued liabilities	16,314,225	17,252	-	255,651	16,587,128
Due to other governments	2,514,424	-	-	-	2,514,424
Due to other funds	60,942,677	1,066,072	10,103,909	2,201,768	74,314,426
Due to school districts	33,751,581	-	-	-	33,751,581
Unearned revenues	73,657	17,308,925	-	45,410	17,427,992
Total Liabilities	<u>169,119,020</u>	<u>19,230,616</u>	<u>15,375,200</u>	<u>5,247,071</u>	<u>208,971,907</u>
Deferred inflows of resources					
Deferred tax revenues	10,120,949	-	-	-	10,120,949
Total Liabilities and Deferred Inflows of Resources	<u>179,239,969</u>	<u>19,230,616</u>	<u>15,375,200</u>	<u>5,247,071</u>	<u>219,092,856</u>
Fund balances (deficits)					
Nonspendable	4,888,751	23,000	-	2,586,071	7,497,822
Restricted	4,876,751	-	-	2,608,151	7,484,902
Committed	784,482	-	-	-	784,482
Assigned	23,962,784	-	-	20,156,864	44,119,648
Unassigned	50,214,918	(23,000)	(7,224,689)	(92,216)	42,875,013
Total Fund Balances (Deficits)	<u>84,727,686</u>	<u>-</u>	<u>(7,224,689)</u>	<u>25,258,870</u>	<u>102,761,867</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 263,967,655</u>	<u>\$ 19,230,616</u>	<u>\$ 8,150,511</u>	<u>\$ 30,505,941</u>	<u>\$ 321,854,723</u>

County of Orange, New York

Reconciliation of Governmental Funds Balance Sheet to
the Government-Wide Statement of Net Position - Governmental Activities
December 31, 2017

Fund Balances - Total Governmental Funds	<u>\$ 102,761,867</u>
Amounts reported for governmental activities in the statement of net position are different because	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>449,235,090</u>
Governmental funds do not report the effect of losses on refunding bonds and assets or liabilities related to net pension assets (liabilities) whereas these amounts are deferred and amortized in the statement of activities.	
Deferred amounts on net pension assets (liabilities)	30,887,148
Deferred amounts on refunding bonds	<u>7,505,697</u>
	<u>38,392,845</u>
Internal service funds are used by management to charge the costs of motor pool, insurance and compensated absences to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	<u>3,511,418</u>
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Real property taxes	<u>10,120,949</u>
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds payable	(326,248,496)
Landfill closure costs	(1,760,000)
Accrued interest payable	(4,043,233)
Other postemployment benefit obligations	(358,824,733)
Net pension liability	<u>(52,380,761)</u>
	<u>(743,257,223)</u>
Net Position of Governmental Activities	<u>\$ (139,235,054)</u>

The notes to financial statements are an integral part of this statement.

County of Orange, New York

Statement of Revenues, Expenditures and Changes
in Fund Balances
Governmental Funds
Year Ended December 31, 2017

	General	Community Development	Capital Projects	Non-Major Governmental	Total Governmental Funds
REVENUES					
Real property taxes	\$ 86,682,843	\$ -	\$ -	\$ 34,478,825	\$ 121,161,668
Other tax items	12,657,322	-	-	-	12,657,322
Non-property taxes	285,391,860	-	-	-	285,391,860
Departmental income	28,559,130	225,094	-	20,143,754	48,927,978
Intergovernmental charges	9,208,217	-	-	2,656,098	11,864,315
Use of money and property	5,864,102	149	-	234,967	6,099,218
Licenses and permits	-	-	-	55,540	55,540
Fines and forfeitures	909,344	-	-	-	909,344
Sale of property and compensation for loss	360,781	541	-	374,849	736,171
Interfund revenues	8,539,210	-	-	5,390,893	13,930,103
State aid	85,366,243	-	3,663,084	5,706,211	94,735,538
Federal aid	61,667,118	4,680,944	4,343,236	3,071,121	73,762,419
Miscellaneous	3,684,440	45,000	785,000	41,825	4,556,265
Total Revenues	588,890,610	4,951,728	8,791,320	72,154,083	674,787,741
EXPENDITURES					
Current					
General government support	143,540,342	-	-	213,418	143,753,760
Education	56,086,709	-	-	-	56,086,709
Public safety	91,082,474	-	-	-	91,082,474
Health	52,053,434	-	-	-	52,053,434
Transportation	648,250	-	-	17,000,095	17,648,345
Economic opportunity and development	221,290,051	-	-	6,384,744	227,674,795
Culture and recreation	7,519,661	-	-	-	7,519,661
Home and community services	17,466,131	4,951,728	-	20,083,576	42,500,435
Employee benefits	836,833	-	-	-	836,833
Debt service					
Principal	-	-	-	23,253,090	23,253,090
Interest	-	-	-	9,445,623	9,445,623
Refunding bond issuance costs	-	-	-	104,285	104,285
Capital outlay	-	-	63,930,688	-	63,930,688
Total Expenditures	590,522,885	4,951,728	63,930,688	76,484,831	735,890,132
Deficiency of Revenues Over Expenditures	(1,632,275)	-	(55,139,368)	(4,330,748)	(61,102,391)
OTHER FINANCING SOURCES (USES)					
Bonds issued	-	-	59,306,566	-	59,306,566
Refunding bonds issued	-	-	-	11,818,437	11,818,437
Issuance premiums	-	-	-	3,112,735	3,112,735
Payment to refunded bond escrow agent	-	-	-	(13,060,246)	(13,060,246)
Transfers in	5,235,423	-	1,320,220	6,820,514	13,376,157
Transfers out	(1,439,734)	-	(35,423)	(6,701,000)	(8,176,157)
Total Other Financing Sources	3,795,689	-	60,591,363	1,990,440	66,377,492
Net Change in Fund Balances	2,163,414	-	5,451,995	(2,340,308)	5,275,101
FUND BALANCES (DEFICITS)					
Beginning of Year	82,564,272	-	(12,676,684)	27,599,178	97,486,766
End of Year	\$ 84,727,686	\$ -	\$ (7,224,689)	\$ 25,258,870	\$ 102,761,867

The notes to financial statements are an integral part of this statement.

County of Orange, New York

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended December 31, 2017

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

Net Change in Fund Balances - Total Governmental Funds	\$ 5,275,101
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount is less than the total capital outlay since capital outlay includes amounts that are under the capitalization threshold and, therefore, were not capitalized.</p>	
Capital outlay expenditures	56,208,457
Depreciation expense	<u>(19,019,910)</u>
	<u>37,188,547</u>
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Real property taxes	<u>182,818</u>
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>	
Principal paid on bonds	23,253,090
Bonds issued	(59,306,566)
Refunding bonds issued	(11,818,437)
Issuance premiums	(3,112,735)
Payment to refunded bond escrow agent	13,060,246
Amortization of loss on refunding bonds and issuance premium	958,470
	<u>(36,965,932)</u>
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Landfill closure cost	220,000
Accrued interest	(294,475)
Other postemployment benefit obligations	(63,658,075)
Pension assets (obligations)	<u>(9,302,578)</u>
	<u>(73,035,128)</u>
<p>Internal service funds are used by management to charge the costs of motor pool, insurance, and compensated absences to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities</p>	
	<u>(3,862,633)</u>
Change in Net Position of Governmental Activities	<u>\$ (71,217,227)</u>

The notes to financial statements are an integral part of this statement.

County of Orange, New York

General Fund
Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Real property taxes	\$ 83,791,531	\$ 84,567,549	\$ 86,682,843	\$ 2,115,294
Other tax items	9,428,477	9,428,477	12,657,322	3,228,845
Non-property taxes	270,405,867	274,165,677	285,391,860	11,226,183
Departmental income	26,137,149	26,402,209	28,559,130	2,156,921
Intergovernmental charges	10,288,242	10,288,242	9,208,217	(1,080,025)
Use of money and property	5,720,693	5,720,693	5,864,102	143,409
Fines and forfeitures	747,063	747,063	909,344	162,281
Sale of property and compensation for loss	1,020,452	1,020,452	360,781	(659,671)
Interfund revenues	9,063,943	9,132,849	8,539,210	(593,639)
State aid	80,561,852	93,079,224	85,366,243	(7,712,981)
Federal aid	59,194,618	104,024,569	61,667,118	(42,357,451)
Miscellaneous	4,494,136	4,499,136	3,684,440	(814,696)
Total Revenues	560,854,023	623,076,140	588,890,610	(34,185,530)
EXPENDITURES				
Current				
General government support	145,541,435	150,410,759	143,540,342	6,870,417
Education	54,495,592	56,338,826	56,086,709	252,117
Public safety	95,359,302	100,263,789	91,082,474	9,181,315
Health	51,251,604	62,034,930	52,053,434	9,981,496
Transportation	646,000	648,990	648,250	740
Economic opportunity and development	223,684,143	225,912,566	221,290,051	4,622,515
Culture and recreation	7,813,511	7,849,610	7,519,661	329,949
Home and community services	10,926,314	50,885,795	17,465,131	33,420,664
Employee benefits	1,840,266	1,840,266	836,833	1,003,433
Total Expenditures	591,558,167	656,185,531	590,522,885	65,662,646
Deficiency of Revenues Over Expenditures	(30,704,144)	(33,109,391)	(1,632,275)	31,477,116
OTHER FINANCING SOURCES (USES)				
Transfers in	5,200,000	5,200,000	5,235,423	35,423
Transfers out	(1,221,183)	(1,439,739)	(1,439,734)	5
Total Other Financing Sources	3,978,817	3,760,261	3,795,689	35,428
Net Change in Fund Balance	(26,725,327)	(29,349,130)	2,163,414	31,512,544
FUND BALANCE				
Beginning of Year	26,725,327	29,349,130	82,564,272	53,215,142
End of Year	\$ -	\$ -	\$ 84,727,686	\$ 84,727,686

The notes to financial statements are an integral part of this statement.

County of Orange, New York

Statement of Net Position
 Proprietary Funds
 December 31, 2017

	Business-type Activities- Enterprise Fund	Governmental Activities - Internal Service Funds
	The Valley View Center for Nursing Care and Rehabilitation	
ASSETS		
Current assets		
Cash and equivalents	\$ 940,798	\$ 49,855,085
Accounts receivable, net	9,168,553	1,873,663
Due from other governments	2,696,020	-
Due from other funds	51,244,086	10,314,653
Inventories	257,403	-
Prepaid expenses	768,804	-
Total Current Assets	<u>65,075,664</u>	<u>62,043,401</u>
Noncurrent assets		
Capital assets		
Land	139,066	-
Buildings and improvements	34,759,595	-
Equipment	6,863,186	6,901,030
Less accumulated depreciation	(30,774,458)	(5,835,160)
Total Noncurrent Assets	<u>10,987,389</u>	<u>1,065,870</u>
Total Assets	<u>76,063,053</u>	<u>63,109,271</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amounts on refunding bonds	154,490	-
Deferred amounts on pensions	6,868,769	-
Total Deferred Outflows of Resources	<u>7,023,259</u>	<u>-</u>
LIABILITIES		
Current liabilities		
Accounts payable	1,687,228	693,490
Accrued interest payable	48,176	-
Accrued liabilities	1,000,929	-
Due to other governments	137,251	-
Deposits payable	940,598	-
Current maturities of bonds payable	573,593	-
Compensated absences	325,000	300,000
Claims payable	-	8,831,357
Total Current Liabilities	<u>4,712,775</u>	<u>9,824,847</u>
Noncurrent liabilities		
Bonds payable	3,548,376	-
Compensated absences	1,038,877	10,014,653
Claims payable	-	29,100,000
Other postemployment benefit obligations payable	72,701,716	-
Net pension liability	8,289,801	-
Total Noncurrent Liabilities	<u>85,578,770</u>	<u>39,114,653</u>
Total Liabilities	<u>90,291,545</u>	<u>48,939,500</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred amounts on pensions	2,250,048	-
NET POSITION		
Net investment in capital assets	7,019,910	1,065,870
Unrestricted	(16,475,191)	13,103,901
Total Net Position	<u>(9,455,281)</u>	<u>\$ 14,169,771</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>10,658,353</u>	
Net Position of Business-type Activities	<u>\$ 1,203,072</u>	

The notes to financial statements are an integral part of this statement.

County of Orange, New York

Statement of Revenues, Expenses and Changes in Net Position
 Proprietary Funds
 Year Ended December 31, 2017

	Business-type Activities- Enterprise Fund	Governmental Activities - Internal Service Funds
	The Valley View Center for Nursing Care and Rehabilitation	
OPERATING REVENUES		
Charges for sales and services		
Charges for services - Internal	\$ -	\$ 70,943,030
Charges for services - External	-	11,280,615
Departmental charges	43,812,917	-
Miscellaneous	764,076	4,705,258
Total Operating Revenues	44,576,993	86,928,903
OPERATING EXPENSES		
Salaries and contractual	20,872,160	1,264,567
Judgments and claims	-	4,853,554
Employee benefits	29,336,885	78,892,252
Depreciation and amortization	1,471,926	572,448
Other expenses	10,896,607	-
Total Operating Expenses	62,577,578	85,582,821
Income (Loss) from Operations	(18,000,585)	1,346,082
NON-OPERATING REVENUES (EXPENSES)		
Interest income	-	303,347
Intergovernmental transfer - Medicaid funding	17,658,236	-
Interest expense	(120,905)	-
Sale of property and compensation for loss	-	78,831
Total Non-Operating Revenues	17,537,331	382,178
Income (Loss) before Transfers	(463,254)	1,728,260
Transfers Out	-	(5,200,000)
Change in Net Position	(463,254)	(3,471,740)
NET POSITION		
Beginning of Year	(8,992,027)	17,641,511
End of Year	\$ (9,455,281)	\$ 14,169,771
Change in Net Position	\$ (463,254)	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	390,893	
Change in Net Position of Business-type Activities	\$ (72,361)	

The notes to financial statements are an integral part of this statement.

County of Orange, New York

Statement of Cash Flows
 Proprietary Funds
 Year Ended December 31, 2017

	Business-type Activities- Enterprise Fund	Governmental Activities - Internal Service Funds
	The Valley View Center for Nursing Care and Rehabilitation	
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users - Internal	\$ -	\$ 73,355,969
Receipts from customers and users - External	43,926,259	11,280,615
Miscellaneous	-	4,705,258
Payments to suppliers	(10,475,651)	(85,629,627)
Payments to employees	(37,668,837)	-
Net Cash from Operating Activities	<u>(4,218,229)</u>	<u>3,712,215</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Due to other funds	(23,032,917)	-
Intergovernmental transfer - Medicaid funding	28,267,805	-
Transfers out	-	(5,200,000)
Net Cash from Non-Capital Financing Activities	<u>5,234,888</u>	<u>(5,200,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from capital debt	717,902	-
Purchases of capital assets	(1,197,607)	(469,387)
Proceeds from sales of capital assets	-	78,831
Principal paid on capital debt	(528,911)	-
Interest paid on capital debt	(127,925)	-
Net Cash from Capital and Related Financing Activities	<u>(1,136,541)</u>	<u>(390,556)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	-	303,347
Net Change in Cash and Equivalents	<u>(119,882)</u>	<u>(1,574,994)</u>
CASH AND EQUIVALENTS		
Beginning of Year	<u>1,060,680</u>	<u>51,430,079</u>
End of Year	<u>\$ 940,798</u>	<u>\$ 49,855,085</u>
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES		
Income (loss) from operations	\$ (18,000,585)	\$ 1,346,082
Adjustments to reconcile income (loss) from operations to net cash from operating activities		
Depreciation and amortization expense	1,471,926	572,448
Changes in assets and liabilities		
Accounts receivable	(686,004)	2,339,397
Due from other funds	-	73,539
Inventories	(64,126)	-
Prepaid expenses	(13,145)	-
Accounts payable	384,916	(482,768)
Accrued liabilities	21,908	-
Due to other governments	113,311	-
Deposits payable	35,270	-
Compensated absences	(153,191)	(73,539)
Claims payable	-	(62,944)
Net pension liability	1,433,092	-
Other postemployment benefit obligations payable	11,238,399	-
Net Cash from Operating Activities	<u>\$ (4,218,229)</u>	<u>\$ 3,712,215</u>
NON-CASH NON-OPERATING ACTIVITIES		
Refunding bonds issued	\$ 236,563	\$ -
Payment to refunded bond escrow agent	(261,421)	-
Premium on refunding bonds issued	26,944	-
Issuance costs on refunding bonds issued	(2,086)	-

County of Orange, New York

Statement of Assets and Liabilities
Fiduciary Fund
December 31, 2017

	<u>Agency</u>
ASSETS	
Cash and equivalents	<u>\$ 6,149,600</u>
LIABILITIES	
Employee payroll deductions	\$ 740,251
Deposits payable	<u>5,409,349</u>
Total Liabilities	<u>\$ 6,149,600</u>

The notes to financial statements are an integral part of this statement.

County of Orange, New York

Statement of Net Position
Component Units
Year Ended December 31, 2017

	Orange County Community College	Orange County Soil and Water Conservation District	Orange County Industrial Development Agency	Orange County Water Authority	Total
ASSETS					
Cash and equivalents	\$ 12,438,284	\$ 379,260	\$ 13,568,021	\$ 26,865	\$ 26,412,430
Investments	13,620,937	-	-	-	13,620,937
Receivables					
Accounts, net	8,996,007	-	2,308,357	10,900	11,315,264
State and Federal aid	-	223,006	-	59,513	282,519
Net pension asset	290,866	-	-	-	290,866
Prepaid expenses	230,288	-	21,441	4,054	255,783
Capital assets (net of accumulated depreciation)					
Land easements	-	-	-	743,316	743,316
Machinery and equipment	3,988,298	53,031	179,050	-	4,220,379
Total Assets	<u>39,564,680</u>	<u>655,297</u>	<u>16,076,869</u>	<u>844,648</u>	<u>57,141,494</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amounts on pensions	7,177,659	-	-	-	7,177,659
LIABILITIES					
Accounts payable	1,500,174	98,400	256,889	20,710	1,876,173
Accrued liabilities	2,955,606	-	3,550	-	2,959,156
Unearned revenues	4,768,684	254,643	-	-	5,023,327
Non-current liabilities					
Due within one year					
Compensated absences	-	3,189	-	7,053	10,242
Capital lease obligation	54,220	-	-	-	54,220
Due in more than one year					
Compensated absences	1,081,929	28,701	-	-	1,110,630
Capital lease obligation	41,932	-	-	-	41,932
Net pension liability	5,069,337	-	-	-	5,069,337
Other postemployment benefit obligations payable	57,945,796	-	-	-	57,945,796
Total Liabilities	<u>73,417,678</u>	<u>384,933</u>	<u>260,439</u>	<u>27,763</u>	<u>74,090,813</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred amounts on pensions	2,323,813	-	-	-	2,323,813
Deferred amount on Tuition Assistance	1,173,977	-	-	-	1,173,977
Total	<u>3,497,790</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,497,790</u>
NET POSITION					
Net investment in capital assets	3,892,146	53,031	179,050	743,316	4,867,543
Restricted for					
Loans	134,707	-	-	-	134,707
Scholarships, awards and grants	14,016,710	-	-	-	14,016,710
Unrestricted	(48,216,692)	217,333	15,637,380	73,569	(32,288,410)
Total Net Position	<u>\$ (30,173,129)</u>	<u>\$ 270,364</u>	<u>\$ 15,816,430</u>	<u>\$ 816,885</u>	<u>\$ (13,269,450)</u>

The notes to financial statements are an integral part of this statement.

County of Orange, New York

Statement of Activities

Component Units

Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Orange County Community College	\$ 88,632,110	\$ 28,228,689	\$ 15,223,010	\$ -
Orange County Soil and Water Conservation District	1,173,637	12,985	1,041,734	-
Orange County Industrial Development Agency	2,474,694	3,409,899	-	-
Orange County Water Authority	289,640	2,240	75,009	-
Total Component Units	\$ 92,570,081	\$ 31,653,813	\$ 16,339,753	\$ -

General revenues

Unrestricted use of money and property

Contributions from Orange County

Grants and contributions not restricted to specific programs

Other revenues

Total General Revenues

Change in Net Position

NET POSITION

Beginning

Ending

The notes to financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position				
Orange County Community College	Orange County Soil and Water Conservation District	Orange County Industrial Development Agency	Orange County Water Authority	Total
\$ (45,180,411)	\$ -	\$ -	\$ -	\$ (45,180,411)
-	(118,918)	-	-	(118,918)
-	-	935,205	-	935,205
-	-	-	(212,391)	(212,391)
<u>(45,180,411)</u>	<u>(118,918)</u>	<u>935,205</u>	<u>(212,391)</u>	<u>(44,576,515)</u>
1,278,911	14,871	70,229	-	1,364,011
17,959,169	-	-	162,000	18,121,169
12,999,112	55,475	-	-	13,054,587
636,718	8,110	-	6,000	650,828
<u>32,873,910</u>	<u>78,456</u>	<u>70,229</u>	<u>168,000</u>	<u>33,190,595</u>
(12,306,501)	(40,462)	1,005,434	(44,391)	(11,385,920)
<u>(17,866,628)</u>	<u>310,826</u>	<u>14,810,996</u>	<u>861,276</u>	<u>(1,883,530)</u>
<u>\$ (30,173,129)</u>	<u>\$ 270,364</u>	<u>\$ 15,816,430</u>	<u>\$ 816,885</u>	<u>\$ (13,269,450)</u>

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County of Orange, New York

Notes to Financial Statements
December 31, 2017

Note 1 - Summary of Significant Accounting Policies

The County of Orange, New York ("County") was established in 1683 and operates in accordance with County Law and the various other applicable laws of the State of New York. The County functions under a County Legislature/County Executive form of government. The County Legislature functions as the legislative body responsible for overall operation. The County Executive serves as the chief executive officer and the Commissioner of Finance serves as the chief financial officer. The County provides the following services to its residents: education, public safety, health, transportation, economic opportunity and development, culture and recreation, home and community services and general and administrative support.

The accounting policies of the County conform to generally accepted accounting principles as applicable to governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the County's more significant accounting policies:

A. Financial Reporting Entity

The financial reporting entity consists of a) the primary government, which is the County, b) organizations for which the County is financially accountable and c) other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by GASB.

In evaluating how to define the County, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the County's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, the following individual component units are included in the County's reporting entity because of their operational relationship with the County.

The Orange County Community College ("College") was established in 1950 with the County as the local sponsor under provisions of Article 126 of the Education Law of the State of New York. The College is administered by a board of trustees consisting of nine voting members; five are appointed by the County Executive and four by the Governor. The College budget is subject to approval by the County Legislature. The County generally provides funding for one half of the capital costs and one third of the operating costs for the College. Title to real property of the College vests with the County and bonds and notes for College capital costs are issued by the County and are County debt. A fiscal year ending August 31st is mandated by State Law for the College. The College is included in the County's reporting entity since the primary government is able to impose its will, as demonstrated through the ability to approve budgets. The College may also result in a financial burden to the primary government since the County is obligated for the debt of the College. Since the College does not provide services entirely or almost entirely to the County, the College has been reflected as a discretely presented component unit.

The Orange County Soil and Water Conservation District ("District") was established pursuant to New York State Soil Conservation District Law and a County resolution adopted March 11, 1966. The District provides for the conservation of soil and soil resources of the State and the County.

County of Orange, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

The Board of Directors is appointed by the County Legislature. The Board of Directors serve at the pleasure of the County Legislature and therefore, the primary government is able to impose its will on the District. Since the District is also dependent on the financial support provided by the County, the financial statements of the District have been reflected as a discretely presented component unit.

The Orange County Industrial Development Agency ("Agency") is a public benefit corporation created by State legislation to promote the economic welfare, recreation opportunities and prosperity of the County's inhabitants. Members of the Agency are appointed by the County Legislature. Agency members have complete responsibility for management of the Agency and accountability for fiscal matters. The County is not liable for Agency bonds or notes. The governing board of the Agency serves at the pleasure of the County Legislature and therefore, the primary government is able to impose its will on the Agency. Since the Agency does not provide services entirely or almost entirely to the County, the financial statements of the Agency have been reflected as a discretely presented component unit.

The Orange County Water Authority ("Authority") is a public benefit corporation created under the New York State Public Authorities Law of 1987. It has among its powers the ability to contract, improve, maintain, develop, expand or rehabilitate water facilities. The five members of the Authority are appointed by the County Executive, subject to confirmation by the County Legislature. Authority members have complete responsibility for management of the Authority and accountability for fiscal matters. The County is not liable for Authority bonds or notes. The governing board of the Authority serves at the pleasure of the County Executive and therefore, the primary government is able to impose its will on the Authority. Since the Authority is also dependent on the financial support provided by the County, the financial statements of the Authority have been reflected as a discretely presented component unit.

Complete financial statements of the individual component units can be obtained from their respective administrative offices as indicated below.

Orange County Community College
115 South Street
Middletown, New York 10940

Orange County Soil and Water
Conservation District
225 Dolson Avenue, Suite 102
Middletown, New York 10940

Orange County Water Authority
99 Main Street, Suite 1
P.O. Box 997
Goshen, New York 10924

Orange County Industrial Development Agency
4 Crotty Lane, Suite 100
New Windsor, NY 12553

Note 1 - Summary of Significant Accounting Policies (Continued)

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the primary government as a whole and its component units. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The Statement of Net Position presents the financial position of the County and its component units at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The County does not allocate indirect expenses to functions in the Statement of Activities.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Enterprise Fund and the Internal Service Funds are charges to customers for services. Operating expenses for the Enterprise Fund and the Internal Service Funds include the cost of services, administrative expenses, depreciation costs and benefit costs. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

C. Fund Financial Statements

The accounts of the County are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances/net position, revenues and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The County maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Proprietary and Fiduciary funds are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statement's governmental activities column, a reconciliation is presented on the pages following, which briefly explains the adjustments

Note 1 - Summary of Significant Accounting Policies (Continued)

necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation. The County's resources are reflected in the fund financial statements in three broad fund categories, in accordance with generally accepted accounting principles as follows:

Fund Categories

- a. **Governmental Funds** - Governmental Funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. Special Revenue Funds are governmental funds established to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The following are the County's major governmental funds.

General Fund - The General Fund constitutes the primary operating fund of the County and is used to account for and report all financial resources not accounted for and reported in another fund.

Community Development Fund - The Community Development Fund is used to account for projects financed by entitlements from the U.S. Department of Housing and Urban Development.

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlay, including the acquisition or construction of major capital facilities and other capital assets, other than those financed by proprietary funds.

The County also reports the following non-major governmental funds.

Special Revenue Funds:

County Road Fund - The County Road Fund was established pursuant to New York State Highway Law and is used to account for the maintenance and repair of County roads and bridges and snow removal costs.

Road Machinery Fund - The Road Machinery Fund is used to account for the purchase, repair and maintenance of highway machinery, tools and equipment and for the purchase, construction and maintenance of buildings for the storage and repair of highway machinery and equipment.

Sewer District Fund - The Sewer District Fund is used to account for the operations and maintenance of the County's sewer facilities.

Airport Fund - The Airport Fund is used to account for the operations of Montgomery Airport, which is owned and operated by the County.

Sanitary Landfill Fund - The Sanitary Landfill Fund is used to account for County owned sanitary landfill operations.

Note 1 - Summary of Significant Accounting Policies (Continued)

Off-Street Parking Fund - The Off-Street Parking Fund is used to account for revenues derived from off-street parking facilities.

Workforce Investment Act Fund - The Workforce Investment Act Fund is used to account for projects financed by entitlements from the U.S. Department of Labor.

Small Watershed Protection Fund - The Small Watershed Protection Fund is used to account for operations of the small watershed protection project.

Debt Service Fund - The Debt Service Fund is provided to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest and for financial resources that are being accumulated for principal and interest maturing in future years.

- b. Proprietary Funds - Proprietary funds include enterprise and internal service funds. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private enterprises or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability. Enterprise funds are used to account for those operations that provide services to the public. Internal service funds account for operations that provide services to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The operations of the Valley View Center for Nursing Care and Rehabilitation are recorded as a major enterprise fund. The Valley View Center for Nursing Care and Rehabilitation is a skilled nursing facility established and operated under provisions of Article 6 of the General Municipal Law of the State of New York. The County has established its Motor Pool, Workers' Compensation Benefits, Self-Insurance, Liability and Casualty and Compensated Absences funds as internal service funds.
- c. Fiduciary Funds (Not Included in Government-wide Financial Statements) - The Fiduciary Funds are used to account for assets held by the County in an agency capacity on behalf of others. Among the activities included in the Agency Fund are pending court and trust actions. The Agency fund is also used to account for employee payroll tax withholdings that are payable to other jurisdictions or individuals.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds. The Agency Fund has no measurement focus but utilizes the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the

Note 1 - Summary of Significant Accounting Policies (Continued)

timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are recognized as revenues when the expenditure is made. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, landfill closure costs, certain claims, net pension liability and other post employment benefit obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Net patient service revenues in the Enterprise Fund are recorded on the gross charge basis. Contractual adjustments are deducted to arrive at net patient service revenue. Revenues received under cost reimbursement agreements and prospective contractual agreements represent a substantial portion of the Valley View Center for Nursing Care and Rehabilitation's revenue and are subject to subsequent adjustment either by audit of third-party payors or appeals by the Valley View Center for Nursing Care and Rehabilitation. Retroactively calculated third-party contractual adjustments are accrued on an estimated basis in the period the services are rendered and adjusted in future periods as required. Final settlements of retroactive cost reimbursements are recorded as retroactive adjustments.

The Valley View Center for Nursing Care and Rehabilitation grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of accounts receivable from patients and third-party payors at December 31, 2017 was as follows:

Medicaid	31.6%
Medicare	31.1
Self-pay	30.7
Commercial insurance	<u>6.6</u>
	<u>100.0%</u>

Component Units

Component units are presented on the basis of accounting that most accurately reflect their activities. The Orange County Soil and Water Conservation District is accounted for on the modified accrual basis and is converted to the accrual basis for the government-wide statements. The Orange County Community College, Orange County Industrial Development Agency and Orange County Water Authority are accounted for on the accrual basis. The College, however, does not reflect land, buildings and improvements and infrastructure as an asset of the fund and the associated depreciation is not reflected. Land, buildings and improvements and infrastructure of the College are owned by the County.

Note 1 - Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances

Deposits, Investments and Risk Disclosure

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and certificates of deposit with original maturities of less than three months.

The County's deposits and investment policies are governed by State statutes. The County has adopted its own written investment policy, which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The County is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The County has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

Investments - Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions, and accordingly, the County's policy provides for no credit risk on investments.

The County follows the provisions of GASB Statement No. 72, "*Fair Value Measurements and Application*", which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to that extent that observable inputs do not exist.

Risk Disclosure

Interest Rate Risk - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the County does not invest in any long-term investment obligations.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized

Note 1 - Summary of Significant Accounting Policies (Continued)

by securities held by the pledging financial institution's trust department but not in the County's name. The County's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at December 31, 2017.

Credit Risk - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The County does not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law or the State of New York.

Concentration of Credit Risk - Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The County's investment policy limits the amount on deposit at each of its banking institutions.

Property Taxes Receivable - Real property taxes attach as an enforceable lien on real property and are levied on January 1st, payable without penalty to January 31st. The towns and cities are responsible for the billing and collection of County taxes. The towns are responsible for collection through March 31st, at which time the collection process is transferred to the County. At that time, a 5% penalty is added to the unpaid amounts. Payments received subsequent to March 31st are also charged interest at 1% per month on the unpaid tax. The cities are responsible for collecting County taxes and generally satisfy the warrant within the fiscal year. The towns retain from their gross tax collection the full amount of their respective levies and return the balance of such collections, which includes the collection of relieved school district and village taxes, where applicable, to the County.

The County is also responsible for collecting and enforcing delinquent school taxes on properties outside of the three cities. Such taxes are collected by the school districts in the County between September 1st and October 31st. On or about November 1st, the tax receivers of the school districts transmit the school tax rolls together with a listing of unpaid taxes to the appropriate school authorities. The school districts must certify such listing of unpaid taxes and transmit said listing to the County. Unpaid school taxes are relieved as part of the County tax bill due on January 1st of the next calendar year and thereafter collected and enforced in the same manner as County real property taxes. The County must satisfy the full amount of the unpaid school taxes no later than April 1st of the year following the levy of such taxes.

The County has agreements with the villages within the County to collect and enforce delinquent village taxes. The County enforces taxes on behalf of all seventeen villages located within the County. County tax bills include amounts relieved for unpaid village taxes, where appropriate.

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the County. Receivables are recorded and revenues recognized as earned or as specific program expenditures/expenses are incurred. Allowances are recorded when appropriate.

Due From/To Other Funds - During the course of its operations, the County has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of December 31, 2017, balances of interfund amounts receivable or payable have been recorded in the fund financial statements. Any residual balances outstanding between the governmental activities and

County of Orange, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

business-type activities are reported in the government-wide financial statements as internal balances.

Inventories - The inventories reflected in the Enterprise Fund balance sheet are recorded at cost on a first in, first out basis and consist of food, supplies and drugs used at the Valley View Center for Nursing Care and Rehabilitation. The cost is recorded as inventory at the time the individual items are purchased. The County uses the consumption method to relieve inventory. Purchases of inventory items at other locations are recorded as expenditures at the time of purchase and year-end balances at these locations are not material.

Prepaid Expenses/Expenditures - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method in both the government-wide and fund financial statements. Prepaid expenses/expenditures consist of employee retirement and other costs which have been satisfied prior to the end of the fiscal year, but represent items which have been provided for in the subsequent year's budget and/or will benefit such periods. Reported amounts in governmental funds are equally offset by nonspendable fund balance, in the fund financial statements, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

Capital Assets - Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the County chose to include all such items regardless of their acquisition date or amount. The County was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and used an appropriate price level index to deflate the cost to the acquisition year or estimated acquisition year).

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

Land and construction-in-progress are not depreciated. Property, plant, equipment and infrastructure of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives.

<u>Class</u>	<u>Life in Years</u>
Buildings and Improvements	5-50
Machinery and Equipment	3-30
Infrastructure	5-40

Note 1 - Summary of Significant Accounting Policies (Continued)

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheet.

Unearned Revenues - Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In the government-wide financial statements, unearned revenues consist of revenue received in advance and/or amounts from grants received before the eligibility requirements have been met.

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The County has reported unearned revenues of \$73,657 for State and Federal aid received in advance in the General Fund. The County has also reported unearned revenues of \$17,308,925 for State and Federal aid received in advance in the Community Development Fund, \$22,140 for inspections in the Sewer District Fund, \$23,270 for hangar rent in the Airport Fund, \$4,768,684 in the College (component unit) for tuition and other fees, and \$254,643 in the District (component unit) for State and Federal aid received in advance. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The County reported deferred outflows of resources of \$7,505,697 and \$154,490 for a deferred loss on refunding bonds in the government-wide and proprietary funds Statements of Net Position, respectively. These amounts result from the difference in the carrying value of the refunded debt and its reacquisition price. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt.

The County reported deferred inflows of resources of \$10,120,949 for real property taxes in the General Fund. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

The County and the College (component unit) also reported deferred outflows and deferred inflows of resources in relation to its pension obligations. These amounts are detailed in the discussion of the County's pension plans in Note 3F.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

Note 1 - Summary of Significant Accounting Policies (Continued)

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as Capital Projects Fund expenditures.

Net Pension Asset/Liability - The net pension liability represents the County's proportionate share of the net pension liability of the New York State and Local Employees' Retirement System. The net pension asset represents the College's (component unit) proportionate share of the net pension asset of the New York State Teachers' Retirement System. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date".

Compensated Absences - The various collective bargaining agreements provide for the payment of accumulated vacation or sick leave upon separation from service. The liability for such accumulated leave is reflected in the government-wide and proprietary fund financial statements as current and long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

Net Position - Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position on the Statement of Net Position includes, net investment in capital assets, restricted for capital projects, tax stabilization, debt service, equipment, sanitary landfill improvements, unemployment benefits, future capital projects, STOP-DWI Program, highway capital projects, Handicapped Parking Education Program, repairs, forfeiture of crime proceeds, sewer purposes, small watershed protection purposes, workers' compensation benefits, self insurance and liability and casualty claims, loans and scholarships, awards and grants. The balance is classified as unrestricted.

Fund Balances - Generally, fund balance represents the difference between current assets and deferred outflows of resources and current liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard the fund balance classifications are as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables, advances) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as

Note 1 - Summary of Significant Accounting Policies (Continued)

provided in the legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in the General Municipal Law of the State of New York.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The County Legislature is the highest level of decision making authority for the County that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the County Legislature removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the County Legislature.

Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the County Legislature for amounts assigned for balancing the ensuing year's budget or delegated to the Commissioner of Finance for amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all funds except the General Fund includes all remaining amounts, except for negative balances, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows of resources, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows of resources.

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the County's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the County's policy to use fund balance in the following order: committed, assigned, and unassigned.

F. Encumbrances

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General and all Special Revenue funds, except the Community Development Fund. Encumbrances outstanding at year end are generally reported as assigned fund balance since they do not constitute expenditures or liabilities.

Note 1 - Summary of Significant Accounting Policies (Continued)

G. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is June 15, 2018.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

The County generally follows the procedures enumerated below in establishing the budgetary data reflected in the financial statements:

- a) During the month of June, the various County departments are given notice to prepare their budgets. These preliminary budgets are due in the Budget Department by the first week of July and include the estimated revenues and expenditures for the ensuing fiscal year.
- b) Budget hearings are scheduled with each department to occur during August.
- c) On October 1st, the County Executive presents the original copy of the budget to the Clerk of the Legislature. A resolution is then adopted specifying the time and place of the public hearing, which shall be held by October 25th.
- d) On or before November 15th, the Legislature submits its budget modifications, if any, to the County Executive, who has until December 1st to accept or veto such modifications, as prescribed by law. The final document is filed by December 15th.
- e) Formal budgetary integration is employed during the year as a management control device for the General Fund, all Special Revenue funds, except the Community Development Fund, and the Debt Service Fund.
- f) Budgets for General, certain Special Revenue and Debt Service funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. Annual budgets are not adopted for the Community Development and Proprietary funds.
- g) The County Legislature has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Legislature. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Legislature.

County of Orange, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 2 - Stewardship, Compliance and Accountability (Continued)

- h) Appropriations in the General Fund, all Special Revenue funds, except the Community Development Fund, and the Debt Service Fund lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year, pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

Budgeted amounts are as originally adopted, or as amended by the legislature. Amendments in the General Fund for the current year are as follows:

Operating expenditures funded by various unanticipated revenues	\$ 62,222,117
Operating expenditures funded by appropriated surplus	<u>2,623,803</u>
	<u>\$ 64,845,920</u>

B. Property Tax Limitation

The County is permitted by the State Constitution to levy, for purposes other than debt service, up to 1 1/2% of the five year average full valuation of taxable real estate located within the County. In accordance with this provision, the maximum amount of the tax levy for 2017 was \$455,831,049 which exceeded the actual levy by \$365,986,413.

On June 24, 2011, the Governor signed Chapter 97 of the Laws of 2011 ("Tax Levy Limitation Law"). This law applies to all local governments.

The Tax Levy Limitation Law restricts the amount of real property taxes that may be levied by a County in a particular year. The original legislation that established the Tax levy Limitation Law was set to expire on June 16, 2016. Chapter 20 of the Laws of 2015 extends the Tax Levy Limitation Law through June 2020.

The following is a brief summary of certain relevant provisions of the Tax Levy Limitation Law. The summary is not complete and the full text of the Tax Levy Limitation Law should be read in order to understand the details and implementations thereof.

The Tax Levy Limitation Law imposes a limitation on increases in the real property tax levy, subject to certain exceptions. The Tax Levy Limitation Law permits the County to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor," which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by (ii) the average of the National Consumer Price Indexes determined by the United States Department of Labor with the result expressed as a decimal to four places. The County is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limitation Law sets forth certain exclusions to the real property tax levy limitation of the County, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the County. The County Legislature may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the County Legislature first

County of Orange, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 2 - Stewardship, Compliance and Accountability (Continued)

enacts, by a vote of at least sixty percent of the total voting power of the County Legislature, a local law to override such limit for such coming fiscal year.

C. Fund Deficits

The Community Development, Road Machinery, Off-Street Parking and Workforce Investment Act funds reflect unassigned deficits of \$23,000, \$48,900, \$5,765 and \$37,551, respectively. The County plans to address these deficits in the subsequent year.

The Valley View Center for Nursing Care and Rehabilitation has an unrestricted deficit of \$16,475,191 at December 31, 2017. This is primarily a result of the requirement to record its other post employment benefit obligations in accordance with GASB Statement No. 45.

D. Capital Projects Fund Project Deficits

The deficits in certain individual capital projects arise because of expenditures exceeding current financing on the projects. These deficits will be eliminated with the subsequent receipt or issuance of authorized financing.

E. Expenditures in Excess of Budget

The following capital projects exceeded their budgetary authorizations by the amounts indicated

2016 Contaminated Soil Removal	\$	25,367
2014 Building Equipment Replacement		14,649
Fire Training Center Improvements		42

Note 3 - Detailed Notes on All Funds

A. Investments

Investments of the College (component unit) are stated at fair value and consist of U.S. Government securities of \$13,620,937. The securities are insured and registered and are held by the College's agent, a third party financial institution, in the College's name.

B. Taxes Receivable

Taxes receivable at December 31, 2017 consisted of the following:

Taxes receivable, overdue	\$	22,317,099
Returned school districts taxes		28,867,146
Delinquent village taxes		2,515,805
City school districts taxes		3,897,749
Property acquired for taxes		2,332,570
		<hr/>
		59,930,369
Allowance for uncollected taxes		(9,594,466)
		<hr/>
	\$	50,335,903

County of Orange, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 3 - Detailed Notes on All Funds (Continued)

School and city school district taxes are offset by liabilities to the school districts. Delinquent village taxes will be relieved in the County's subsequent fiscal year. Taxes receivable and tax liens are also partially offset by deferred tax revenues of \$10,120,949 which represents an estimate of the receivable which will not be collected within the first sixty days of the subsequent year.

C. Due From/To Other Funds

The balances reflected as due from/to other funds at December 31, 2017 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 10,103,909
	Community Development Fund	1,024,595
	Workforce Investment Act Fund	437,183
		<u>11,565,687</u>
Capital Projects Fund	Sewer District Fund	<u>1,190,000</u>
The Valley View Center for Nursing Care and Rehabilitation	General Fund	<u>51,244,086</u>
Internal Service Fund - Compensated Absences Fund	General Fund	9,698,591
	Community Development Fund	41,477
	Road Machinery Fund	200,558
	Sewer District Fund	119,669
	Airport Fund	37,833
	Sanitary Landfill Fund	123,387
	Workforce Investment Act Fund	93,138
		<u>10,314,653</u>
		<u>\$ 74,314,426</u>

The outstanding balances between funds result mainly from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

County of Orange, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 2 - Stewardship, Compliance and Accountability (Continued)

D. Capital Assets

Changes in the County's capital assets are as follows:

Class	Balance January 1, 2017	Additions	Deductions	Balance December 31, 2017
Governmental Activities (Inclusive of Internal Service Funds):				
Capital Assets, not being depreciated:				
Land	\$ 37,398,047	\$ -	\$ -	\$ 37,398,047
Construction-in-progress	95,381,099	53,905,183	10,242,754	139,043,528
Total Capital Assets, not being Depreciated	\$ 132,779,146	\$ 53,905,183	\$ 10,242,754	\$ 176,441,575
Capital Assets, being depreciated:				
Buildings and improvements	\$ 429,504,799	\$ 8,842,598	\$ -	\$ 438,347,397
Machinery and equipment	86,831,743	4,172,817	756,611	90,247,949
Infrastructure	70,896,232	-	-	70,896,232
Total Capital Assets, being Depreciated	587,232,774	13,015,415	756,611	599,491,578
Less accumulated depreciation for:				
Buildings and improvements	185,249,868	12,110,664	-	197,360,532
Machinery and equipment	72,810,481	5,699,445	756,611	77,753,315
Infrastructure	48,736,097	1,782,249	-	50,518,346
Total Accumulated Depreciation	306,796,446	19,592,358	756,611	325,632,193
Total Capital Assets being Depreciated, net	\$ 280,436,328	\$ (6,576,943)	\$ -	\$ 273,859,385
Governmental Activities Capital Assets, net	\$ 413,215,474	\$ 47,328,240	\$ 10,242,754	\$ 450,300,960
Business-type Activities:				
Capital Assets, not being depreciated:				
Land	\$ 139,066	\$ -	\$ -	\$ 139,066
Construction-in-progress	183,927	-	183,927	-
Total Capital Assets, not being Depreciated	\$ 322,993	\$ -	\$ 183,927	\$ 139,066
Capital Assets, being depreciated:				
Buildings and improvements	\$ 34,239,850	\$ 519,745	\$ -	\$ 34,759,595
Machinery and equipment	6,001,397	861,789	-	6,863,186
Total Capital Assets, being Depreciated	40,241,247	1,381,534	-	41,622,781

County of Orange, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 2 - Stewardship, Compliance and Accountability (Continued)

Class	Balance January 1, 2017	Additions	Deductions	Balance December 31, 2017
Less accumulated depreciation for:				
Buildings and improvements	\$ 24,584,698	\$ 1,013,022	\$ -	\$ 25,597,720
Machinery and equipment	4,717,834	458,904	-	5,176,738
Total Accumulated Depreciation	29,302,532	1,471,926	-	30,774,458
Total Capital Assets being Depreciated, net	\$ 10,938,715	\$ (90,392)	\$ -	\$ 10,848,323
Business-type Activities Capital Assets, net	\$ 11,261,708	\$ (90,392)	\$ 183,927	\$ 10,987,389

Depreciation expense was charged to County functions and programs as follows:

Governmental Activities:	
General Government Support	\$ 1,857,719
Education	3,510,093
Public Safety	6,861,061
Health	22,284
Transportation	4,656,239
Economic Opportunity and Development	77,766
Culture and Recreation	545,902
Home and Community Services	1,488,846
Capital assets held by the government's internal service fund are charged to the various functions based on their usage of the assets	572,448
Total Depreciation Expense - Governmental Activities	\$ 19,592,358
Business-type Activities - The Valley View Center for Nursing Care and Rehabilitation	\$ 1,471,926

Capital Assets - Component Units

Changes in the College's (component unit) capital assets are as follows:

Class	Balance September 1, 2016	Additions	Deletions	Balance August 31, 2017
Capital Assets, being depreciated - Machinery and equipment	\$ 19,254,077	\$ 1,920,706	\$ -	\$ 21,174,783
Less accumulated depreciation	(15,700,652)	(1,485,833)	-	(17,186,485)
College Capital Assets, net	\$ 3,553,425	\$ 434,873	\$ -	\$ 3,988,298

County of Orange, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 2 - Stewardship, Compliance and Accountability (Continued)

Changes in the District's (component unit) capital assets are as follows:

Class	Balance January 1, 2017	Additions	Deletions	Balance December 31, 2017
Capital Assets, being depreciated - Machinery and equipment	\$ 226,542	\$ 400	\$ -	\$ 226,942
Less accumulated depreciation	<u>(150,496)</u>	<u>(23,415)</u>	<u>-</u>	<u>(173,911)</u>
District Capital Assets, net	<u>\$ 76,046</u>	<u>\$ (23,015)</u>	<u>\$ -</u>	<u>\$ 53,031</u>

Changes in the Agency's (component unit) capital assets are as follows:

Class	Balance January 1, 2017	Additions	Balance December 31, 2017
Capital Assets, being depreciated - Machinery and equipment	\$ 167,803	\$ 109,045	\$ 276,848
Less accumulated depreciation	<u>(77,973)</u>	<u>(19,825)</u>	<u>(97,798)</u>
Agency Capital Assets, net	<u>\$ 89,830</u>	<u>\$ 89,220</u>	<u>\$ 179,050</u>

Changes in the Authority's (component unit) capital assets are as follows:

Class	Balance January 1, 2017	Additions	Deletions	Balance December 31, 2017
Capital Assets, not being depreciated - Land Easements	\$ 743,316	\$ -	\$ -	\$ 743,316
Capital Assets, being depreciated - Machinery and equipment	\$ 198,510	\$ -	\$ -	\$ 198,510
Less accumulated depreciation	<u>(198,150)</u>	<u>(360)</u>	<u>-</u>	<u>(198,510)</u>
Total Capital Assets, being Depreciated, net	<u>\$ 360</u>	<u>\$ (360)</u>	<u>\$ -</u>	<u>\$ -</u>
Authority Capital Assets, net	<u>\$ 743,676</u>	<u>\$ (360)</u>	<u>\$ -</u>	<u>\$ 743,316</u>

County of Orange, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 2 - Stewardship, Compliance and Accountability (Continued)

E. Accrued Liabilities

Accrued liabilities at December 31, 2017 were as follows:

	Fund			Total Governmental
	General	Community Development	Non-Major Governmental	
Payroll and employee benefits	\$ 6,180,897	\$ 17,252	\$ 255,651	\$ 6,453,800
Other	10,133,328	-	-	10,133,328
Total Accrued Liabilities	\$ 16,314,225	\$ 17,252	\$ 255,651	\$ 16,587,128

F. Long-Term Liabilities

The changes in the County's long-term indebtedness for the year ended December 31, 2017 are summarized as follows:

	Balance January 1, 2017	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2017	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 269,556,019	\$ 71,125,003	\$ 36,007,783	\$ 304,673,239	\$ 26,827,982
Plus - Unamortized Premium on bonds	20,535,134	3,112,735	2,072,612	21,575,257	-
	<u>290,091,153</u>	<u>74,237,738</u>	<u>38,080,395</u>	<u>326,248,496</u>	<u>26,827,982</u>
Other Non-current Liabilities:					
Compensated Absences	10,388,192	226,461	300,000	10,314,653	300,000
Landfill Closure Costs	1,980,000	-	220,000	1,760,000	220,000
Claims	37,994,301	10,598,347	10,661,291	37,931,357	8,831,357
Net Pension Liability	84,030,347	-	31,649,586	52,380,761	-
Other Post Employment Benefit Obligations Payable	295,166,658	79,534,174	15,876,099	358,824,733	-
Total Other Non- Current Liabilities	<u>429,559,498</u>	<u>90,358,982</u>	<u>58,706,976</u>	<u>461,211,504</u>	<u>9,351,357</u>
Governmental Activities Long-term Liabilities	\$ 719,650,651	\$ 164,596,720	\$ 96,787,371	\$ 787,460,000	\$ 36,179,339
Business-type Activities:					
Bonds Payable	\$ 3,713,276	\$ 954,465	\$ 784,217	\$ 3,883,524	\$ 573,593
Plus - Unamortized Premium on bonds	224,300	26,944	12,799	238,445	-
	<u>3,937,576</u>	<u>981,409</u>	<u>797,016</u>	<u>4,121,969</u>	<u>573,593</u>
Other Non-current Liabilities:					
Compensated Absences	1,517,068	1,363,877	1,517,068	1,363,877	325,000
Net Pension Liability	13,329,391	-	5,039,590	8,289,801	-
Other Post Employment Benefit Obligations Payable	61,463,317	15,069,073	3,830,674	72,701,716	-
Total Other Non- Current Liabilities	<u>76,309,776</u>	<u>16,432,950</u>	<u>10,387,332</u>	<u>82,355,394</u>	<u>325,000</u>
Business-type Activities Long-term Liabilities	\$ 80,247,352	\$ 17,414,359	\$ 11,184,348	\$ 86,477,363	\$ 898,593

County of Orange, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 2 - Stewardship, Compliance and Accountability (Continued)

	Balance January 1, 2017	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2017	Due Within One Year
Component Units:					
Capital Lease Obligations	\$ 102,851	\$ 34,043	\$ 40,742	\$ 96,152	\$ 54,220
Compensated Absences	1,132,520	18,255	29,903	1,120,872	10,242
Net Pension Liability	9,179,345	-	4,110,008	5,069,337	-
Other Post Employment Benefit Obligations Payable	46,158,264	14,654,534	2,867,002	57,945,796	-
Component Units Long-term Liabilities	\$ 56,572,980	\$ 14,706,832	\$ 7,047,655	\$ 64,232,157	\$ 64,462

Each governmental fund's liability for compensated absences is liquidated by the Internal Service Fund, which is funded primarily by the General Fund. Landfill closure costs are liquidated by the Sanitary Landfill Fund. Claims liabilities are liquidated by the Workers' Compensation Benefits and Liability and Casualty funds, which are funded primarily by the General Fund. The County's indebtedness for bonds is satisfied by the Debt Service Fund, which is primarily funded by real property taxes. Each governmental fund's liability for net pension liability and other post employment benefit obligations are liquidated by the respective fund, primarily by the General Fund.

Bonds Payable

Bonds payable at December 31, 2017 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rate	Amount Outstanding at December 31, 2017
Refunding Bonds Series A	2005	\$ 112,665,000	July, 2024	4.250 - 5.000 %	\$ 7,245,000
Public Improvements, and Valley View Center for Nursing Care and Rehabilitation	2012	38,170,000	July, 2026	3.000	25,935,000
Refunding Bonds Series B	2012	29,495,000	July, 2022	4.000 - 5.000	22,160,000
Public Improvements, and Valley View Center for Nursing Care and Rehabilitation	2013	9,850,000	August, 2026	2.000 - 3.000	7,720,000
Sewer Facility Refunding Bonds	2014	15,595,000	February, 2034	4.361 - 5.150	13,780,000
Public Improvements, and Valley View Center for Nursing Care and Rehabilitation	2014	28,700,000	August, 2029	2.000 - 3.000	25,230,000
Sewer Facility Refunding Bonds	2015	1,676,269	April, 2026	4.396 - 4.769	1,406,000
Refunding Bonds Series A	2015	45,935,000	March, 2028	3.000 - 5.000	44,760,000
Refunding Bonds Series B	2015	7,185,000	March, 2023	1.510 - 3.100	7,185,000
Public Improvements, and Valley View Center for Nursing Care and Rehabilitation	2016	56,291,295	March, 2026	2.500 - 5.000	56,291,295
Refunding Bonds Series B	2016	26,625,000	July, 2026	2.000 - 5.000	24,765,000
Public Improvements, and Valley View Center for Nursing Care and Rehabilitation	2017	55,505,189	June, 2035	1.270 - 2.800	55,505,189
Refunding Bonds Series B	2017	12,055,000	March, 2024	1.050 - 1.670	12,055,000
Public Improvements, and Valley View Center for Nursing Care and Rehabilitation	2017	4,519,279	December, 2025	1.750 - 2.600	4,519,279
					<u>\$ 308,556,763</u>

County of Orange, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 2 - Stewardship, Compliance and Accountability (Continued)

Interest expenditures of \$9,445,623 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of \$8,781,628 was recorded in the government-wide financial statements for governmental activities. Interest expense of \$(120,905) was recorded in the fund financial and government-wide financial statements for the business-type activities - The Valley View Center for Nursing Care and Rehabilitation.

Payments to Maturity

The annual requirements to amortize all bonded debt outstanding as of December 31, 2017, including interest payments of \$70,459,612 are as follows:

Year Ending December 31,	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 26,827,982	\$ 11,220,277	\$ 573,593	\$ 148,818	\$ 27,401,575	\$ 11,369,095
2019	29,680,013	9,993,970	600,176	118,665	30,280,189	10,112,635
2020	29,012,253	8,728,491	520,747	92,086	29,533,000	8,820,577
2021	29,952,873	7,475,832	544,126	68,093	30,496,999	7,543,925
2022	24,852,605	6,289,422	223,395	51,547	25,076,000	6,340,969
2023-2027	90,924,265	18,400,247	939,735	138,372	91,864,000	18,538,619
2028-2032	48,113,011	6,611,651	321,989	40,383	48,435,000	6,652,034
2033-2035	25,310,237	1,074,733	159,763	7,025	25,470,000	1,081,758
	<u>\$ 304,673,239</u>	<u>\$ 69,794,623</u>	<u>\$ 3,883,524</u>	<u>\$ 664,989</u>	<u>\$ 308,556,763</u>	<u>\$ 70,459,612</u>

The above general obligation bonds are direct obligations of the County for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the County.

Advance Refunding

During the current fiscal year, the County issued \$12,055,000 in serial bonds with an interest rate of 5.0%. The proceeds were used to advance refund \$13,010,000 of outstanding 2011 public improvement serial bonds which bear interest at rates ranging from 2.5% to 3.5%, depending on maturity. The net proceeds of \$13,221,748 (including a \$1,373,038 re-offering premium and after payment of \$106,290 in underwriting fees and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2011 serial bonds. As a result, these serial bonds are considered defeased and the liability for those serial bonds has been removed from the governmental activities column of the Statement of Net Position and the Enterprise Fund as follows:

Governmental Activities	\$ 12,754,694
Enterprise Fund	<u>255,306</u>
	<u>\$ 13,010,000</u>

The reacquisition price exceeded the net carrying amount of the old debt by \$311,748 and the premium received was \$1,373,038. These amounts are being netted against the new debt and amortized over the remaining life of the refunded debt.

The County advance refunded the 2011 serial bonds to reduce its total debt service payments over 7 years by \$413,197 and to obtain a net present value economic gain of \$409,099.

As of December 31, 2017, \$13,010,000 of the serial bonds have not yet been called and are still outstanding.

County of Orange, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 2 - Stewardship, Compliance and Accountability (Continued)

Prior Year Defeasance of Debt

In the prior year, the County defeased certain public improvement bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. At December 31, 2017, \$27,250,000 of outstanding public improvement serial bonds considered defeased.

Compensated Absences

Vacation leave is generally taken in the year earned. However, employees of the primary government may accumulate and carry up to 35 days of vacation leave to a subsequent period. At December 31, 2017, the value of such accumulated leave was reflected in the Compensated Absences Internal Service Fund.

The County and College (component unit) have established a sick leave program, whereby full-time employees accrue sick leave at the rate of three (3) hours per pay period. The program permits unlimited accumulation. Upon retirement, up to 1,320 hours of accumulated sick leave are used to purchase service credits from ERS and the employee will receive payment for 30% of the excess over the maximum accumulation based upon current salaries. The County has recorded this liability in the Compensated Absences Internal Service Fund.

The District (component unit) employees may accumulate up to 240 hours of unused annual leave. The liability at December 31, 2017 was \$31,890.

The Agency (component unit) and the Authority (component unit) have no policy with respect to compensated absences.

Landfill Closure Costs

State and Federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The amount of \$1,760,000 reported as a landfill closure costs liability in the government-wide financial statements, at December 31, 2017, represents an estimated amount based on the use of 100 percent of the landfill capacity less the actual expenditures to date of \$16,506,128. These expenditures have been charged to the Capital Projects Fund, which has a total project budget of \$17,592,284. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

Unpaid Claim Liabilities

The Internal Service funds reflect workers' compensation and liability and casualty claim liabilities. These liabilities are based upon estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported, but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claim costs depend on such complex factors as inflation, changes in doctrines of legal liability and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount. Claim liabilities are recomputed periodically using a variety of actuarial and statistical techniques to

County of Orange, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 2 - Stewardship, Compliance and Accountability (Continued)

produce current estimates that reflect recent settlements, claim frequency and other economic and social factors. A provision for inflation in the calculation of estimated future claim costs is implicit in the calculation because reliance is placed both on actual historical data that reflects past inflation and other factors that are considered to be appropriate modifiers of past experience.

An analysis of the activity of unpaid claim liabilities is as follows:

	2017	
	Workers' Compensation Benefits	Liability & Casualty
Balance - Beginning of Year	\$ 34,600,000	\$ 3,394,301
Provision for Claims and Claims Adjustment Expenditures/Expenses	5,744,793	4,853,554
Claims and Claims Adjustment Expenditures/Expenses Paid	<u>(6,044,793)</u>	<u>(4,616,498)</u>
Balance - End of Year	<u>\$ 34,300,000</u>	<u>\$ 3,631,357</u>
Current Portion	<u>\$ 5,700,000</u>	<u>\$ 3,131,357</u>
	2016	
	Workers' Compensation Benefits	Liability & Casualty
Balance - Beginning of Year	\$ 32,195,753	\$ 3,930,264
Provision for Claims and Claims Adjustment Expenditures/Expenses	8,400,000	4,152,838
Claims and Claims Adjustment Expenditures/Expenses Paid	<u>(5,995,753)</u>	<u>(4,688,801)</u>
Balance - End of Year	<u>\$ 34,600,000</u>	<u>\$ 3,394,301</u>
Current Portion	<u>\$ 8,400,000</u>	<u>\$ 2,894,301</u>

Pension Plans

New York State and Local Retirement System

The County and College (component unit) participate in the New York State and Local Employees' Retirement System ("ERS"). This is a cost-sharing, multiple-employer defined benefit pension plan. ERS provides retirement benefits as well as death and disability benefits. The net position of the ERS is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all net assets and record changes in plan net position. The Comptroller of the

County of Orange, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 2 - Stewardship, Compliance and Accountability (Continued)

State of New York serves as the trustee of the Fund and is the administrative head of the ERS. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The County also participates in the Public Employees' Group Life Insurance Plan, which provides death benefits in the form of life insurance. The ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The ERS is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% depending on salary levels for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the ERS's fiscal year ending March 31. The employer contribution rates for the plan's year ending in 2017 are as follows:

<u>Tier/Plan</u>	<u>Option</u>	<u>Rate</u>
1 75I	41J	21.7 %
2 75I	41J CC	19.8
2 75I	41J	19.7
3 A14	41J CC	16.1
3 A14	41J	16.0
4 553B	41J	27.0
4 89PAF		18.2
4 A15	41J CC	16.1
4 A15	41J	16.0
5 553B	41J	24.7
5 89PAF		15.6
5 A15	41J CC	13.2
5 A15	41J	13.1
6 553B	41J1	19.8
6 89PAF		11.0
6 A15	41J1 CC	9.4
6 A15	41J1	9.3

At December 31, 2017, the County and the College (component unit) reported liabilities as follows for their proportionate share of the net pension liability:

Primary Government:	
Governmental Activities	\$ 52,380,761
Business-type Activities	8,289,801
Component Unit -	
College	5,069,337

County of Orange, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 2 - Stewardship, Compliance and Accountability (Continued)

The net pension liability was measured as of March 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County and the College (component unit) proportion of the net pension liability was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. At March 31, 2017, the County and the College's (component unit) proportions were as follows:

	2017	2016	Change
Primary Government:			
Governmental Activities	0.5574669 %	0.5235445 %	0.0339224 %
Business-type Activities	0.0882248	0.0830477	0.0051771
Component Unit - College	0.0539500	0.0546158	(0.0006658)

For the year ended December 31, 2017, the County recognized pension expense in the government-wide financial statements of \$29,592,279 for governmental activities and \$5,693,379 for business-type activities. Pension expenditures of \$24,549,988 were recorded in the fund financial statements and were charged to the following funds:

	ERS
General Fund	\$ 19,457,263
Community Development	91,190
Road Machinery	140,182
Sewer District	176,577
Airport	52,575
Sanitary Landfill	218,062
Small Watershed Protection	1,859
Workforce Investment Act	151,993
The Valley View Center for Nursing Care and Rehabilitation	4,260,287
	<u>\$ 24,549,988</u>

For the year ended December 31, 2017, the College (component unit) recognized pension expense of \$2,713,751.

At December 31, 2017, the County and the College (component unit) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Government Activities		Business-type Activities		Community College (Component Unit)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,312,612	\$ 7,954,315	\$ 207,735	\$ 1,258,853	\$ 127,033	\$ 769,808
Changes of assumptions	17,895,187	-	2,832,100	-	1,731,871	-
Net difference between projected and actual earnings on pension plan investments	10,462,561	-	1,655,809	-	1,012,552	-
Changes in proportion and differences between county contributions and proportionate share of contributions	997,013	6,263,063	157,788	991,195	96,490	608,130
County contributions subsequent to the measurement date	14,437,153	-	2,015,337	-	787,276	-
	<u>\$ 45,104,526</u>	<u>\$ 14,217,378</u>	<u>\$ 6,868,769</u>	<u>\$ 2,250,048</u>	<u>\$ 3,755,221</u>	<u>\$ 1,375,938</u>

County of Orange, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 2 - Stewardship, Compliance and Accountability (Continued)

The amounts reported as deferred outflows of resources related to ERS resulting from accrued contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS will be recognized in pension expense as follows:

Year Ended March 31,	Governmental Activities	Business- type Activities	College (Component Unit)
2018	\$ 7,950,543	\$ 1,258,256	\$ 769,442
2019	7,950,543	1,258,256	769,442
2020	7,802,390	1,234,810	755,104
2021	(7,253,481)	(1,147,938)	(701,980)
Thereafter	-	-	-

The total pension liability for the March 31, 2017 measurement date was determined by using an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total pension liabilities to March 31, 2017. Significant actuarial assumptions used in the April 1, 2016 valuation were as follows:

Inflation	2.5%	
Salary scale	3.8%	indexed by service
Investment rate of return	7.0%	compounded annually, net of investment expenses, including inflation
Cost of living adjustments	1.3%	annually

Annuitant mortality rates are based on the April 1, 2010 - March 31, 2015 ERS's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014.

The actuarial assumptions used in the April 1, 2016 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized below.

County of Orange, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 2 - Stewardship, Compliance and Accountability (Continued)

Asset Class	Target Allocation	Long-term expected real rate of return
Domestic Equity	36 %	4.55 %
International Equity	14	6.35
Private Equity	10	7.75
Real Estate	10	5.80
Absolute Return Strategies	2	4.00
Opportunistic Portfolio	3	5.89
Real Assets	3	5.54
Bonds and Mortgages	17	1.31
Cash	1	(0.25)
Inflation Indexed Bonds	4	1.50
Total	<u>100 %</u>	

The real rate of return is net of the long-term inflation assumption of 2.5%.

The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, the ERS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the County and the College's (component unit) proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the County and the College's (component unit) proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Governmental Activities proportionate share of the net pension liability (asset)	<u>\$ 167,293,772</u>	<u>\$ 52,380,761</u>	<u>\$ (44,777,974)</u>
Business-type Activities Proportionate share of the net pension liability (asset)	<u>\$ 26,475,983</u>	<u>\$ 8,289,801</u>	<u>\$ (7,086,581)</u>
College (component unit) proportionate share of the net pension liability (asset)	<u>\$ 16,190,458</u>	<u>\$ 5,069,337</u>	<u>\$ (4,333,550)</u>

County of Orange, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 2 - Stewardship, Compliance and Accountability (Continued)

The components of the collective net pension liability as of the March 31, 2017 measurement date were as follows:

	<u>ERS</u>
Total pension liability	\$ 177,400,586,000
Fiduciary net position	<u>168,004,363,000</u>
Employers' net pension liability	<u>\$ 9,396,223,000</u>
ERS fiduciary net position as a percentage of total pension liability	<u>94.7%</u>

Employer contributions to ERS are paid annually and cover the period through the end of the ERS's fiscal year, which is March 31st. Retirement contributions as of December 31, 2017 represent the employer contribution for the period of April 1, 2017 through December 31, 2016 based on prior year ERS wages multiplied by the employers' contribution rate, by tier. Retirement contributions to ERS for the nine months ended December 31, 2017 were \$14,437,153 for governmental activities and \$2,015,337 for business-type activities.

Voluntary Defined Contribution Plan

The County can offer a defined contribution plan to all non-union employees hired on or after July 1, 2013 and earning at the annual full time salary rate of \$75,000 or more. The Employee contribution is between 3% and 6% depending on salary and the county will contribute 8%. Employer contributions vest after 366 days of service. No current employees participated in this program.

Pension Plans - Component Units

Teachers' Retirement System

The College (component unit) participates in the New York State Teachers' Retirement System ("TRS"). This is a cost-sharing, multiple-employer defined benefit pension plan. TRS provides retirement benefits as well as death and disability benefits. The TRS is governed by a ten member Board of Trustees, which sets policy and oversees operations consistent with its fiduciary obligations under applicable law. Obligations of employers and employees to contribute and benefits to employees are governed by the Education Law of the State of New York. Once a public employer elects to participate in the TRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The TRS issues a stand-alone financial report which may be found at www.nystrs.org or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

The TRS is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% depending on salary levels for their entire length of service. Pursuant to Article 11 of the Education Law of the State of New

County of Orange, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 2 - Stewardship, Compliance and Accountability (Continued)

York, actuarially determined employer contributions are established annually for the TRS by its Board of Trustees. The employer contribution rate for the plan's year ending in 2017 was 11.72%.

At August 31, 2017, the College reported an asset of \$290,866 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The College's proportion of the net pension asset was based on its contributions to the pension plan relative to the contributions of all participating members. At June 30, 2017, the College's proportion was .038267%, which was a decrease of .000327% from its proportion measured as of June 30, 2016.

For the year ended August 31, 2017, the College recognized pension expense of \$720,672. At August 31, 2017, the College reported deferred outflows of resources and deferred inflows of resources related to TRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 239,311	\$ 113,405
Changes of assumptions	2,959,619	-
Net difference between projected and actual earnings on pension plan investments	-	685,074
Changes in proportion and differences between College contributions and proportionate share of contributions	105,057	149,396
College contributions subsequent to the measurement date	<u>118,451</u>	<u>-</u>
	<u>\$ 3,422,438</u>	<u>\$ 947,875</u>

\$118,451 reported as deferred outflows of resources related to TRS resulting from the College's contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended August 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to TRS will be recognized in pension expense as follows:

<u>Plan's Year Ended June 30,</u>	
2018	\$ 56,710
2019	772,425
2020	549,745
2021	128,506
2022	548,115
Thereafter	<u>300,611</u>
	<u>\$ 2,356,112</u>

The total pension liability for the June 30, 2017 measurement date was determined by using an actuarial valuation as of June 30, 2016, with update procedures used to roll forward the total

County of Orange, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 2 - Stewardship, Compliance and Accountability (Continued)

pension liability to June 30, 2017. These actuarial valuations used the following actuarial assumptions:

Actuarial cost method	Entry Age normal
Inflation	2.50%
Projected salary increases	Rates of increase differ based on service. Rates have been calculated based upon recent NYSTRS member experience.

<u>Service</u>	<u>Rate</u>
5	4.72 %
15	3.46
25	2.37
35	1.90

Projected COLAs	1.5% compounded annually
Investment rate of return	7.0% compounded annually, net of pension plan investment expense, including inflation

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2014, applied on a generational basis. Active member mortality rates are based on plan member experience.

The actuarial assumptions used in the June 30, 2016 valuation was based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014.

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice ("ASOP") No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance. Best estimates of arithmetic real rates of return for each major asset class included in TRS's target asset allocation as of the valuation dates of June 30, 2017 are summarized in the following table:

County of Orange, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 2 - Stewardship, Compliance and Accountability (Continued)

Asset Class:	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Equities:		
Domestic equities	35.0 %	5.90 %
International equities	18.0	7.40
Real estate	11.0	4.30
Private equities	8.0	9.00
Domestic fixed income securities	16.0	1.60
Global fixed income securities	2.0	1.30
High-yield fixed income securities	1.0	3.90
Mortgages	8.0	2.80
Short-term	<u>1.0</u>	6.00
Total	<u>100.0 %</u>	

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, TRS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the College's proportionate share of the net pension asset calculated using the discount rate of 7.25%, as well as what the College's proportionate share of the net pension asset would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	<u>1% Decrease (6.25%)</u>	<u>Current Assumption (7.25%)</u>	<u>1% Increase (8.25%)</u>
College's proportionate share of the net pension liability (asset)	<u>\$ 5,010,761</u>	<u>\$ (290,866)</u>	<u>\$ (4,730,715)</u>

The components of the collective net pension liability of TRS as of the June 30, 2017 measurement date were as follows:

Total pension liability	\$ 114,708,261,032
TRS fiduciary net position	<u>115,468,360,316</u>
Employers' net pension liability (asset)	<u>\$ (760,099,284)</u>
TRS fiduciary net position as a percentage of total pension liability	<u>100.66%</u>

Note 2 - Stewardship, Compliance and Accountability (Continued)

Employer and employee contributions for the year ended June 30, 2017 are paid to TRS in the following fiscal year through a state aid intercept or, if state aid is insufficient, through a payment by the College to TRS. Accrued retirement contributions as of August 31, 2017 represent employee and employer contributions for the fiscal year ended August 31, 2017 based on paid TRS wages multiplied by the employers' contribution rate plus employee contributions for the fiscal year as reported to TRS. Accrued retirement contributions to TRS as of August 31, 2017 were \$850,555.

Voluntary Defined Contribution Plan

The College can offer a defined contribution plan to all non-union employees hired on or after July 1, 2013 and earning at the annual full time salary rate of \$75,000 or more. The Employee contribution is between 3% and 6% depending on salary and the county will contribute 8%. Employer contributions vest after 366 days of service. No current employees participated in this program.

Teachers' Insurance and Annuity Association College Retirement Equities Fund

The College participates in the Teachers' Insurance and Annuity Association College Retirement Equities Fund ("TIAA-CREF"). TIAA-CREF is a cost sharing multiple-employer defined contribution pension plan. The System provides retirement, disability and death benefits to plan members. Obligations of employers and employees to contribute and benefits to employees are governed by New York State Retirement and Social Security Law. TIAA-CREF issues publicly available financial reports that include financials statements and required supplementary information. These reports may be obtained by writing the Teacher's Insurance and Annuity Association – College Retirement Equities Fund, 730 Third Avenue, New York, New York 10017.

TIAA-CREF is a privately operated defined contribution retirement plan which provides benefits to certain employees of the College. Under the plan, the College is required to make contributions based on gross salaries of the participants as follows:

Tier	Dates	Contribution
Tier 1	Membership prior to July 1, 1973	12% of the first \$16,500 of salary per calendar year, and 15% of all salary above \$16,500
Tier 2	July 1, 1973 - July 26, 1976	12% of the first \$16,500 of salary per calendar year, and 15% of all salary above \$16,500
Tier 3	July 27, 1976 - August 31, 1983	9% of the first \$16,500 of salary per calendar year, and 12% of all salary above \$16,500
Tier 4	September 1, 1983 - July 16, 1992	9% of the first \$16,500 of salary per calendar year, and 12% of all salary above \$16,500
Tier 5	July 17, 1992 - March 31, 2012	8% for the first seven years of service, and 10% thereafter
Tier 6	April 1, 2012 and after	8% for the first seven years of service, and 10% thereafter

County of Orange, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 2 - Stewardship, Compliance and Accountability (Continued)

Upon the completion of 366 days of service a lump sum contribution is made by the College for this initial vesting period and each pay period thereafter. An employee contribution of 3% of pay is required for Tiers 3, 4 and 5 which is eliminated after 10 years of service when the College will make an additional 3% contribution for these employees. The tier 6 employee contribution is required for the duration of their membership as follows:

Wages of \$45,000 or less	3.00 %
Wages of \$45,000.01 - \$55,000	3.50
Wages of \$55,000.01 - \$75,000	4.50
Wages of \$75,000.01 - \$100,000	5.75
Wages greater than \$100,000	6.00

For the year ended August 31, 2017, employee contributions totaled \$111,437 and the College recognized pension expense of \$1,432,173.

At August 31, 2017, the College reported payables to the defined contribution pension plan of \$9,568 for legally required employer contributions and \$7,195 for legally required employee contributions which had been withheld from employee wages but not yet remitted to TIAA-CREF.

Other Pension Plans

The District and Authority (component units) have a Simplified Employee pension ("SEP"), which covers all employees. SEP contributions were \$7,519 and \$7,235, respectively, for the year ended December 31, 2016.

The Agency (component unit) has a 403(b) retirement plan covering substantially all of its employees. Contributions were \$10,467 for the year ended December 31, 2017.

Other Post Employment Benefit Obligations Payable

In addition to providing pension benefits, the primary government and the College (component unit) provide certain health care benefits for retired employees through a single employer defined benefit plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the primary government and College (component unit) may vary according to length of service. The cost of providing postemployment healthcare benefits is shared between the County and the retired employee. Substantially all employees may become eligible for those benefits if they reach normal retirement age while working for these entities. The cost of retiree health care benefits is recognized as an expenditure as claims are paid within the governmental funds.

The County's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution, ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. GASB Statement No. 45 establishes standards for the measurement, recognition and display of the expenses and liabilities for retirees' medical insurance. As a result, reporting of expenses and liabilities will no longer be done under the "pay-as-you-go" approach. Instead of expensing the current year premiums paid, a per capita claims cost will be determined, which will be used to determine a "normal cost", an "actuarial accrued liability", and ultimately the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

County of Orange, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 2 - Stewardship, Compliance and Accountability (Continued)

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. In addition, the assumptions and projections utilized do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial calculations of the OPEB plan reflect a long-term perspective.

The County is required to accrue on the government-wide and proprietary fund financial statements the amounts necessary to finance the plan as actuarially determined, which is equal to the balance not paid by plan members. Funding for the Plan has been established on a pay-as-you-go basis. The assumed rates of increase in postretirement benefits are as follows:

<u>Year Ended December 31,</u>	<u>Pre-65 Medical</u>	<u>Post-65 Medical</u>
2018	8.5 %	8.5 %
2019	8.0	8.0
2020	7.5	7.5
2021	7.0	7.0
2022	6.5	6.5
2023	6.0	6.0
2024	5.5	5.5
2025+	5.0	5.0

The amortization basis is the level percentage of payroll method with an open amortization approach with 19 years remaining in the amortization period. The actuarial assumptions included a 4% investment rate of return. The County currently has no assets set aside for the purpose of paying post employment benefits. The actuarial cost method utilized was the projected unit credit method.

The number of participants as of January 1, 2017 was as follows:

Active Employees	2,501
Retired Employees	<u>1,847</u>
Total	<u><u>4,348</u></u>

County of Orange, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 2 - Stewardship, Compliance and Accountability (Continued)

	Primary Government	Community College (Component Unit)
Amortization Component:		
Actuarial Accrued Liability as of January 1, 2017	\$ 800,216,866	\$ 111,122,535
Assets at Market Value	-	-
Unfunded Actuarial Accrued Liability	<u>\$ 800,216,866</u>	<u>\$ 111,122,535</u>
Funded Ratio	<u>0.00%</u>	<u>0.00%</u>
Covered Payroll (active plan members)	<u>\$ 153,703,672</u>	<u>\$ 25,074,053</u>
UAAL as a Percentage of Covered Payroll	<u>520.62%</u>	<u>443.18%</u>
Annual Required Contribution	\$ 76,266,410	\$ 12,767,674
Interest on Net OPEB Obligation	14,265,199	1,825,828
Adjustment to Annual Required Contribution	<u>4,071,638</u>	<u>61,032</u>
Annual OPEB Cost	94,603,247	14,654,534
Contributions Made	<u>(19,706,773)</u>	<u>(2,867,002)</u>
Increase in Net OPEB Obligation	74,896,474	11,787,532
Net OPEB Obligation - Beginning of Year	<u>356,629,975</u>	<u>46,158,264</u>
Net OPEB Obligation - End of Year	<u>\$ 431,526,449</u>	<u>\$ 57,945,796</u>

The primary government's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the current and two preceding years is as follows:

Fiscal Year Ended December 31,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2017	\$ 94,603,247	20.8 %	\$ 431,526,449
2016	88,653,494	20.8	356,629,975
2015	56,243,183	19.3	286,819,325

The schedule of funding progress for the OPEB plan immediately following the notes to financial statements presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing relative to the actuarial accrued liability for the benefits over time.

The Agency, District and Authority (component units) did not incur expenditures/expenses for retiree health benefits.

County of Orange, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 2 - Stewardship, Compliance and Accountability (Continued)

Capital Lease Obligations - Component Unit

The Community College has entered into agreements to lease certain equipment.

The future minimum lease obligations payments as of August 31, 2017, were as follows:

<u>Year Ending August 31,</u>	
2018	\$ 59,327
2019	26,739
2020	15,994
2021	<u>824</u>
Total minimum lease payments	102,884
Less: amount representing interest	<u>(6,732)</u>
Present value of minimum lease payments	<u>\$ 96,152</u>

G. Significant Commitments -- Encumbrances

As discussed in Note 2,A, Budgetary Data, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At December 31, 2017, the amount of encumbrances expected to be honored upon performance by the vendor in the next year are as follows:

General Fund	\$ 6,649,972
Non-Major Governmental Funds	<u>219,231</u>
	<u>\$ 6,869,203</u>

H. Revenues and Expenditures

Interfund Transfers

Interfund transfers are defined as the flow of assets, such as cash or goods and services, without equivalent flows of assets in return. The interfund transfers reflected below have been reported as transfers.

County of Orange, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 2 - Stewardship, Compliance and Accountability (Continued)

Transfers Out	Transfers In			Total
	General	Capital Projects	Non-Major Governmental	
General	\$ -	130,220	1,309,514	\$ 1,439,734
Capital Projects	35,423	-	-	35,423
Non-Major Governmental	-	1,190,000	5,511,000	6,701,000
Internal Service	5,200,000	-	-	5,200,000
	<u>\$ 5,235,423</u>	<u>\$ 1,320,220</u>	<u>\$ 6,820,514</u>	<u>\$ 13,376,157</u>

Transfers are used to 1) move funds from the General Fund to finance various capital projects and programs accounted for in other funds, 2) move restricted funds to the Debt Service Fund and 3) move funds in excess of actuarial requirements from the Internal Service fund to the General Fund.

I. Net Position

The components of net position are detailed below:

Net investment in capital assets - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Restricted for Capital Projects - the component of net position that reports the amounts restricted for capital projects, exclusive of unexpended bond proceeds and unrestricted interest earnings.

Restricted for Tax Stabilization - the component of net position that has been established to legally segregate funds to stabilize real property tax rates in accordance with Section 6e of the General Municipal Law of the State of New York.

Restricted for Debt Service - the component of net position that reports the difference between assets and liabilities of the Debt Service Fund with constraints placed on their use by Local Finance Law.

Restricted for Equipment - the component of net position that has been established to set aside funds to maintain and replace the vehicle fleet for sanitary landfill operations pursuant to Section 6c of the General Municipal Law of the State of New York.

Restricted for Sanitary Landfill Improvements - the component of net position that has been established to set aside funds for the expansion of the present landfill facility in accordance with Section 6c of the General Municipal Law of the State of New York.

Restricted for Unemployment Benefits - the component of net position that has been established to set aside funds to be used for a specific purpose in accordance with Section 6m of the General Municipal Law of the State of New York.

Restricted for Future Capital Projects - the component of net position that has been established to set aside funds to be used to finance all or part of the construction or acquisition of a specific type of improvement in accordance with Section 6c of the General Municipal Law of the State of New York.

County of Orange, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 2 - Stewardship, Compliance and Accountability (Continued)

Restricted for Stop-DWI Program - the component of net position that represents State revenues that are limited by State directive to be used in accordance with the parameters of the Driving While Intoxicated Program.

Restricted for Highway Capital Projects - the component of net position that has been established to set aside funds to be used for future highway construction pursuant to Section 6c of the General Municipal Law of the State of New York.

Restricted for Handicapped Parking Education Program - the component of net position that has been established to set aside funds pursuant to a State directive to be used for the education, advocacy and increased public awareness of handicapped parking laws.

Restricted for Repairs - the component of net position that has been established to set aside funds to be used for the repairs of off-street parking facilities pursuant to Section 6d of the General Municipal Law of the State of New York.

Restricted for Forfeiture of Crime Proceeds - the component of net position that represents the unexpended balance of the forfeiture of seized crime properties to be used pursuant to a State directive in future fiscal years for law enforcement purposes.

Restricted for Sewer Purposes - the component of net position that reports the difference between assets and liabilities of the Sewer Fund with constraints placed on their use by the General Municipal Law of the State of New York.

Restricted for Small Watershed Protection Purposes - the component of net position that reports the difference between assets and liabilities of the Small Watershed Protection Fund with constraints placed on their use by statute.

Restricted for Workers' Compensation Benefits, Self Insurance and Liability and Casualty Claims - the component of net position that has been established to set aside funds to be used for the payment of future claims made upon the County in accordance with Sections 6n and 6j of the General Municipal Law of the State of New York.

Restricted for Loans - the component of net position that has been established to set aside funds to provide loans to students and businesses within the County.

Restricted for Scholarships, Awards and Grants - the component of net position that has been established to set aside funds to provide scholarships, awards and grants to students attending the College (component unit).

Unrestricted - all other amounts that do not meet the definition of "restricted" or "net investment in capital assets".

County of Orange, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 2 - Stewardship, Compliance and Accountability (Continued)

J. Fund Balances

	2017				Total
	General Fund	Community Development Fund	Capital Projects Fund	Non-Major Governmental Funds	
Nonspendable					
Prepaid expenditures	\$ 4,888,751	\$ 23,000	\$ -	\$ 185,740	\$ 5,097,491
Accounts and loans receivable	-	-	-	2,400,331	2,400,331
Total Nonspendable	4,888,751	23,000	-	2,586,071	7,497,822
Restricted					
Tax stabilization	959,774	-	-	-	959,774
Debt service	-	-	-	2,233,953	2,233,953
Equipment	-	-	-	13,227	13,227
Sanitary landfill improvements	-	-	-	24,544	24,544
Unemployment benefits	1,207,223	-	-	-	1,207,223
Future capital projects	1,251,426	-	-	-	1,251,426
Stop - DWI Program	650,479	-	-	-	650,479
Highway capital projects	-	-	-	172,744	172,744
Handicapped Parking Education Program	34,670	-	-	-	34,670
Repairs	-	-	-	163,683	163,683
Forfeiture of crime proceeds	773,179	-	-	-	773,179
Total Restricted	4,876,751	-	-	2,608,151	7,484,802
Committed					
Orange County Water Authority	8,450	-	-	-	8,450
Infrastructure Loan Program	180,000	-	-	-	180,000
Real property update	78,052	-	-	-	78,052
Parks forest management	17,980	-	-	-	17,980
Tax certiorari	-	-	-	-	-
Future medical expenditures	500,000	-	-	-	500,000
State retirement system expenditures	-	-	-	-	-
Total Committed	784,482	-	-	-	784,482
Assigned					
Purchases on order					
General government support	1,277,243	-	-	-	1,277,243
Education	13,620	-	-	-	13,620
Public safety	2,186,486	-	-	-	2,186,486
Health	472,888	-	-	-	472,888
Transportation	-	-	-	107,102	107,102
Economic opportunity and development	1,637,644	-	-	-	1,637,644
Culture and recreation	101,668	-	-	-	101,668
Home and community services	960,423	-	-	112,129	1,072,552
	6,649,972	-	-	219,231	6,869,203
General Fund	17,312,812	-	-	-	17,312,812
County Road Fund	-	-	-	1,367,449	1,367,449
Sewer District Fund	-	-	-	-	-
Airport Fund	-	-	-	129,737	129,737
Small Watershed Protection Fund	-	-	-	70,000	70,000
Sanitary Landfill Fund	-	-	-	600,000	600,000
Debt Service Fund	-	-	-	9,100,000	9,100,000
Non-Major funds:					
County Road Fund	-	-	-	2,938,047	2,938,047
Sewer District Fund	-	-	-	3,624,424	3,624,424
Airport Fund	-	-	-	335,793	335,793
Sanitary Landfill Fund	-	-	-	684,499	684,499
Small Watershed Protection Fund	-	-	-	1,087,684	1,087,684
Total Assigned	23,962,784	-	-	20,156,864	44,119,648
Unassigned					
Major funds	50,214,918	(23,000)	(7,224,689)	-	42,967,229
Non-Major funds:					
Road Machinery Fund	-	-	-	(48,900)	(48,900)
Off-Street Parking Fund	-	-	-	(5,765)	(5,765)
Workforce Investment Act Fund	-	-	-	(37,551)	(37,551)
Total Unassigned	50,214,918	(23,000)	(7,224,689)	(92,216)	42,875,013
Total Fund Balances	\$ 84,727,686	\$ -	\$ (7,224,689)	\$ 25,256,870	\$ 102,761,867

County of Orange, New York

Notes to Financial Statements (Continued)

December 31, 2017

Note 2 - Stewardship, Compliance and Accountability (Continued)

	2016				Total
	General Fund	Community Development Fund	Capital Projects Fund	Non-Major Governmental Funds	
Nonspendable					
Prepaid expenditures	\$ 4,789,409	\$ 22,191	\$ -	\$ 184,028	\$ 4,995,628
Accounts and loans receivable	256,000	-	-	1,993,207	2,249,207
Total Nonspendable	5,045,409	22,191	-	2,177,235	7,244,835
Restricted					
Tax stabilization	954,764	-	-	-	954,764
Debt service	-	-	-	9,320,970	9,320,970
Equipment	-	-	-	13,227	13,227
Sanitary landfill improvements	-	-	-	24,544	24,544
Unemployment benefits	1,105,973	-	-	-	1,105,973
Future capital projects	2,204,436	-	-	-	2,204,436
Stop - DWI Program	615,970	-	-	-	615,970
Highway capital projects	-	-	-	172,491	172,491
Handicapped Parking Education Program	32,143	-	-	-	32,143
Repairs	-	-	-	163,683	163,683
Forfeiture of crime proceeds	649,976	-	-	-	649,976
Total Restricted	5,563,262	-	-	9,694,915	15,258,177
Committed					
Orange County Water Authority	53,960	-	-	-	53,960
Infrastructure Loan Program	180,000	-	-	-	180,000
Real property update	207,300	-	-	-	207,300
Parks forest management	17,980	-	-	-	17,980
Tax certiorari	400,000	-	-	-	400,000
Future medicaid expenditures	500,000	-	-	-	500,000
State retirement system expenditures	100,000	-	-	-	100,000
Total Committed	1,459,240	-	-	-	1,459,240
Assigned					
Purchases on order					
General government support	1,173,120	-	-	-	1,173,120
Education	151,270	-	-	-	151,270
Public safety	2,486,807	-	-	-	2,486,807
Health	207,151	-	-	108,958	207,151
Transportation	-	-	-	-	-
Economic opportunity and development	934,695	-	-	-	934,695
Culture and recreation	460,582	-	-	-	460,582
Home and community services	488,151	-	-	69,713	557,864
	5,901,656	-	-	178,671	6,080,327
General Fund	20,823,671	-	-	-	20,823,671
County Road Fund	-	-	-	1,000,000	1,000,000
Sewer District Fund	-	-	-	901	901
Airport Fund	-	-	-	-	-
Small Watershed Protection Fund	-	-	-	51,000	51,000
Sanitary Landfill Fund	-	-	-	600,000	600,000
Debt Service Fund	-	-	-	4,800,000	4,800,000
Non-Major funds:					
County Road Fund	-	-	-	2,760,178	2,760,178
Sewer District Fund	-	-	-	4,037,194	4,037,194
Airport Fund	-	-	-	393,713	393,713
Sanitary Landfill Fund	-	-	-	1,275,431	1,275,431
Small Watershed Protection Fund	-	-	-	755,308	755,308
Total Assigned	26,725,327	-	-	15,652,396	42,577,723
Unassigned					
Major funds	43,771,034	(22,191)	(12,676,684)	-	31,072,159
Non-Major funds:					
Road Machinery Fund	-	-	-	(80,262)	(80,262)
Off-Street Parking Fund	-	-	-	(5,765)	(5,765)
Workforce Investment Act Fund	-	-	-	(39,341)	(39,341)
Total Unassigned	43,771,034	(22,191)	(12,676,684)	(125,368)	30,946,791
Total Fund Balances	\$ 82,664,272	\$ -	\$ (12,676,684)	\$ 27,599,178	\$ 97,486,766

Note 3 - Detailed Notes on All Funds (Continued)

Certain elements of fund balance are described above. Those additional elements which are not reflected in the Statement of Net Position but are reported in the governmental funds balance sheet are described below.

Prepaid Expenditures has been established to account for employee retirement and other payments made in advance. The amount is classified as nonspendable to indicate that funds are not "available" for appropriation or expenditure even though they are a component of current assets.

Accounts and Loans Receivable have been classified as nonspendable to indicate that certain accounts and loans receivable will not be collected in sufficient time to use the funds to satisfy liabilities of the current period. The amount is classified as nonspendable to indicate that the funds are not "available" for appropriation or expenditure even though the amounts are a component of current assets.

Amounts committed for Orange County Water Authority represents the unspent appropriations to the Water Authority that the County legislature has required to be set aside for use in subsequent years.

Amounts committed for Infrastructure Loan Program represents an amount that the County Legislature has available for loans to certain Orange County municipal entities to foster the development of housing within the County.

Amounts committed for Real Property Update is used to segregate a portion of fund balance, at the request of the County Legislature, to be utilized to review and monitor the establishment of real property values in the County.

Amounts committed for Parks Forest Management is used to segregate a portion of fund balance, as required by the County Legislature, to be utilized for the operations of certain County parkland.

Amounts committed for Tax Certiorari is used to segregate a portion of the fund balance of the General Fund, at the request of the County Legislature, to be utilized for potential tax certiorari settlements.

Amount committed for Future Medicaid Expenditures is used to segregate a portion of the fund balance of the General Fund, at the request of the County Legislature, to be utilized for future unanticipated Medicaid cost increases.

Amounts committed for State Retirement System Expenditures is used to segregate a portion of the fund balance of the General Fund, at the request of the County Legislature, to be utilized for the payment of future pension costs.

Purchases on order are assigned and represent the County's intention to honor contracts in process at year end. The subsequent year's appropriation will be amended to provide authority to complete the transaction.

Subsequent year's expenditures represent that at December 31, 2017, the County Legislature/Executive has assigned the above amounts to be appropriated for the ensuing year's budget.

County of Orange, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 2 - Stewardship, Compliance and Accountability (Continued)

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted, committed or assigned. Unassigned fund balance in the Community Development, Capital Projects and certain non-major governmental funds represents the deficit balances in these funds.

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

The County is a party to lawsuits involving claims of personal injury, wrongful death, negligence, property disputes, environmental and contract compliance, eminent domain and civil rights violations. The County is self-insured for general liability claims to the extent disclosed below. The County Attorney has indicated that he is not aware of any such action which would have a significant adverse impact on the County's financial condition.

The County is a defendant in numerous tax certiorari proceedings, the results of which cannot be determined at this time. Any future refunds resulting from adverse settlements will be funded in the year in which payments are made.

B. Risk Management

The County is currently self-insured for liability and casualty claims but maintains conventional excess liability coverage with independent insurance carriers. The general liability coverage provides total limits of \$10 million in excess of the County's self insured retention of \$1 million per occurrence. The public officials', automobile and law enforcement liability coverage is \$1 million in excess of a \$1 million self-insured retention per claim. The County also maintains an umbrella liability policy which provides coverage up to \$10 million.

The commercial general and professional liability (medical malpractice) coverage provides limits of \$1 million per occurrence and an aggregate of \$3 million with a self-insured retention of \$750,000 per claim. The County maintains an umbrella liability policy which provides coverage up to \$6 million per occurrence and aggregate.

The County adopted a self-insured workers' compensation program. The governmental funds are charged premiums by the Internal Service Fund – Workers' Compensation Benefits. Claims payable in the Internal Service Fund include provisions for claims reported and claims incurred but not reported ("IBNR's"). Costs relating to the litigation of claims are charged to expenditures as incurred. The County has secured conventional insurance coverage for losses in excess of \$1 million per occurrence.

Settled claims resulting from these risks have not exceeded self-insured retention in the past three fiscal years.

County of Orange, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

The County is self-insured for employees' and retirees' dental and vision and has established an Internal Service Fund to account for the accumulation of premiums and the payment of claims in addition to the premiums for conventional health insurance.

The County is currently self-insured for claims arising from unemployment benefit cases. Unemployment benefits are accounted for in the General Fund and incurred but not reported claims are not material.

C. Compliance with Grant Requirements

The County participates in various Federal grant programs. These programs are subject to program compliance audits pursuant to Uniform Guidance. Accordingly, the County's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County anticipates such amounts, if any, to be immaterial.

Note 5 - Tax Abatements

The county had ninety-four real property tax abatement agreements which fall under both the General Municipal Law #874 Article 18A and the Real Property Tax Law 412a for the purpose of economic development. Currently only fifty-eight have abatement grants greater than zero. The other thirty-six are being taxed at their full amount.

Generally, these agreements provide for a 100 percent abatement of real property taxes in exchange for a payment in lieu of taxes ("PILOT") based on any of the following conditions:

- A. 485B Exemption a 50% abatement with increases of 5% each year for 10 years
- B. Enhanced 485B Exemption starting with a 0% abatement and increasing 10% each year for 10 years
- C. Negotiable – A few are a fixed dollar amount with annual % increases.

Most PILOTs last for 10 years but larger projects could extend to 15 – 20 years. Some PILOTs are through the County IDA and others are through a local municipal IDA.

When an assessment value was not available and for the objective of estimating the amount of abatement that was granted to the beneficiary of the agreement, the assessment was estimated at 3 times the PILOT billing rate.

County of Orange, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 5 - Tax Abatements (Continued)

Copies of the agreements may be obtained from Joel Kleiman, Chief Financial Officer of the Orange County Industrial Development Agency (component unit), 4 Crotty Lane, Suite 100, New Windsor, NY 12553, business@ocnyida.com. Information relevant to disclosure of these agreements for the calendar year ended December 31, 2017 is as follows:

Start Year	Agreement	Town Or City	Locale	Taxable Assessed Value	Tax Rate	Tax Value	PILOT Received	Received Applicable to Prior Periods	Taxes Abated
2014	Danza Leser Group LLC	City	Middletown	178,136	22.8826	4,076	4,076	-	-
2016	Equilibrium Brewery	City	Middletown	79,200	22.8826	1,812	551	-	1,261
2016	Heritage Restoration Properties	City	Middletown	115,200	22.8826	2,636	1,070	-	1,566
2017	R & B Associates	City	Middletown	272,400	22.8826	6,233	7,164	(7,164)	6,233
2013	Sml Group Enterprise, LLC	City	Middletown	1,136,200	22.8826	25,999	882	-	25,117
2013	Southeast Towers	City	Middletown	915,944	22.8826	20,959	6,977	-	13,983
2005	Belvedere/Lake St	City	Newburgh	22,858,500	3.8515	88,040	17,743	-	70,297
2004	Bourne & Kenney	City	Newburgh	4,160,000	3.8515	16,022	5,292	-	10,730
2011	Burton Towers	City	Newburgh	6,642,700	3.8515	25,584	7,972	-	17,613
2007	Fifth Generation Realty	City	Newburgh	3,069,700	3.8515	12,166	12,896	-	-
1985	Hudson Heritage	City	Newburgh	38,763	3.8515	1,493	855	-	638
2017	Independence Square	City	Newburgh	4,406,300	3.8515	169,709	3,871	(1,940)	167,778
2004	Safe Harbors/Cornerstone	City	Newburgh	1,388,900	3.8515	5,349	1,380	-	3,969
2012	Verick Homes	City	Newburgh	6,191,400	3.8515	23,846	9,009	-	14,837
2012	Voisons	City	Newburgh	3,320,000	3.8515	12,787	9,645	(9,645)	-
2011	100 River Road, LLC	City	Port Jervis	765,000	9.9389	7,603	3,041	-	4,562
2015	3312 Group, LLC	City	Port Jervis	1,046,050	9.9389	10,397	3,677	-	6,720
Total		17	Cities	56,584,393		434,711	96,100	(18,749)	345,303
2009	Millennium Pipeline	Other	Multiple	N/A		N/A	195,650	-	N/A
Total		1	Other				195,650		

Start Year	Agreement	Town Or City	Locale	Taxable Assessed Value	Tax Rate	Tax Value	PILOT Received	Received Applicable to Prior Periods	Taxes Abated
2014	Mediacom Realty LLC	Town	Blooming Gr	1,618,500	20.7948	33,656	9,556	-	24,100
N/A	Amscan	Town	Chester	21,773,000	6.1347	133,571	130,972	-	2,599
2011	C & S Wholesale Grocers, Inc.	Town	Chester	758,300	6.1347	4,652	1,628	-	3,024
2011	C & S Wholesale Grocers, Inc.	Town	Chester	8,501,700	6.1347	52,155	24,942	-	27,214
2011	C & S Wholesale Grocers, Inc.	Town	Chester	51,000	6.1347	313	313	-	-
2014	Hudson Transit/Coach	Town	Chester	10,147,000	6.1347	62,249	28,781	-	33,468
2013	Satin Realty Assoc., LLC	Town	Chester	4,800,000	6.1347	29,447	18,431	-	11,016
2011	X, LLC	Town	Chester	1,757,000	6.1347	10,779	8,934	-	1,845
2012	The Hub 1, LLC	Town	Deerpark	1,598,000	6.4468	10,302	5,605	-	4,696
1996	Glen Arden	Town	Goshen	36,687,692	5.9451	218,112	72,704	-	145,408
2011	Nytt, LLC	Town	Goshen	746,000	5.9451	4,435	3,548	-	887
1991	Ny Power Authority	Town	Greenville	5,000	5.7037	29	29	-	-
2017	Blackhawk Development	Town	Hamptonburg	24,150,000	3.8659	93,361	16,237	-	-
2014	Carlisle Construction	Town	Hamptonburg	22,849,400	3.8659	88,333	39,623	-	48,710
1991	Ny Power Authority	Town	Hamptonburg	153,000	3.8659	591	591	-	-
2010	Bruderhop Communities	Town	Montgomery	2,888,600	5.4391	15,711	15,711	-	-
2002	Evergreens Senior Housing	Town	Montgomery	1,475,700	5.4391	8,026	3,971	-	4,056
2014	Goodwill Properties LLC	Town	Montgomery	5,416,000	5.4391	29,458	1,523	-	27,935
2012	Hudson Heritage Federal Credit	Town	Montgomery	762,000	5.4391	4,145	3,040	-	1,105
2011	Kadge, LLC	Town	Montgomery	3,444,000	5.4391	18,732	11,478	-	7,255
2006	Montgomery Manor Housing	Town	Montgomery	2,896,500	5.4391	15,754	-	(3,480)	19,234
2002	Montgomery Senior Housing	Town	Montgomery	622,900	5.4391	3,388	1,296	-	2,092
	Overnight Transport/UPS	Town	Montgomery	5,079,600	5.4391	27,628	23,297	-	-
2010	River To River Holding	Town	Montgomery	1,349,000	5.4391	7,337	6,142	-	1,196
2013	Spruce Properties LLC	Town	Montgomery	1,013,450	5.4391	5,512	1,830	-	3,682
2014	United Natural Foods	Town	Montgomery	33,938,800	5.4391	184,597	19,727	-	164,870
1987	Ny Power Authority	Town	Mount Hope	28,500	6.4408	184	184	-	-
2016	347 Ave. Americas/Acquest	Town	New Windsor	552,300	20.7044	11,435	2,109	-	9,326
2010	Airport Properties II/Hilton	Town	New Windsor	1,484,300	20.7044	30,732	27,877	-	2,855
2010	Airport Properties VIII	Town	New Windsor	439,500	20.7044	9,100	6,555	-	-
2011?	Anheuser Busch	Town	New Windsor	2,891,100	20.7044	59,858	54,268	-	5,590
2008	Atlantic Marine Corps	Town	New Windsor	9,783,500	20.7044	202,561	37,250	-	165,311
2016	Crh Realty VIII	Town	New Windsor	5,700	20.7044	118	64	-	54
2010	First Columbia	Town	New Windsor	426,000	20.7044	8,820	6,306	-	2,514
2013	Shamrock Creek LLC	Town	New Windsor	104,300	20.7044	2,207	1,589	-	-

County of Orange, New York

Notes to Financial Statements (Concluded)
December 31, 2017

Note 5 - Tax Abatements (Continued)

Start Year	Agreement	Town Or City	Locale	Taxable Assessed Value	Tax Rate	Tax Value	PILOT Received	Received Applcl to Prior Periods	Taxes Abated
N/A	Dot, Avls Drive & Park	Town	New Windsor	36,900	20.7044	764	764	-	-
N/A	Dot, Budget Rent-A-Car	Town	New Windsor	13,600	20.7044	282	282	-	-
N/A	Dot, Enterprise Rent-A-Car	Town	New Windsor	15,600	20.7044	323	323	-	-
N/A	Dot, Farpost Soccer	Town	New Windsor	29,200	20.7044	630	605	-	-
N/A	Dot, Hertz Rent-A-Car	Town	New Windsor	18,500	20.7044	383	383	-	-
N/A	Dot, Hudson Group	Town	New Windsor	43,300	20.7044	897	897	-	-
N/A	Dot, Pet Central Station	Town	New Windsor	73,500	20.7044	1,522	1,840	[1,666]	-
N/A	Dot, VW Trans, LLC	Town	New Windsor	18,246	20.7044	378	378	-	-
N/A	Air Logistics Inc.	Town	Newburgh	360,000	10.7266	3,862	3,862	-	-
N/A	Bergy Realty Llc	Town	Newburgh	276,500	10.7266	2,966	2,966	-	-
N/A	Bre East Mixed Asset Owner LLC	Town	Newburgh	4,004,500	10.7266	42,955	34,824	-	8,131
2009	Cafeast Properties	Town	Newburgh	2,805,750	10.7266	30,096	30,096	-	-
N/A	Crh Realty VIII, LLC	Town	Newburgh	5,144,000	10.7266	55,178	12,469	-	42,709
2016	EJ Del Monte Corp	Town	Newburgh	1,989,000	10.7266	21,335	19,994	-	-
1996	Grs Enterprise/Newburgh Ind Assoc	Town	Newburgh	5,400,000	10.7266	57,924	57,924	-	-
N/A	Hellos Power Capital, LLC	Town	Newburgh	41,501,000	10.7266	445,165	148,040	-	297,125
2016	Iron Workers	Town	Newburgh	342,500	10.7266	3,674	290	-	3,384
N/A	Jdp Assoc.	Town	Newburgh	2,247,500	10.7266	24,108	20,053	-	4,055
2011	Labor Local 17 Training	Town	Newburgh	3,266,000	10.7266	35,033	2,721	-	32,312
2010	Lkd Realty	Town	Newburgh	2,204,630	10.7266	23,648	23,648	-	-
N/A	Nelco	Town	Newburgh	1,170,600	10.7266	12,557	12,557	-	-
2003	Newburgh Senior LLC	Town	Newburgh	2,620,000	10.7266	28,104	2,188	-	25,915
1998	Ny Telephone	Town	Newburgh	101,100	10.7266	1,084	1,084	-	-
N/A	Omnipoint Comm. Inc.	Town	Newburgh	101,000	10.7266	1,083	1,083	-	-
N/A	Shortline/Sam Jamison	Town	Newburgh	96,000	10.7266	1,030	1,030	-	-
N/A	Sky Chefs/Pacific Sintereg Metals	Town	Newburgh	375,000	10.7266	4,022	4,022	-	-
N/A	Tuxedo Place	Town	Tuxedo	152,000	22.7265	4,363	4,363	-	-
1999	Concrete Properties, LLC/Tetz	Town	Wallkill	189,800	17.5380	3,329	2,330	-	999
2011	Crh Realty II, LLC	Town	Wallkill	3,252,400	17.5380	57,041	40,533	-	16,507
2010	Crh Realty VI, LLC	Town	Wallkill	2,274,400	17.5380	39,888	12,912	-	26,977
2014	Falibanks Mfg., LLC	Town	Wallkill	169,700	17.5380	2,976	595	-	2,381
2015	Senior Horizons	Town	Wallkill	70,500	17.5380	1,236	1,236	-	-
N/A	Walkkill Realty Partners LP	Town	Wallkill	5,430,200	17.5380	95,235	19,889	-	75,346
2014	Retford Investments	Town	Wallkill	573,400	17.5380	10,056	5,331	-	-
2017	Country Village Assoc.	Town	Warwick	225,000	20.4000	4,590	2,444	-	2,146
1988	Devon Wood Ltd. Partnership	Town	Warwick	693,900	20.0000	13,878	1,380	-	12,498
1995	Ibm Corp.	Town	Warwick	6,000,000	25.7703	154,622	135,750	-	18,872
1995	CPV	Town	Wawayanda	670,600	5.6085	3,761	3,475	-	-
2017	Wawayanda Acquisition, LLC	Town	Wawayanda	20,000	5.6085	112	112	-	-
2011	Wawayanda Acquisition, LLC	Town	Wawayanda	12,901,200	5.6085	72,356	58,222	-	14,135
2011	Wawayanda Acquisition, LLC	Town	Wawayanda	10,000	5.6085	56	56	-	-
Total		77 Towns		317,124,368		2,649,791	1,259,060	(5,146)	1,303,533
Total		95 All		373,708,761		3,084,503	1,550,810	(23,894)	1,648,836

County of Orange, New York

Required Supplementary Information - Schedule of Funding Progress
 Other Post Employment Benefits
 Last Three Fiscal Years

Valuation Date	Actuarial		Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
<u>Governmental Funds</u>						
January 1, 2015	\$ -	\$ 446,054,804	\$ 446,054,804	- %	\$ 128,986,067	345.82 %
January 1, 2016 (1)	-	636,075,768	636,075,768	-	130,105,150	488.89
January 1, 2017	-	665,245,327	665,245,327	-	132,675,811	501.41
<u>Enterprise Fund</u>						
January 1, 2015	\$ -	\$ 100,467,512	\$ 100,467,512	- %	\$ 20,675,304	485.93 %
January 1, 2016 (1)	-	129,886,906	129,886,906	-	20,567,987	631.50
January 1, 2017	-	134,971,539	134,971,539	-	21,027,861	641.87

(1) The following assumptions were modified with respect to the January 1, 2016 valuation date:

The annual rate of increase in health care costs was revised to better reflect future expectations. A review of published national trend survey data in relation to the retiree health plan offerings and an update to the Getzen model released in September 2016 was the basis for this change. The revised assumption resulted in an increase in liabilities.

The mortality assumption has been revised as of December 31, 2016 to the sex-distinct RP-2014 Mortality tables for employees and healthy annuitants, adjusted backward to 2006 with Scale MP-2014, and then adjusted for mortality improvements with the Scale MP-2016 mortality improvement scale on a generational basis. The revised assumption resulted in a minimal decrease in liabilities.

See independent auditors' report.

County of Orange, New York

Required Supplementary Information - Schedule of Contributions
 New York State and Local Employees' Retirement System
 Last Ten Fiscal Years (1)

	Governmental Activities		
	2017	2016	2015
Contractually required contribution	\$ 20,344,203	\$ 19,995,375	\$ 19,250,311
Contributions in relation to the contractually required contribution	(20,344,203)	(19,995,375)	(19,250,311)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 114,843,621	\$ 130,105,150	\$ 129,116,581
Contributions as a percentage of covered payroll	17.71%	15.37%	14.91%
	Business-Type Activities (A)		
	2017	2016	2015
Contractually required contribution	\$ 2,846,326	\$ 2,770,206	\$ 2,478,695
Contributions in relation to the contractually required contribution	(2,846,326)	(2,770,206)	(2,478,695)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 18,255,275	\$ 20,567,987	\$ 20,587,981
Contributions as a percentage of covered payroll	15.59%	13.47%	12.04%
	Component Unit (College)		
	2017	2016	2015
Contractually required contribution	\$ 1,921,938	\$ 2,013,841	\$ 2,309,490
Contributions in relation to the contractually required contribution	(1,921,938)	(2,013,841)	(2,309,490)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 11,616,831	\$ 13,260,794	\$ 11,380,391
Contributions as a percentage of covered payroll	16.54%	15.19%	20.29%

(A) Valley View Center for Nursing Care and Rehabilitation (Enterprise Fund).

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

See independent auditors' report.

County of Orange, New York

Required Supplementary Information - Schedule of the
 County's Proportionate Share of the Net Pension Liability
 New York State and Local Employees' Retirement System
 Last Ten Fiscal Years (1)

	Governmental Activities		
	2017	2016	2015
Proportion of the net pension liability	0.5574669%	0.5235445%	0.5462432%
Proportionate share of the net pension liability	\$ 52,380,761	\$ 84,030,347	\$ 18,453,431
Covered payroll	\$ 127,350,886	\$ 123,091,786	\$ 111,631,729
Proportionate share of the net pension liability as a percentage of covered payroll	41.13%	68.27%	16.53%
Plan fiduciary net position as a percentage of the total pension liability	94.70%	90.70%	97.90%
	Business-Type Activities (A)		
	2017	2016	2015
Proportion of the net pension liability	0.0882248%	0.0830477%	0.0867020%
Proportionate share of the net pension liability	\$ 8,289,801	\$ 13,329,391	\$ 2,929,005
Covered payroll	\$ 20,243,401	\$ 19,528,094	\$ 17,710,534
Proportionate share of the net pension liability as a percentage of covered payroll	40.95%	68.26%	16.54%
Plan fiduciary net position as a percentage of the total pension liability	94.70%	90.70%	97.90%
	Component Unit (College)		
	2017	2016	2015
Proportion of the net pension liability	0.0539500%	0.0546160%	0.0557124%
Proportionate share of the net pension liability	\$ 5,069,337	\$ 8,765,985	\$ 1,882,101
Covered payroll	\$ 12,881,984	\$ 12,847,134	\$ 11,380,391
Proportionate share of the net pension liability as a percentage of covered payroll	39.35%	68.23%	16.54%
Plan fiduciary net position as a percentage of the total pension liability	94.70%	90.70%	97.90%

(A) Valley View Center for Nursing Care and Rehabilitation (Enterprise Fund).

Note - The amounts presented for each fiscal year were determined as of the March 31 measurement date within the current fiscal year.

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

County of Orange, New York

Required Supplementary Information - Schedule of Contributions
 New York State Teachers' Retirement System
 Last Ten Fiscal Years (1)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 710,705	\$ 908,991	\$ 1,175,470
Contributions in relation to the contractually required contribution	<u>(710,705)</u>	<u>(908,991)</u>	<u>(1,175,470)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 6,064,036</u>	<u>\$ 6,855,136</u>	<u>\$ 6,705,476</u>
Contributions as a percentage of covered payroll	<u>11.72%</u>	<u>13.26%</u>	<u>17.53%</u>

Note - The amounts presented in this table are for Orange County Community College (component unit).

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

See independent auditors' report.

County of Orange, New York

Required Supplementary Information - Schedule of the
 County's Proportionate Share of the Net Pension Liability (Asset)
 New York State Teachers' Retirement System
 Last Ten Fiscal Years (1)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (asset)	<u>0.0003827 %</u>	<u>0.0003859 %</u>	<u>0.035559 %</u>
Proportionate share of the net pension liability (asset)	<u>\$ (290,866)</u>	<u>\$ 413,360</u>	<u>\$ (3,693,461)</u>
Covered payroll	<u>\$ 6,064,036</u>	<u>\$ 6,705,476</u>	<u>\$ 6,705,476</u>
Proportionate share of the net pension liability (asset) as a percentage of covered payroll	<u>(4.80) %</u>	<u>6.16 %</u>	<u>(55.08) %</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>100.70 %</u>	<u>99.01 %</u>	<u>110.46 %</u>

Note - The amounts presented in this table are for the Orange County Community College (component unit).
 The amounts presented for each fiscal year were determined as of the June 30 measurement date of the prior fiscal year.

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

See independent auditors' report.

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**COMBINING AND INDIVIDUAL
FUND FINANCIAL STATEMENTS
AND SCHEDULES**

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**GENERAL
FUND**

The General Fund constitutes the primary operating fund of the County and is used to account for and report all financial resources not accounted for and reported in another fund.

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County of Orange, New York

General Fund
Comparative Balance Sheet
December 31,

	2017	2016
ASSETS		
Cash and equivalents	\$ 121,886,483	\$ 96,436,325
Taxes receivable		
Taxes receivable, overdue	22,317,099	21,871,326
Returned school districts taxes	28,867,146	27,657,314
Delinquent village taxes	2,515,805	2,628,062
City school districts taxes	3,897,749	4,121,495
Property acquired for taxes	2,332,570	4,098,402
	59,930,369	60,376,599
Allowance for uncollectible taxes	(9,594,466)	(11,218,649)
	50,335,903	49,157,950
Other receivables		
Accounts, net of allowance for uncollectible amounts of \$25,000 in 2017 and 2016	3,755,554	4,046,785
Sales taxes	29,416,389	27,561,512
State and Federal aid, net of allowance for uncollectible amounts of \$1,753,838 in 2017 and 2016	41,298,807	33,112,005
Due from other governments	820,081	1,541,173
Due from other funds	11,565,687	12,905,032
	86,856,518	79,166,507
Prepaid expenditures	4,888,751	4,789,409
Total Assets	\$ 263,967,655	\$ 229,550,191
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Accounts payable	\$ 55,522,456	\$ 44,616,971
Accrued liabilities	16,314,225	19,985,377
Due to other governments	2,514,424	2,605,195
Due to other funds	60,942,677	37,959,810
Due to school districts	33,751,581	31,801,893
Unearned revenues	73,657	78,542
Total Liabilities	169,119,020	137,047,788
Deferred inflows of resources		
Deferred tax revenues	10,120,949	9,938,131
Total Liabilities and Deferred Inflows of Resources	179,239,969	146,985,919
Fund balance		
Nonspendable	4,888,751	5,045,409
Restricted	4,876,751	5,563,262
Committed	784,482	1,459,240
Assigned	23,962,784	26,725,327
Unassigned	50,214,918	43,771,034
Total Fund Balance	84,727,686	82,564,272
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 263,967,655	\$ 229,550,191

See independent auditors' report.

County of Orange, New York

General Fund
 Comparative Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Years Ended December 31,

	2017			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Real property taxes	\$ 83,791,531	\$ 84,567,549	\$ 86,682,843	\$ 2,115,294
Other tax items	9,428,477	9,428,477	12,657,322	3,228,845
Non-property taxes	270,405,867	274,165,677	285,391,860	11,226,183
Departmental income	26,137,149	26,402,209	28,559,130	2,156,921
Intergovernmental charges	10,288,242	10,288,242	9,208,217	(1,080,025)
Use of money and property	5,720,693	5,720,693	5,864,102	143,409
Fines and forfeitures	747,063	747,063	909,344	162,281
Sale of property and compensation for loss	1,020,452	1,020,452	360,781	(659,671)
Interfund revenues	9,063,943	9,132,849	8,539,210	(593,639)
State aid	80,561,852	93,079,224	85,366,243	(7,712,981)
Federal aid	59,194,618	104,024,569	61,667,118	(42,357,451)
Miscellaneous	4,494,136	4,499,136	3,684,440	(814,696)
Total Revenues	560,854,023	623,076,140	588,890,610	(34,185,530)
EXPENDITURES				
Current				
General government support	145,541,435	150,410,759	143,540,342	6,870,417
Education	54,495,592	56,338,826	56,086,709	252,117
Public safety	95,359,302	100,263,789	91,082,474	9,181,315
Health	51,251,604	62,034,930	52,053,434	9,981,496
Transportation	646,000	648,990	648,250	740
Economic opportunity and development	223,684,143	225,912,566	221,290,051	4,622,515
Culture and recreation	7,813,511	7,849,610	7,519,661	329,949
Home and community services	10,926,314	50,885,795	17,465,131	33,420,664
Employee benefits	1,840,266	1,840,266	836,833	1,003,433
Total Expenditures	591,558,167	656,185,531	590,522,885	65,662,646
Excess (Deficiency) of Revenues Over Expenditures	(30,704,144)	(33,109,391)	(1,632,275)	31,477,116
OTHER FINANCING SOURCES (USES)				
Transfers in	5,200,000	5,200,000	5,235,423	35,423
Transfers out	(1,221,183)	(1,439,739)	(1,439,734)	5
Total Other Financing Sources	3,978,817	3,760,261	3,795,689	35,428
Net Change in Fund Balance	(26,725,327)	(29,349,130)	2,163,414	31,512,544
FUND BALANCE				
Beginning of Year	26,725,327	29,349,130	82,564,272	53,215,142
End of Year	\$ -	\$ -	\$ 84,727,686	\$ 84,727,686

2016

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 80,301,932	\$ 81,639,646	\$ 86,747,747	\$ 5,108,101
10,371,818	10,371,818	11,544,584	1,172,766
269,946,358	270,603,168	270,427,092	(176,076)
25,623,839	26,021,893	26,224,569	202,676
6,678,800	8,302,003	9,152,674	850,671
5,876,370	6,877,444	7,932,728	1,055,284
709,684	709,684	1,081,478	371,794
407,602	407,602	339,687	(67,915)
9,134,278	9,622,446	8,661,114	(961,332)
79,491,612	91,828,702	79,302,049	(12,526,653)
56,514,809	100,802,285	65,594,235	(35,208,050)
4,464,866	4,499,966	8,276,876	3,776,910
<u>549,521,968</u>	<u>611,686,657</u>	<u>575,284,833</u>	<u>(36,401,824)</u>
145,147,175	147,597,726	139,628,867	7,968,859
54,646,414	54,758,414	54,197,450	560,964
86,528,181	95,543,563	88,230,704	7,312,859
50,569,521	60,450,485	49,789,021	10,661,464
646,000	646,000	636,470	9,530
222,491,509	224,611,618	222,517,312	2,094,306
7,570,048	7,616,797	7,155,464	461,333
11,019,142	49,599,737	14,918,633	34,681,104
(379,000)	(558,374)	(1,807,150)	1,248,776
<u>578,238,990</u>	<u>640,265,966</u>	<u>575,266,771</u>	<u>64,999,195</u>
<u>(28,717,022)</u>	<u>(28,579,309)</u>	<u>18,062</u>	<u>28,597,371</u>
5,200,000	5,200,000	5,223,667	23,667
(1,495,265)	(1,495,265)	(1,491,957)	3,308
<u>3,704,735</u>	<u>3,704,735</u>	<u>3,731,710</u>	<u>26,975</u>
(25,012,287)	(24,874,574)	3,749,772	28,624,346
<u>25,012,287</u>	<u>24,874,574</u>	<u>78,814,500</u>	<u>53,939,926</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82,564,272</u>	<u>\$ 82,564,272</u>

County of Orange, New York

General Fund
 Schedule of Revenues and Other Financing Sources Compared to Budget
 Year Ended December 31, 2017
 (With Comparative Actuals for 2016)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2016 Actual
REAL PROPERTY TAXES	\$ 83,791,531	\$ 84,567,549	\$ 86,682,843	\$ 2,115,294	\$ 86,747,747
OTHER TAX ITEMS					
Interest and penalties on real property taxes	7,500,000	7,500,000	7,018,716	(481,284)	7,752,853
Payments in lieu of taxes	1,328,477	1,328,477	1,550,810	222,333	2,375,474
Gain on sale of tax acquired property	600,000	600,000	4,087,796	3,487,796	1,416,257
Total Other Tax Items	9,428,477	9,428,477	12,657,322	3,228,845	11,544,584
NON-PROPERTY TAXES					
Sales taxes	265,396,358	269,156,168	280,313,340	11,157,172	265,357,072
Hotel occupancy taxes	3,459,509	3,459,509	3,590,909	131,400	3,505,731
911 emergency surcharge	1,550,000	1,550,000	1,487,611	(62,389)	1,564,289
Total Non-Property Taxes	270,405,867	274,165,677	285,391,860	11,226,183	270,427,092
DEPARTMENTAL INCOME					
General					
Clerk fees	6,077,000	6,077,000	6,757,547	680,547	6,152,008
Commissioner of Finance fees	425,000	425,000	388,999	(36,001)	386,856
Charges for tax advertising and expenses	160,000	160,000	163,070	3,070	177,140
Service fees	2,134,660	2,398,660	2,431,452	32,792	2,763,848
Public Safety					
Sheriff fees	8,796,660	9,060,660	9,741,068	680,408	9,479,852
Health					
Public health fees	1,085,000	1,085,000	909,082	(175,918)	885,799
Home and nursing charges	625,000	625,000	558,302	(66,698)	428,735
Mental health fees	671,791	671,791	388,354	(283,437)	732,792
Other public health charges	3,789,694	3,789,694	3,561,291	(228,403)	3,086,638
Transportation - Bus subsidies	804,261	804,261	1,771,122	966,861	1,511,777
	5,890,746	5,890,746	6,279,069	388,323	5,759,942
	351,334	351,334	204,141	(147,193)	212,384

Economic Opportunity and Development								
Medical assistance	1,561,978	1,561,978	1,868,339	306,361	1,726,088			
Aid to dependent children	1,422,067	1,422,067	1,522,156	100,089	1,290,887			
Medical incentive	240,500	240,500	447,540	207,040	465,423			
Child care	3,226,750	3,226,750	4,345,880	1,119,130	3,254,486			
Juvenile delinquents	3,286	3,286	35,652	32,366	8,205			
Safety net	1,189,589	1,189,589	1,113,527	(76,062)	1,032,341			
Aid to adults	2,240	2,240	766	(1,474)	2,351			
Programs for the aging	48,813	48,813	48,894	81	52,964			
Other	348,186	348,186	374,432	26,246	345,247			
	<u>8,043,409</u>	<u>8,043,409</u>	<u>9,757,186</u>	<u>1,713,777</u>	<u>8,177,992</u>			
Culture and Recreation								
Parks and recreation	200,000	201,060	187,806	(13,254)	203,870			
Recreation concessions	90,000	90,000	73,819	(16,181)	47,083			
Golf charges	1,680,000	1,680,000	1,406,959	(273,041)	1,457,647			
	<u>1,970,000</u>	<u>1,971,060</u>	<u>1,668,584</u>	<u>(302,476)</u>	<u>1,708,600</u>			
Total Departmental Income	<u>26,137,149</u>	<u>26,402,209</u>	<u>28,559,130</u>	<u>2,156,921</u>	<u>26,224,569</u>			
INTERGOVERNMENTAL CHARGES								
Public safety services	10,000	10,000	24,243	14,243	4,003			
Miscellaneous	10,278,242	10,278,242	9,183,974	(1,094,268)	9,148,671			
	<u>10,288,242</u>	<u>10,288,242</u>	<u>9,208,217</u>	<u>(1,080,025)</u>	<u>9,152,674</u>			
USE OF MONEY AND PROPERTY								
Earnings on investments	238,725	238,725	237,022	(1,703)	204,645			
Rental of real property	5,145,987	5,145,987	4,933,920	(212,067)	5,290,814			
Commissions	335,981	335,981	693,160	357,179	2,437,269			
	<u>5,720,693</u>	<u>5,720,693</u>	<u>5,864,102</u>	<u>143,409</u>	<u>7,932,728</u>			
Total Use of Money and Property								
FINES AND FORFEITURES								
Fines and forfeited bail	21,500	21,500	149,409	127,909	268,204			
Forfeiture - DWI program	725,563	725,563	759,935	34,372	813,274			
	<u>747,063</u>	<u>747,063</u>	<u>909,344</u>	<u>162,281</u>	<u>1,081,478</u>			

(Continued)

County of Orange, New York

General Fund
 Schedule of Revenues and Other Financing Sources Compared to Budget (Continued)
 Year Ended December 31, 2017
 (With Comparative Actuals for 2016)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2016 Actual
SALE OF PROPERTY AND COMPENSATION FOR LOSS					
Sale of scrap and excess material	\$ 22,000	\$ 22,000	\$ 70,058	\$ 48,058	\$ -
Other sales	590,452	590,452	75,041	(515,411)	62,955
Insurance recoveries	408,000	408,000	215,682	(192,318)	276,732
	<u>1,020,452</u>	<u>1,020,452</u>	<u>360,781</u>	<u>(659,671)</u>	<u>339,687</u>
INTERFUND REVENUES					
	9,063,943	9,132,849	8,539,210	(593,639)	8,661,114
STATE AID					
General					
Court facilities	1,013,000	1,013,000	945,969	(67,031)	951,438
District Attorney	75,551	75,551	75,551	-	75,551
Other	918,264	3,529,831	1,735,851	(1,793,980)	1,682,763
	<u>2,006,815</u>	<u>4,618,382</u>	<u>2,757,371</u>	<u>(1,861,011)</u>	<u>2,709,752</u>
Public safety					
Probation services	1,253,257	1,253,257	1,556,091	302,834	942,274
Crime victims assistance program	305,546	650,307	536,972	(113,335)	476,012
	<u>1,558,803</u>	<u>1,903,564</u>	<u>2,093,063</u>	<u>189,499</u>	<u>1,418,286</u>
Transportation - Bus operations	3,512,300	3,512,300	3,436,496	(75,804)	3,351,500
Health					
Public health	1,937,348	1,937,348	1,940,099	2,751	2,025,715
Education and care of handicapped children	16,077,442	16,672,442	17,457,885	785,443	11,262,956
Early intervention	3,629,204	3,629,204	4,756,452	1,127,248	3,926,303
Mental health	15,465,367	16,176,931	15,302,073	(874,858)	14,225,758
Other	340,881	8,587,661	3,004,869	(5,582,792)	2,967,910
	<u>37,450,242</u>	<u>47,003,586</u>	<u>42,461,378</u>	<u>(4,542,208)</u>	<u>34,408,642</u>

Economic Opportunity and Development								
Day care	1,850,037	1,075,637	1,126,792	51,155	1,428,499			
Medical assistance	(712,358)	(712,358)	(955,876)	(243,518)	(920,190)			
Aid to dependent children	1,355,954	1,355,954	1,307,851	(48,103)	1,586,191			
Social services administration	13,057,129	13,261,729	10,852,090	(2,409,639)	11,560,059			
Safety net	4,184,414	3,477,753	3,848,828	371,075	3,824,597			
Family and children's services block grant	13,240,580	14,093,213	15,336,422	1,243,209	17,070,374			
Juvenile delinquents	463,785	859,883	521,015	(338,868)	310,062			
Emergency aid for adults	111,867	142,197	134,557	(7,640)	89,431			
Miscellaneous	16,939	16,939	3,675	(13,264)	69,278			
	<u>33,568,347</u>	<u>33,570,947</u>	<u>32,175,354</u>	<u>(1,395,593)</u>	<u>35,018,301</u>			
Culture and Recreation								
Programs for the aging	2,014,008	2,019,108	2,001,641	(17,467)	1,946,993			
Youth programs	451,337	451,337	440,940	(10,397)	448,575			
	<u>2,465,345</u>	<u>2,470,445</u>	<u>2,442,581</u>	<u>(27,864)</u>	<u>2,395,568</u>			
Total State Aid	<u>80,561,852</u>	<u>93,079,224</u>	<u>85,366,243</u>	<u>(7,712,981)</u>	<u>79,302,049</u>			
FEDERAL AID								
Public Safety	2,644,345	7,800,955	3,296,241	(4,504,714)	5,105,140			
Law enforcement terrorism prevention program	1,128,488	38,160,774	5,154,922	(33,005,852)	6,339,008			
Transportation - Bus operations								
Health								
Early intervention	411,206	411,206	580,141	168,935	435,130			
Mental health	1,571,652	1,571,652	1,657,354	85,702	1,468,573			
Health FMAP enhancement	-	1,000,000	1,627,498	627,498	825,489			
W.I.C. Program	1,220,988	2,863,758	1,184,756	(1,679,002)	1,166,559			
	<u>3,203,846</u>	<u>5,846,616</u>	<u>5,049,749</u>	<u>(796,867)</u>	<u>3,895,751</u>			
Economic Opportunity and Development								
Aid to dependent children	22,672,837	21,672,837	20,761,264	(911,573)	23,820,290			
Title IV-B Funds	415,000	415,000	45,046	(369,954)	681,091			
Medical assistance	(592,601)	(592,601)	(851,206)	(258,605)	(714,081)			
Social services administration	12,880,783	12,878,183	11,896,448	(981,735)	11,473,896			
Food stamp program	2,532,000	2,532,000	2,740,019	208,019	2,449,973			
Flexible funds for family services	10,096,303	10,096,303	9,776,690	(319,613)	8,853,254			
Services for recipients	2,234,708	2,234,708	2,291,380	56,672	1,783,750			
Home energy assistance program	347,617	347,617	(120,020)	(467,637)	3,184			
Miscellaneous	15,000	980,846	34,105	(946,741)	340,159			
	<u>50,601,647</u>	<u>50,564,893</u>	<u>46,573,726</u>	<u>(3,991,167)</u>	<u>48,691,516</u>			

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County of Orange, New York

General Fund
 Schedule of Revenues and Other Financing Sources Compared to Budget (Continued)
 Year Ended December 31, 2017
 (With Comparative Actuals for 2016)

	Original Budget	Final Budget	Actual	Variance with		2016 Actual
				Final Budget Positive (Negative)	Final Budget Positive (Negative)	
Culture and Recreation Programs for the aging Youth programs	\$ 1,449,661 166,631	\$ 1,449,661 201,670	\$ 1,434,645 157,835	\$ (15,016) (43,835)	\$	\$ 1,446,097 116,723
	1,616,292	1,651,331	1,592,480	(58,851)		1,562,820
Total Federal Aid	59,194,618	104,024,569	61,667,118	(42,357,451)		65,594,235
MISCELLANEOUS						
Refund of prior year's expenditures	111,200	111,200	10,506	(100,694)		114,645
Off-track betting surcharge	240,000	240,000	206,531	(33,469)		224,447
Gifts and donations	23,500	28,500	19,112	(9,388)		34,422
Tobacco settlement	3,799,998	3,799,998	3,386,989	(413,009)		7,735,341
Unclassified	319,438	319,438	61,302	(258,136)		168,021
Total Miscellaneous	4,494,136	4,499,136	3,684,440	(814,696)		8,276,876
TOTAL REVENUES	560,854,023	623,076,140	588,890,610	(34,185,530)		575,284,833
OTHER FINANCING SOURCES						
Transfers in						
Capital Projects Fund	-	-	35,423	35,423		-
Airport Fund	-	-	-	-		23,667
Workers' Compensation Benefits Fund	4,200,000	4,200,000	4,200,000	-		5,200,000
Self-Insurance Fund	1,000,000	1,000,000	1,000,000	-		-
TOTAL OTHER FINANCING SOURCES	5,200,000	5,200,000	5,235,423	35,423		5,223,667
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 566,054,023	\$ 628,276,140	\$ 594,126,033	\$ (34,150,107)		\$ 580,508,500

See independent auditors' report.

County of Orange, New York

General Fund
 Schedule of Expenditures and Other Financing Uses Compared to Budget
 Year Ended December 31, 2017
 (With Comparative Actuals for 2016)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2016 Actual
GENERAL GOVERNMENT SUPPORT					
Legislative Board	\$ 1,834,189	\$ 1,834,189	\$ 1,801,844	\$ 32,345	\$ 1,744,675
Clerk of Legislative Board	463,984	463,984	451,291	12,693	434,487
Unified Court System	145,120	195,047	195,047	-	186,625
District Attorney	10,048,918	10,535,282	9,616,128	919,154	9,224,959
Legal Defense of Indigents	5,457,975	5,457,975	5,295,988	161,987	4,895,591
Medical Examiner	1,752,327	1,771,383	1,770,635	748	1,648,230
County Executive	701,882	701,882	699,733	2,149	679,508
Commissioner of Finance	3,227,347	3,213,465	3,143,398	70,067	3,393,815
Division of Budget	943,373	943,373	924,566	18,807	875,601
Division of Purchasing	1,263,422	1,277,735	1,277,735	-	1,258,109
Property Tax Service Agency	3,004,355	3,004,355	2,546,737	457,618	3,713,053
Tax advertising	294,350	308,232	244,806	63,426	209,472
Refunds of real property taxes	900,000	900,000	260,030	639,970	312,790
County Clerk	6,792,492	6,792,492	6,390,910	401,582	6,165,388
Department of Law	5,045,635	5,045,635	4,857,713	187,922	4,577,104
Department of Personnel	2,859,270	2,859,270	2,686,261	172,989	2,609,321
Board of Elections	3,644,120	4,609,966	2,982,593	1,627,373	3,388,267
Board of Ethics	42,743	42,743	29,206	13,537	23,472
Public Information and Services	161,000	161,000	161,000	-	155,000
Public Works Administration	4,294,363	4,294,363	3,976,305	318,058	4,040,535
Central Services Administration	751,405	760,148	760,148	-	714,385
Buildings	10,300,376	10,300,377	9,840,485	459,892	9,785,071
Central printing and mailing	491,488	491,488	181,019	310,469	342,622
Central data processing	7,780,430	8,151,824	7,606,810	545,014	6,995,935
Risk management	1,129,675	1,129,675	1,026,645	103,030	1,031,403
Municipal association dues	69,000	69,536	69,536	-	68,281
Judgments and claims	95,000	95,000	-	95,000	-
Taxes and assessments - County property	500,021	500,021	439,033	60,988	463,785
Distribution of sales taxes to municipalities	70,022,175	73,781,985	73,781,985	-	70,178,985
Metropolitan commuter transportation mobility tax	525,000	525,000	522,735	2,265	512,398
Contingent fund	1,000,000	193,334	-	193,334	-
Total General Government Support	145,541,435	150,410,759	143,540,342	6,870,417	139,628,867

EDUCATION								
Community Colleges - Non-resident tuition	6,534,121	6,534,121	6,282,005	252,116	6,108,426			
Community College	17,959,169	17,959,169	17,959,169	-	17,959,169			
Education of handicapped children	30,002,302	31,845,536	31,845,535	1	30,129,855			
Total Education	54,495,592	56,338,826	56,086,709	252,117	54,197,450			
PUBLIC SAFETY								
Emergency Services	10,647,289	10,935,257	9,526,003	1,409,254	9,082,372			
Sheriff	20,238,329	21,898,059	19,996,477	1,901,582	19,044,635			
Probation	10,049,718	10,445,522	9,480,713	964,809	9,039,924			
Jail	51,915,776	51,915,776	49,543,360	2,372,416	47,847,732			
Special traffic - Stop - DWI	725,563	725,563	594,025	131,538	577,802			
Fire protection	913,199	913,199	845,189	68,010	747,652			
Civil defense	869,428	3,430,413	1,096,707	2,333,706	1,890,587			
Total Public Safety	95,359,302	100,263,789	91,082,474	9,181,315	88,230,704			
HEALTH								
Public health	12,260,932	20,056,281	14,235,827	5,820,454	14,901,959			
Handicapped children	7,798	4,266	638	3,628	4,016			
Early Intervention Program	8,250,826	8,774,001	8,766,227	7,774	7,662,890			
W.I.C.	1,220,988	2,863,759	1,233,766	1,629,993	1,183,260			
Mental health program	11,818,635	12,354,754	10,775,383	1,579,371	9,853,201			
Contracted mental health services	17,692,425	17,981,869	17,041,593	940,276	16,183,695			
Total Health	51,251,604	62,034,930	52,053,434	9,981,496	49,789,021			
TRANSPORTATION								
MTA transportation payment	147,000	147,000	146,260	740	146,260			
Railroad station maintenance	499,000	501,990	501,990	-	490,210			
Total Transportation	646,000	648,990	648,250	740	636,470			

(Continued)

County of Orange, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget (Continued)

Year Ended December 31, 2017

(With Comparative Actuals for 2016)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2016 Actual
ECONOMIC OPPORTUNITY AND DEVELOPMENT					
Social services - Administration	\$ 55,074,385	\$ 55,117,278	\$ 52,668,840	\$ 2,448,438	\$ 51,167,108
Day care	6,388,532	5,614,132	5,611,630	2,502	6,400,316
Services for recipients	14,184,558	12,843,975	12,843,975	-	12,143,039
Medical assistance	233,107	233,107	55,822	177,285	66,430
Medical assistance - MMIS	72,797,871	78,424,761	78,424,761	-	82,902,547
Special needs program	16,939	16,939	12,835	4,104	9,905
Aid to dependent children	21,652,791	19,679,036	19,432,295	246,741	19,425,373
Child care	22,976,038	24,802,426	24,802,426	-	24,314,143
Juvenile delinquents	904,671	1,300,770	1,300,770	-	514,605
State training school	2,053,804	2,053,804	1,530,219	523,585	1,345,151
Safety net	16,510,756	15,001,989	14,993,392	8,597	15,166,166
Home energy assistance program	550,000	550,000	56,001	493,999	149,758
Emergency aid to adults	237,311	267,641	267,641	-	188,500
Tourism and public information	1,302,457	1,302,457	1,171,946	130,511	1,050,006
Promotion of industry	242,057	242,057	223,433	18,624	221,290
Veteran's services	1,018,306	1,004,869	873,916	130,953	887,793
Consumer affairs	836,860	836,861	785,652	51,209	671,154
Aging	6,703,700	6,620,464	6,234,497	385,967	5,894,028
Total Economic Opportunity and Development	223,684,143	225,912,566	221,290,051	4,622,515	222,517,312
CULTURE AND RECREATION					
Council for the arts	189,400	189,400	89,000	100,400	49,994
Parks	4,246,647	4,246,647	4,166,129	80,518	4,016,223
Special recreational facilities	1,885,332	1,885,332	1,878,809	6,523	1,766,276
Youth bureau	1,307,296	1,342,335	1,235,487	106,848	1,199,785
Historian	184,836	185,896	150,236	35,660	123,186
Total Culture and Recreation	7,813,511	7,849,610	7,519,661	329,949	7,155,464

HOME AND COMMUNITY SERVICES						
Planning	7,788,696	47,390,233	14,285,022	33,105,211	11,832,372	
Human rights	165,132	165,132	131,442	33,690	22,659	
Sanitation	1,071,552	1,071,552	977,780	93,772	994,493	
Water Authority	2	339,509	162,000	177,509	256,000	
Conservation programs	1,811,580	1,811,580	1,801,335	10,245	1,711,886	
Cemetery	89,352	107,789	107,552	237	101,223	
	<u>10,926,314</u>	<u>50,885,795</u>	<u>17,465,131</u>	<u>33,420,664</u>	<u>14,918,633</u>	
Total Home and Community Services						
EMPLOYEE BENEFITS						
Unemployment and retirement benefits	1,840,266	1,840,266	868,636	971,630	(1,846,518)	
Workers' compensation benefits	-	-	(31,803)	31,803	39,368	
	<u>1,840,266</u>	<u>1,840,266</u>	<u>836,833</u>	<u>1,003,433</u>	<u>(1,807,150)</u>	
Total Employee Benefits						
TOTAL EXPENDITURES	<u>591,558,167</u>	<u>656,185,531</u>	<u>590,522,885</u>	<u>65,662,646</u>	<u>575,266,771</u>	
OTHER FINANCING USES						
Transfers out	-	130,220	130,220	-	-	
Capital Projects Fund	1,221,183	1,309,519	1,309,514	5	1,491,957	
Debt Service Fund						
	<u>1,221,183</u>	<u>1,439,739</u>	<u>1,439,734</u>	<u>5</u>	<u>1,491,957</u>	
TOTAL OTHER FINANCING USES						
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 592,779,350</u>	<u>\$ 657,625,270</u>	<u>\$ 591,962,619</u>	<u>\$ 65,662,651</u>	<u>\$ 576,758,728</u>	

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

County Road Fund - The County Road Fund was established pursuant to New York State Highway Law and is used to account for the maintenance and repair of County roads and bridges and snow removal costs.

Road Machinery Fund - The Road Machinery Fund is used to account for the purchase, repair and maintenance of highway machinery, tools and equipment and for the purchase, construction and maintenance of buildings for the storage and repair of highway machinery and equipment.

Sewer District Fund - The Sewer District Fund is used to account for the operations and maintenance of the County's sewer facilities.

Airport Fund - The Airport Fund is used to account for the operations of Montgomery Airport, which is owned and operated by the County.

Sanitary Landfill Fund - The Sanitary Landfill Fund is used to account for County-owned sanitary landfill operations.

Off-Street Parking Fund - The Off-Street Parking Fund is used to account for revenues derived from off-street parking facilities.

Workforce Investment Act Fund - The Workforce Investment Act Fund is used to account for projects financed by entitlements from the U.S. Department of Labor.

Small Watershed Protection Fund - The Small Watershed Protection Fund is used to account for operations of the drain and watershed project.

Debt Service Fund

The Debt Service Fund is provided to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest and for financial resources that are being accumulated for principal and interest maturing in future years.

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County of Orange, New York

Community Development Fund
Comparative Balance Sheet
December 31,

	2017	2016
ASSETS		
Cash and equivalents	\$ -	\$ 2,536
Receivables		
Accounts	1,977,543	575,489
Loans, net	17,230,073	17,357,007
	<u>19,207,616</u>	<u>17,932,496</u>
Prepaid expenditures	23,000	22,191
Total Assets	<u>\$ 19,230,616</u>	<u>\$ 17,957,223</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 838,367	\$ 387,902
Accrued liabilities	17,252	32,588
Due to other funds	1,066,072	100,874
Unearned revenues	17,308,925	17,435,859
Total Liabilities	<u>19,230,616</u>	<u>17,957,223</u>
Fund balance (deficit)		
Nonspendable	23,000	22,191
Unassigned	(23,000)	(22,191)
Total Fund Balance	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 19,230,616</u>	<u>\$ 17,957,223</u>

See independent auditors' report.

County of Orange, New York

Community Development Fund
Comparative Statement of Revenues, Expenditures and Changes
in Fund Balance
Years Ended December 31,

	<u>2017</u>	<u>2016</u>
REVENUES		
Departmental income	\$ 225,094	\$ 140,147
Use of money and property	149	71
Sale of property and compensation for loss	541	860
Federal aid	4,680,944	1,998,444
Miscellaneous	<u>45,000</u>	<u>-</u>
 Total Revenues	 4,951,728	 2,139,522
 EXPENDITURES		
Current		
Home and community services	<u>4,951,728</u>	<u>2,139,522</u>
 Net Change in Fund Balance	 -	 -
 FUND BALANCE		
Beginning of Year	<u>-</u>	<u>-</u>
 End of Year	 <u>\$ -</u>	 <u>\$ -</u>

See independent auditors' report.

County of Orange, New York

Capital Projects Fund
Comparative Balance Sheet
December 31,

	<u>2017</u>	<u>2016</u>
ASSETS		
Receivables		
State and Federal aid	\$ 6,960,511	\$ 13,719,485
Due from other funds	<u>1,190,000</u>	<u>-</u>
Total Assets	<u>\$ 8,150,511</u>	<u>\$ 13,719,485</u>
LIABILITIES AND FUND DEFICIT		
Liabilities		
Accounts payable	\$ 5,271,291	\$ 14,545,892
Due to other funds	<u>10,103,909</u>	<u>11,850,277</u>
Total Liabilities	15,375,200	26,396,169
Fund deficit		
Unassigned	<u>(7,224,689)</u>	<u>(12,676,684)</u>
Total Liabilities and Fund Deficit	<u>\$ 8,150,511</u>	<u>\$ 13,719,485</u>

See independent auditors' report.

County of Orange, New York

**Capital Projects Fund
Comparative Statement of Revenues, Expenditures and Changes
in Fund Balance
Years Ended December 31,**

	<u>2017</u>	<u>2016</u>
REVENUES		
State aid	\$ 3,663,084	\$ 5,240,639
Federal aid	4,343,236	8,581,432
Miscellaneous	<u>785,000</u>	<u>760,000</u>
Total Revenues	8,791,320	14,582,071
EXPENDITURES		
Capital outlay	<u>63,930,688</u>	<u>60,970,810</u>
Deficiency of Revenues Over Expenditures	<u>(55,139,368)</u>	<u>(46,388,739)</u>
OTHER FINANCING SOURCES (USES)		
Bonds issued	59,306,566	56,132,845
Transfers in	1,320,220	640,821
Transfers out	<u>(35,423)</u>	<u>-</u>
Total Other Financing Sources	<u>60,591,363</u>	<u>56,773,666</u>
Net Change in Fund Balance	5,451,995	10,384,927
FUND DEFICIT		
Beginning of Year	<u>(12,676,684)</u>	<u>(23,061,611)</u>
End of Year	<u>\$ (7,224,689)</u>	<u>\$ (12,676,684)</u>

See independent auditors' report.

**CAPITAL PROJECTS
FUND**

This fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlay, including the acquisition or construction of major capital facilities and other capital assets, other than those financed by proprietary funds. Individual projects are budgeted and accounted for on a project basis. The individual projects are treated as subfunds within the Capital Projects Fund.

County of Orange, New York

Capital Projects Fund
 Project-Length Schedule
 Inception of Project Through December 31, 2017

Project	Authorization	Expenditures and Transfers	Unexpended
General Government Support			
2013 Reconstruction of Government Center	\$ 74,000,000	\$ 67,655,595	\$ 6,344,405
Government Center FFE	7,000,000	3,465,940	3,534,060
County Clerk Computer Equipment	3,225,401	2,544,373	681,028
Contaminated Soil Mitigation	450,000	437,198	12,802
Tax Map - G.I. System	250,000	243,534	6,466
Tax Map GIS System	233,980	-	233,980
Real Property Tax Computer Equipment	100,000	41,159	58,841
Tax Collection Software	350,000	207,610	142,390
2011 New CAD System	3,056,000	2,422,356	633,644
2012 Reconstruction Various Buildings	11,906,900	11,562,033	344,867
2012 Cromline Pump Repair	90,000	90,000	-
2003 Various Roof Repair	923,400	748,000	175,400
Purchase Buildings - Newburgh	2,500,000	-	2,500,000
Improve Various Buildings	400,000	303,108	96,892
2013 Aging Senior Dining Center	3,500,000	3,279,729	220,271
County Wide Petroleum Bulk Storage	670,000	664,146	5,854
2014 Contaminated Soil Removal	325,000	200,000	125,000
2016 Contaminated Soil Removal	129,026	154,393	(25,367)
2017 Contaminated Soil Removal	100,000	5,463	94,537
2014 Building Equipment Replacement	200,000	214,649	(14,649)
2016 Building Equipment Replacement	100,000	100,000	-
2017 Building Equipment Replacement	100,000	55,264	44,736
2014 Reconstruction Garage Floor	850,000	151,178	698,822
2014 New Information Technology Office	500,000	442,018	57,982
Improvements to Former Psychiatric Center	413,270	202,277	210,993
Furniture, Fixtures and Equipment for Board of Education and Information Technology	300,000	241,856	58,144
Renovation Middletown Community Campus	5,300,000	5,247,192	52,808
2015 Replace Cooling Tower	450,000	412,540	37,460
Orange County Open Space Fund	1,500,000	770,021	729,979
2016 Building Improvements	100,000	97,470	2,530
2017 Building Improvements	350,000	67,866	282,134
2016 Preservation Studies	25,000	-	25,000
2017 Document Preservation	125,000	-	125,000
Asbestos / Lead Removal	330,000	296,016	33,984
RPTS Computer Equipment	125,000	47,757	77,243
BOE Voting Machines	729,363	595,656	133,707
2007 Purchase Camp LaGuardia	9,500,000	9,259,613	240,387
2007 Technology Plan Update	2,166,750	2,166,750	-
2007 Paving Various Lots	300,000	274,996	25,004
Goshen Garage Lighting	75,000	75,000	-
Department of Social Services Homeless Housing	2,660,000	-	2,660,000
2008 Information Technology Update	2,267,700	2,105,000	162,700
Upper Delaware Scenic Byway	668,142	328,649	339,493
Energy Efficiency Grant	5,571,528	5,571,528	-
Quarry Road - Asbestos	846,000	768,385	77,615
Handicap Access	884,000	432,621	451,379
County Court	37,134,000	36,277,056	856,944
2013 Reconstruction Various Roofs	187,820	187,820	-
2015 Roof Repairs	50,000	50,000	-
2015 CCN Building Management System	400,000	248,629	151,371
2011 Government Center Move	8,400,000	3,482,297	4,917,703
2011 Storm Damage	11,005,752	7,116,184	3,889,568
2012 Information Technology Upgrades	1,700,000	1,700,000	-
2014 Information Technology Upgrades	1,700,000	1,700,000	-
2015 Technology Upgrades	1,600,000	1,600,000	-
2016 IT Upgrades	2,300,000	1,861,998	438,002
2017 IT Upgrades	2,870,500	753,374	2,117,126
Veterans Cemetery Improvements	750,000	294,599	455,401
2011 Tax Collection Hardware	100,000	7,000	93,000
	<u>213,844,532</u>	<u>179,227,896</u>	<u>34,616,636</u>

Revenues and Other Financing Sources	Fund Balance (Deficit) at December 31, 2017
\$ 71,860,873	\$ 4,205,278
288,152	(3,177,788)
2,515,224	(29,149)
437,198	-
243,534	-
130,220	130,220
40,935	(224)
207,610	-
2,408,881	(13,475)
11,558,452	(3,581)
90,000	-
921,263	173,263
-	-
366,474	63,366
3,279,729	-
652,422	(11,724)
200,000	-
129,026	(25,367)
-	(5,463)
199,462	(15,187)
100,000	-
46,039	(9,225)
151,178	-
442,018	-
413,270	210,993
205,689	(36,167)
5,247,192	-
412,540	-
1,500,000	729,979
97,470	-
29,868	(37,998)
-	-
263,486	(32,530)
125,000	77,243
729,363	133,707
9,259,613	-
2,166,750	-
300,000	25,004
75,000	-
-	-
2,267,700	162,700
108,750	(219,899)
5,569,770	(1,758)
846,000	77,615
432,621	-
36,608,396	331,340
187,820	-
50,000	-
230,914	(17,715)
2,636,065	(846,232)
7,930,756	814,572
1,699,871	(129)
1,700,000	-
1,600,000	-
994,836	(867,162)
-	(753,374)
240,733	(53,866)
7,000	-
<u>180,205,163</u>	<u>977,267</u>

(Continued)

County of Orange, New York

Capital Projects Fund
 Project-Length Schedule (Continued)
 Inception of Project Through December 31, 2017

Project	Authorization	Expenditures and Transfers	Unexpended
Education			
Orange County Community College			
2017 Various Improvements	\$ 1,320,000	\$ -	\$ 1,320,000
Orange Hall Elevator and HVAC	550,000	549,540	460
Banner Administration Software	2,433,618	597,846	1,835,772
2006 Various Improvements	2,312,758	2,312,219	539
Newburgh Campus	86,809,000	86,059,902	749,098
2007 Various Improvements	1,202,360	1,155,036	47,324
Parking Deck	1,107,640	619,420	488,220
2008 Various Improvements	1,550,000	1,454,849	95,151
2009 Various Improvements	2,100,000	1,927,104	172,896
2010 Improvements Middletown Campus	1,600,000	1,506,417	93,583
Middletown Campus Lab School	58,750,000	50,044,095	8,705,905
2011 Various Improvements	1,550,000	761,205	788,795
2012 Various Improvements	1,210,000	1,109,961	100,039
2013 Various Improvements	1,280,000	1,250,078	29,922
2013 Purchase Newburgh Land and Building	3,500,000	3,027,948	472,052
2014 Various Improvements	1,380,000	1,125,819	254,181
2013 Purchase Newburgh Land	1,300,000	812,608	487,392
2016 Data Center	2,824,250	1,810,358	1,013,892
2015 Various Improvements	2,625,000	185,409	2,439,591
	<u>175,404,626</u>	<u>156,309,814</u>	<u>19,094,812</u>
Public Safety			
2017 Building Improvements	100,000	-	100,000
2017 Building Equipment	100,000	-	100,000
2015 Expand Parking Area	220,000	142,842	77,158
Emergency Services Records Management	2,000,000	1,750,188	249,812
County Jail Carpet	267,273	212,468	54,805
Firearm Range	150,000	68,358	81,642
Replacement of Jail Security Systems	800,000	607,929	192,071
Sheriff Replace Kitchen Floor	20,000	13,320	6,680
2013 Digital Video Recording And Image Storage Equipment	702,886	480,465	222,421
2015 Reconstruct County Jail	10,925	7,400	3,525
2015 New Recreation Areas	75,000	-	75,000
2015 Load Test Generators	95,000	-	95,000
2015 Food Heat Carts	80,000	79,941	59
Jail Security Cameras	500,000	-	500,000
2014 Constant Watch Unit	200,000	182,138	17,862
2014 Emergency Power Equipment	3,875,000	13,080	3,861,920
New Burn Building	2,580,000	1,831,071	748,929
Fire Training Center Improvements	2,858,106	2,858,148	(42)
2013 Public Safety Communications	29,348,689	15,812,332	13,536,357
2015 Controller and Recorder	1,500,000	1,264,521	235,479
2015 Telephone System Improvement	240,000	-	240,000
2017 Video Wall	632,500	286,052	346,448
	<u>46,355,379</u>	<u>25,610,253</u>	<u>20,745,126</u>
Transportation - Highway			
2009 Commuter Capital Support	20,928,194	20,928,192	2
Taylor Bridge	1,996,770	1,897,079	99,691
2012 Drainage Improvements	125,000	102,428	22,574
Rehabilitation Beaver Dam Lake	225,000	202,880	22,120
2011 Equipment for Commuter Parking Lots	316,000	316,000	-
2012 Non-Highway Paving	350,000	159,468	190,532
2012 Intersection Improvements	540,416	540,416	-
2015 Intersection Improvements	100,000	82,921	17,079
2017 Intersection Improvements	100,000	13,696	86,304
2012 Site Distance Improvement	150,000	-	150,000
2013 Culvert Replacement	400,000	400,000	-
Orange Farm Bridge #2	490,000	280,070	209,930
2013 Reconstruction County Roads	1,300,000	1,300,000	-
2015 Bridge Painting	150,000	3,748	146,252
2013 Bridge Rail Upgrades	100,000	92,748	7,252
2015 Bridge Rail Upgrades	50,000	-	50,000
Construct Howe Street Bridge	750,000	331,481	418,519

Revenues and Other Financing Sources	Fund Balance (Deficit) at December 31, 2017
\$ -	\$ -
549,770	230
2,425,435	1,827,589
2,312,219	-
83,022,855	(3,037,047)
1,155,036	-
619,420	-
1,519,316	64,467
1,652,507	(274,597)
1,266,702	(239,715)
48,808,987	(1,235,108)
700,998	(60,207)
1,001,832	(108,129)
842,115	(407,963)
3,027,948	-
948,460	(177,359)
808,024	(4,584)
1,644,120	(166,238)
65,463	(119,946)
<u>152,371,207</u>	<u>(3,938,607)</u>
-	-
-	-
142,842	-
1,741,542	(8,646)
267,273	54,805
108,644	40,286
490,720	(117,209)
20,000	6,680
702,886	222,421
7,400	-
-	-
-	-
79,941	-
-	-
152,253	(29,885)
13,080	-
1,830,837	(234)
2,858,106	(42)
10,226,604	(5,585,728)
1,240,896	(23,625)
-	-
-	(286,052)
<u>19,883,024</u>	<u>(5,727,229)</u>
20,928,192	-
1,918,860	21,781
101,508	(918)
202,880	-
316,000	-
50,995	(108,473)
540,416	-
82,921	-
-	(13,696)
-	-
400,000	-
251,907	(28,163)
1,300,000	-
2,238	(1,510)
92,195	(553)
-	-
295,557	(35,924)

(Continued)

County of Orange, New York

Capital Projects Fund
 Project-Length Schedule (Continued)
 Inception of Project Through December 31, 2017

Project	Authorization	Expenditures and Transfers	Unexpended
Transportation - Highway (Continued)			
2013 Improvements To Corwin Bridge	\$ 690,000	\$ 50,635	\$ 639,365
2013 Improvements To Stony Ford Bridge	1,740,000	1,645,801	94,199
2013 Cuddebackville Bridge	200,000	142,466	57,534
Forge Hill Bridge	3,729,733	3,710,382	19,351
Rutgers Glen Bridge	740,000	469,527	270,473
Building Equipment Replacement	400,000	398,924	1,076
2008 5 Para Transit Buses	1,268,000	958,176	309,824
2008 Operating Transit Assistance and 1 Bus	550,000	549,986	14
Warwick Bus Facility	3,301,413	2,859,760	441,653
County Road 106 Kanawauke Road	3,572,445	3,103,737	468,708
Pavement Overlay	3,088,000	2,242,446	845,554
Improve Various Bridges	130,000	34,722	95,278
Willow Avenue Bridge Replacement	855,000	760,983	94,017
Horan Bridge Replacement	730,000	373,449	356,551
2013 Rehabilitation Glenmere Lake Dam	3,300,000	2,933,030	366,970
2014 Reconstruction Various Roads	2,600,000	2,600,000	-
2016 Reconstruction Various Roads	1,300,000	1,298,778	1,222
2017 Reconstruction Various Roads	1,300,000	1,293,223	6,777
2014 Culvert Replacements	600,000	599,918	82
2015 FEMA Fleet Replacement	2,132,301	2,131,284	1,017
2014 Bridge Improvements	250,000	241,105	8,895
2016 Bridge Improvements	500,000	162,028	337,972
2017 Bridge Improvements	500,000	-	500,000
2015 Bridge Improvements	500,000	-	500,000
Denton Bridge	1,950,000	95,720	1,854,280
2014 Intersection Improvements	200,000	-	200,000
2014 Fleet Replacements	500,000	499,022	978
2015 Design Various Dams	50,000	37,203	12,797
2015 Dwaarkill Bridge	40,000	40,000	-
Drainage Improvement	660,000	660,000	-
Drainage Improvement 2017	200,000	198,080	1,920
Site Distance Improvement	1,225,000	1,154,372	70,628
Maple Glen Bridge	750,000	41,739	708,261
Gardnerville Bridge	125,000	240	124,760
Camp Maples Bridge	2,171,000	1,484,644	686,356
Fleet Replacement	561,101	497,933	63,168
Fleet Replacement	1,000,645	287,195	713,450
Replace Crystal Run Bridge	6,952,388	6,547,116	405,272
Orange Spring Bridge	50,000	5,887	44,113
Logtown Road Bridge	50,000	5,643	44,357
Buses, Shelters, and Signs	2,983,910	2,894,881	89,029
Replacement Dial-a-bus and Operating Assistance	128,758	-	128,758
Fleet Replacement	1,790,380	-	1,790,380
Replace Grove Drive Bridge	4,332,825	856,589	3,476,236
Long Range Transportation Plan	2,750,000	2,479,682	270,318
Replace Ford Bridge	760,000	598,110	161,890
Railway Acquisition	426,000	377,866	48,134
2013 New Transit Vehicles	8,724,895	957,195	7,767,700
2014 Two Replacement Buses	140,000	61,892	78,108
Six Year Reconstruction County Roads	2,127,816	2,065,287	62,529
Newburgh Area Local Transit Service Expansions	821,562	1,148	820,414
Reconstruction Laroe Road	6,710,000	6,660,887	49,113
Otisville Viaduct	100,000	3,340	96,660
CR105 and NYS 208 Study	750,000	474,890	275,110
Replace South Street Bridge	871,983	648,934	223,049
Railroad Avenue Transit Facility	136,758	135,000	1,758
Bus Equipment	766,078	65,515	700,563
	<u>112,854,371</u>	<u>85,047,495</u>	<u>27,806,876</u>

Revenues and Other Financing Sources	Fund Balance (Deficit) at December 31, 2017
\$ 40,000	\$ (10,635)
431,365	(1,214,436)
142,466	-
2,897,459	(812,923)
159,296	(310,231)
398,924	-
958,176	-
549,986	-
2,700,208	(159,552)
3,572,445	468,708
2,127,640	(114,806)
34,722	-
854,878	93,695
373,449	-
2,739,325	(193,705)
2,600,000	-
1,265,021	(33,757)
201,926	(1,091,297)
599,918	-
2,131,284	-
172,087	(69,018)
42,079	(119,949)
-	-
-	-
32,379	(63,341)
-	-
499,022	-
37,101	(102)
39,321	(679)
660,000	-
54,709	(143,371)
1,142,263	(12,109)
24,368	(17,371)
-	(240)
1,453,702	(30,942)
561,101	63,168
214,550	(72,645)
6,399,581	(147,536)
-	(5,887)
-	(5,643)
2,847,248	(47,633)
-	-
-	-
472,856	(383,733)
2,500,615	20,933
596,180	(1,930)
377,866	-
888,426	(68,769)
-	(61,892)
2,127,816	62,529
-	(1,148)
6,662,436	1,549
-	(3,340)
379,588	(95,302)
871,983	223,049
136,758	1,758
562,450	496,935
<u>81,018,442</u>	<u>(4,029,053)</u>

(Continued)

County of Orange, New York

Capital Projects Fund
 Project-Length Schedule (Continued)
 Inception of Project Through December 31, 2017

Project	Authorization	Expenditures and Transfers	Unexpended
Transportation - Airport			
2012 Various Airport Repairs	\$ 160,000	\$ 137,203	\$ 22,797
2013 Equipment Replacement	105,000	104,702	298
2014 Ground Service Equipment	138,000	111,344	26,656
2014 Wildlife Hazard Management Plan	87,005	69,289	17,716
2015 Taxiway Marking	16,720	-	16,720
2015 Aviation Fuel Tanks	240,000	225,679	14,321
2017 Bulk Hanger	980,000	-	980,000
2017 Snow Removal Equipment	369,400	-	369,400
Airport Building and Maintenance	50,000	-	50,000
Obstruction Study	72,230	69,738	2,492
T-Hangar 11	16,000	14,697	1,303
Airport Water and Sewer	788,889	56,913	731,976
2008 Airport Land Acquisition	2,500,000	1,843,042	656,958
2009 Airport Security Fence	725,000	724,124	876
Airport Runway 3/21 Realignment	31,900,000	13,698,625	18,201,375
	<u>38,148,244</u>	<u>17,055,356</u>	<u>21,092,888</u>
Recreation			
2013 Improve Various Park Owned Buildings	297,427	297,427	-
2014 Various Park Equipment	100,000	100,000	-
2014 Paving at Various Parks	150,000	149,858	142
2012 Heritage Trail Improvements	7,913,000	560,807	7,352,193
2017 Heritage Trail MNR-HARR	375,000	172,311	202,689
Ottaway Arboretum	285,000	285,000	20,000
2013 Improve Hill Hold	150,000	11,423	138,577
2013 Improvements To Plum Point	50,000	20,785	29,215
2014 Sally's Dream	275,000	235,591	39,409
2015 Parks Department Paving	322,605	322,605	-
2015 Parks Equipment	100,000	100,000	-
2016 Parks Equipment	150,000	149,165	835
2015 TBMP Water System	465,000	-	465,000
Heritage Trail Paving	125,000	38,229	86,771
Glenmere Lake Remediation	544,973	500,000	44,973
Renovate Picnic Shelters	100,000	100,000	-
2007 Hickory Hill Various Buildings	190,000	127,418	62,582
Improvement Heritage Trail	200,000	100,176	99,824
Improvement Hickory Hill Irrigation	150,000	149,809	191
Improvements to Blackburne Park	150,000	10,016	139,984
2011 Recreational Improvements Thomas Bull Park	136,090	136,090	-
	<u>12,229,095</u>	<u>3,546,710</u>	<u>8,682,385</u>
Sewer			
Sewer Equipment	55,000	-	55,000
Inflow and Infiltration Reduction	6,200,000	2,308,171	3,891,829
Plan Improvement Harriman Plant	26,000,000	24,307,504	1,692,496
2013 Fleet Replacement	300,000	295,333	4,667
2015 Equipment Replacement	575,020	272,017	303,003
Design Meter System	500,000	16,000	484,000
Improve Recycle Station	1,100,000	101,132	998,868
Sewer Plant Enhancements	3,840,000	3,423,642	416,358
2012 Harriman Waste Water Treatment Facility	925,000	425,389	499,611
2009 Sewer Equipment Replacement	2,465,000	240,015	2,224,985
Sewer Main Extension	500,000	-	500,000
2017 Sewer Fleet and Equipment	690,000	-	690,000
	<u>43,151,020</u>	<u>31,389,203</u>	<u>11,761,817</u>
Sanitation			
Improve Recycling Transfer Program	1,100,000	998,869	101,131
2 Roll-off Trucks	242,073	242,073	-
Beaver Dam Lake Maintenance	100,000	54,422	45,578
Beaver Dam Lake	3,700,000	106,379	3,593,621
Beaver Dam Lake Invasive Species	100,000	-	100,000
Landfill Closure	17,744,959	16,506,128	1,238,831
Construction Leachate	500,000	500,000	-

Revenues and Other Financing Sources	Fund Balance (Deficit) at December 31, 2017
\$ 137,203	\$ -
104,702	-
114,009	2,665
68,246	(1,043)
-	-
223,434	(2,245)
-	-
-	-
44,070	(25,668)
16,000	1,303
130,111	73,198
1,859,466	16,424
725,000	876
<u>12,001,970</u>	<u>(1,696,655)</u>
<u>15,424,211</u>	<u>(1,631,145)</u>
297,427	-
100,000	-
149,858	-
498,505	(62,302)
-	(172,311)
278,871	13,871
11,423	-
20,785	-
234,614	(977)
322,605	-
100,000	-
149,165	-
-	-
125,000	86,771
544,973	44,973
100,000	-
127,424	6
34,969	(65,207)
150,000	191
10,016	-
136,090	-
<u>3,391,725</u>	<u>(154,985)</u>
56,000	56,000
2,317,857	9,686
25,392,688	1,085,184
300,000	4,667
575,020	303,003
500,000	484,000
-	(101,132)
3,840,000	416,358
925,000	499,611
2,465,000	2,224,985
500,000	500,000
<u>690,000</u>	<u>690,000</u>
<u>37,561,565</u>	<u>6,172,362</u>
1,100,000	101,131
242,073	-
100,000	45,578
-	(106,379)
-	-
17,744,959	1,238,831
500,000	-

(Continued)

County of Orange, New York

Capital Projects Fund
 Project-Length Schedule (Continued)
 Inception of Project Through December 31, 2017

Project	Authorization	Expenditures and Transfers	Unexpended
2010 Landfill Various Vehicles	\$ 382,000	\$ 375,645	\$ 6,355
Reconstruct Newburgh Transfer Station	200,000	198,496	1,504
2013 Expand Newburgh Transfer Station	8,000,000	1,628,906	6,371,094
Landfill Gas Collection System	250,000	126,089	123,911
2013 Relocation at Transfer Station #1	100,000	74,471	25,529
2013 Equipment Replacement at Transfer Station #1	262,000	118,639	143,361
2014 Equipment Replacement for Transfer Stations	109,700	69,275	40,425
2015 Landfill Equipment	488,500	480,152	8,348
2006 New Hampton Fleet Replace	999,813	796,472	203,341
Construct Transfer Station	5,590,000	5,572,981	17,019
Leachate Treatment Plant	600,000	309,178	290,822
2008 Landfill Various Vehicles	601,849	576,123	25,726
2009 Landfill Various Vehicles	761,266	759,331	1,935
2012 Landfill Various Vehicles	146,535	131,991	14,544
2015 Cheechunck Canal	1,400,000	46,326	1,353,674
Fleet Equipment Replacement	424,000	176,320	247,680
2017 Fleet Equipment Replacement	123,500	-	123,500
Composting Facility	627,142	14,000	613,142
Landfill Improvements / Repairs	116,000	-	116,000
Retrofit Design	50,000	-	50,000
	<u>44,719,337</u>	<u>29,862,266</u>	<u>14,857,071</u>
Totals	<u>\$ 686,706,604</u>	<u>\$ 528,048,993</u>	<u>\$ 158,657,611</u>

See independent auditors' report.

Revenues and Other Financing Sources	Fund Balance (Deficit) at December 31, 2017
\$ 311,192	\$ (64,453)
200,000	1,504
1,470,819	(158,087)
126,089	-
74,471	-
115,454	(3,185)
76,946	7,671
480,152	-
999,813	203,341
5,572,981	-
285,994	(23,184)
601,849	25,726
732,712	(26,619)
146,535	14,544
46,326	-
26,917	(149,403)
-	-
13,685	(315)
-	-
-	-
30,968,967	1,106,701
\$ 520,824,304	\$ (7,224,689)

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County of Orange, New York

Combining Balance Sheet
 Non-Major Governmental Funds
 December 31, 2017
 (With Comparative Actuals for 2016)

	Special Revenue	Debt Service	Total Non-Major Governmental Funds	
			2017	2016
ASSETS				
Cash and equivalents	\$ 11,188,191	\$ 11,335,956	\$ 22,524,147	\$ 23,346,892
Receivables				
Accounts	3,211,330	100,000	3,311,330	3,164,310
Sewer rents, net	1,197,243	-	1,197,243	1,198,231
State and Federal aid	3,287,481	-	3,287,481	3,406,256
	<u>7,696,054</u>	<u>100,000</u>	<u>7,796,054</u>	<u>7,768,797</u>
Prepaid expenditures	185,740	-	185,740	184,028
Total Assets	<u>\$ 19,069,985</u>	<u>\$ 11,435,956</u>	<u>\$ 30,505,941</u>	<u>\$ 31,299,717</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 2,642,239	\$ 102,003	\$ 2,744,242	\$ 1,801,377
Accrued liabilities	255,651	-	255,651	247,561
Due to other funds	2,201,768	-	2,201,768	1,593,432
Unearned revenues	45,410	-	45,410	58,169
Total Liabilities	<u>5,145,068</u>	<u>102,003</u>	<u>5,247,071</u>	<u>3,700,539</u>
Fund balances (deficits)				
Nonspendable	2,586,071	-	2,586,071	2,177,235
Restricted	374,198	2,233,953	2,608,151	9,694,915
Assigned	11,056,864	9,100,000	20,156,864	15,852,396
Unassigned	(92,216)	-	(92,216)	(125,368)
Total Fund Balances	<u>13,924,917</u>	<u>11,333,953</u>	<u>25,258,870</u>	<u>27,599,178</u>
Total Liabilities and Fund Balances	<u>\$ 19,069,985</u>	<u>\$ 11,435,956</u>	<u>\$ 30,505,941</u>	<u>\$ 31,299,717</u>

See independent auditors' report.

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County of Orange, New York

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances
 Non-Major Governmental Funds
 Year Ended December 31, 2017
 (With Comparative Actuals for 2016)

	Special Revenue	Debt Service	Total Non-Major Governmental Funds	
			2017	2016
REVENUES				
Real property taxes	\$ 13,157,574	\$ 21,321,251	\$ 34,478,825	\$ 35,656,728
Departmental income	20,143,754	-	20,143,754	19,775,205
Intergovernmental charges	2,556,098	100,000	2,656,098	2,908,672
Use of money and property	118,259	116,708	234,967	139,471
Licenses and permits	55,540	-	55,540	15,792
Sale of property and compensation for loss	374,849	-	374,849	522,923
Interfund revenues	5,390,893	-	5,390,893	5,078,137
State aid	5,706,211	-	5,706,211	5,443,977
Federal aid	3,071,121	-	3,071,121	2,834,998
Miscellaneous	41,825	-	41,825	11,123
Total Revenues	50,616,124	21,537,959	72,154,083	72,387,026
EXPENDITURES				
Current				
General government support	-	213,418	213,418	169,055
Transportation	17,000,095	-	17,000,095	16,080,008
Economic opportunity and development	6,384,744	-	6,384,744	5,892,789
Home and community services	20,083,576	-	20,083,576	18,262,337
Debt service				
Principal	-	23,253,090	23,253,090	22,590,177
Interest	-	9,445,623	9,445,623	8,639,689
Refunding bond issuance costs	-	104,285	104,285	167,902
Total Expenditures	43,468,415	33,016,416	76,484,831	71,801,957
Excess (Deficiency) of Revenues Over Expenditures	7,147,709	(11,478,457)	(4,330,748)	585,069
OTHER FINANCING SOURCES (USES)				
Refunding bonds issued	-	11,818,437	11,818,437	26,553,034
Issuance premiums	-	3,112,735	3,112,735	9,113,195
Payment to refunded bond escrow agent	-	(13,060,246)	(13,060,246)	(30,881,439)
Transfers in	-	6,820,514	6,820,514	6,880,282
Transfers out	(6,701,000)	-	(6,701,000)	(6,052,813)
Total Other Financing Sources (Uses)	(6,701,000)	8,691,440	1,990,440	5,612,259
Net Change in Fund Balances	446,709	(2,787,017)	(2,340,308)	6,197,328
FUND BALANCES				
Beginning of Year	13,478,208	14,120,970	27,599,178	21,401,850
End of Year	\$ 13,924,917	\$ 11,333,953	\$ 25,258,870	\$ 27,599,178

County of Orange, New York

Combining Balance Sheet
 Non-Major Special Revenue Funds
 December 31,

	County Road	Road Machinery	Sewer District	Airport
ASSETS				
Cash and equivalents	\$ 3,024,038	\$ 329,517	\$ 4,017,450	\$ 555,907
Receivables		-		
Accounts	1,472	-	2,267,248	100,539
Sewer rents, net	-	-	1,197,243	-
State and Federal aid	1,570,941	-	-	-
	1,572,413	-	3,464,491	100,539
Prepaid expenditures	-	34,829	44,560	13,559
Total Assets	<u>\$ 4,596,451</u>	<u>\$ 364,346</u>	<u>\$ 7,526,501</u>	<u>\$ 670,005</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 49,221	\$ 101,912	\$ 464,133	\$ 60,690
Accrued liabilities	-	43,365	68,786	18,573
Due to other funds	-	200,558	1,309,669	37,833
Unearned revenues	-	-	22,140	23,270
Total Liabilities	49,221	345,835	1,864,728	140,366
Fund balances (deficits)				
Nonspendable	-	34,829	2,013,761	58,579
Restricted	172,744	-	-	-
Assigned	4,374,486	32,582	3,648,012	471,060
Unassigned	-	(48,900)	-	-
Total Fund Balances	4,547,230	18,511	5,661,773	529,639
Total Liabilities and Fund Balances	<u>\$ 4,596,451</u>	<u>\$ 364,346</u>	<u>\$ 7,526,501</u>	<u>\$ 670,005</u>

See independent auditors' report.

Sanitary Landfill	Off-Street Parking	Workforce Investment Act	Small Watershed Protection Fund	Totals	
				2017	2016
\$ 1,848,594	\$ 87,896	\$ -	\$ 1,324,789	\$ 11,188,191	\$ 9,355,432
842,071	-	-	-	3,211,330	3,034,800
-	-	-	-	1,197,243	1,198,231
329,506	-	1,387,034	-	3,287,481	3,406,256
1,171,577	-	1,387,034	-	7,696,054	7,639,287
54,795	-	37,551	446	185,740	184,028
<u>\$ 3,074,966</u>	<u>\$ 87,896</u>	<u>\$ 1,424,585</u>	<u>\$ 1,325,235</u>	<u>\$ 19,069,985</u>	<u>\$ 17,178,747</u>
\$ 1,076,170	\$ -	\$ 835,965	\$ 54,148	\$ 2,642,239	\$ 1,801,377
66,628	-	58,299	-	255,651	247,561
123,387	-	530,321	-	2,201,768	1,593,432
-	-	-	-	45,410	58,169
1,266,185	-	1,424,585	54,148	5,145,068	3,700,539
440,905	-	37,551	446	2,586,071	2,177,235
37,771	93,661	-	70,022	374,198	373,945
1,330,105	-	-	1,200,619	11,056,864	11,052,396
-	(5,765)	(37,551)	-	(92,216)	(125,368)
1,808,781	87,896	-	1,271,087	13,924,917	13,478,208
<u>\$ 3,074,966</u>	<u>\$ 87,896</u>	<u>\$ 1,424,585</u>	<u>\$ 1,325,235</u>	<u>\$ 19,069,985</u>	<u>\$ 17,178,747</u>

County of Orange, New York

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances
 Non-Major Special Revenue Funds
 Years Ended December 31,

	County Road	Road Machinery	Sewer District	Airport
REVENUES				
Real property taxes	\$ 11,167,029	\$ 404,907	\$ -	\$ 155,349
Departmental income	56,860	-	6,935,599	1,267,780
Intergovernmental charges	-	-	2,537,642	-
Use of money and property	43,975	1,729	30,659	3,433
Licenses and permits	-	-	46,125	-
Sale of property and compensation for loss	12,060	54,705	2,061	-
Interfund revenues	61,675	2,102,623	-	5,934
State aid	5,645,889	-	-	-
Federal aid	(14,659)	-	-	-
Miscellaneous	1,500	928	28,925	-
Total Revenues	<u>16,974,329</u>	<u>2,564,892</u>	<u>9,581,011</u>	<u>1,432,496</u>
EXPENDITURES				
Current				
Transportation	13,292,227	2,514,569	-	1,193,299
Economic opportunity and development	-	-	-	-
Home and community services	-	-	7,254,989	-
Total Expenditures	<u>13,292,227</u>	<u>2,514,569</u>	<u>7,254,989</u>	<u>1,193,299</u>
Excess of Revenues Over Expenditures	3,682,102	50,323	2,326,022	239,197
OTHER FINANCING USES				
Transfers out	(3,162,427)	-	(2,451,134)	(141,660)
Net Change in Fund Balances	519,675	50,323	(125,112)	97,537
FUND BALANCES (DEFICITS)				
Beginning of Year	<u>4,027,555</u>	<u>(31,812)</u>	<u>5,786,885</u>	<u>432,102</u>
End of Year	<u>\$ 4,547,230</u>	<u>\$ 18,511</u>	<u>\$ 5,661,773</u>	<u>\$ 529,639</u>

See independent auditors' report.

Sanitary Landfill	Off-Street Parking	Workforce Investment Act	Small Watershed Protection Fund	Totals	
				2017	2016
\$ 1,318,796	\$ -	\$ 99,493	\$ 12,000	\$ 13,157,574	\$ 11,655,688
11,324,297	-	-	559,218	20,143,754	19,775,205
-	-	-	18,456	2,556,098	2,808,672
31,431	-	-	7,032	118,259	70,208
9,415	-	-	-	55,540	15,792
306,023	-	-	-	374,849	522,923
-	-	3,220,661	-	5,390,893	5,078,137
60,322	-	-	-	5,706,211	5,443,977
31,662	-	3,054,118	-	3,071,121	2,834,998
-	-	10,472	-	41,825	11,123
<u>13,081,946</u>	<u>-</u>	<u>6,384,744</u>	<u>596,706</u>	<u>50,616,124</u>	<u>48,216,723</u>
-	-	-	-	17,000,095	16,080,008
-	-	6,384,744	-	6,384,744	5,892,789
<u>12,632,955</u>	<u>-</u>	<u>-</u>	<u>195,632</u>	<u>20,083,576</u>	<u>18,262,337</u>
<u>12,632,955</u>	<u>-</u>	<u>6,384,744</u>	<u>195,632</u>	<u>43,468,415</u>	<u>40,235,134</u>
448,991	-	-	401,074	7,147,709	7,981,589
<u>(927,590)</u>	<u>-</u>	<u>-</u>	<u>(18,189)</u>	<u>(6,701,000)</u>	<u>(6,052,813)</u>
<u>(478,599)</u>	<u>-</u>	<u>-</u>	<u>382,885</u>	<u>446,709</u>	<u>1,928,776</u>
<u>2,287,380</u>	<u>87,896</u>	<u>-</u>	<u>888,202</u>	<u>13,478,208</u>	<u>11,549,432</u>
<u>\$ 1,808,781</u>	<u>\$ 87,896</u>	<u>\$ -</u>	<u>\$ 1,271,087</u>	<u>\$ 13,924,917</u>	<u>\$ 13,478,208</u>

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County of Orange, New York

County Road Fund
Comparative Balance Sheet
December 31,

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and equivalents	\$ 3,024,038	\$ 2,794,079
Receivables		
Accounts	1,472	-
State and Federal aid	<u>1,570,941</u>	<u>1,452,687</u>
	<u>1,572,413</u>	<u>1,452,687</u>
Total Assets	<u>\$ 4,596,451</u>	<u>\$ 4,246,766</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	<u>\$ 49,221</u>	<u>\$ 219,211</u>
Fund balance		
Restricted	172,744	172,491
Assigned	<u>4,374,486</u>	<u>3,855,064</u>
Total Fund Balance	<u>4,547,230</u>	<u>4,027,555</u>
Total Liabilities and Fund Balance	<u>\$ 4,596,451</u>	<u>\$ 4,246,766</u>

See independent auditors' report.

County of Orange, New York

County Road Fund
 Comparative Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Years Ended December 31,

	2017			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 11,167,029	\$ 11,167,029	\$ 11,167,029	\$ -
Departmental income	60,000	60,000	56,860	(3,140)
Use of money and property	-	-	43,975	43,975
Sale of property and compensation for loss	2,500	2,500	12,060	9,560
Interfund revenues	25,500	25,500	61,675	36,175
State aid	4,099,788	4,132,288	5,645,889	1,513,601
Federal aid	-	-	(14,659)	(14,659)
Miscellaneous	3,000	3,000	1,500	(1,500)
Total Revenues	<u>15,357,817</u>	<u>15,390,317</u>	<u>16,974,329</u>	<u>1,584,012</u>
EXPENDITURES				
Current				
Transportation				
Engineering fees	156,844	156,844	130,009	26,835
Maintenance of roads and bridges	10,220,750	11,190,450	11,190,145	305
Snow removal	2,912,428	1,975,228	1,972,073	3,155
Total Expenditures	<u>13,290,022</u>	<u>13,322,522</u>	<u>13,292,227</u>	<u>30,295</u>
Excess of Revenues Over Expenditures	2,067,795	2,067,795	3,682,102	1,614,307
OTHER FINANCING USES				
Transfers out	(3,162,681)	(3,162,681)	(3,162,427)	254
Net Change in Fund Balance	<u>(1,094,886)</u>	<u>(1,094,886)</u>	<u>519,675</u>	<u>1,614,561</u>
FUND BALANCE				
Beginning of Year	1,094,886	1,094,886	4,027,555	2,932,669
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,547,230</u>	<u>\$ 4,547,230</u>

See independent auditors' report.

2016

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 9,929,063	\$ 9,929,063	\$ 9,929,063	\$ -
60,000	60,000	56,815	(3,185)
-	-	26,943	26,943
2,500	2,500	58,257	55,757
25,500	25,500	130,098	104,598
4,096,828	4,096,828	5,466,174	1,369,346
-	-	(13,571)	(13,571)
3,000	3,000	762	(2,238)
<u>14,116,891</u>	<u>14,116,891</u>	<u>15,654,541</u>	<u>1,537,650</u>
223,099	223,099	128,675	94,424
9,863,161	10,749,161	10,747,433	1,728
2,693,389	1,807,389	1,661,937	145,452
<u>12,779,649</u>	<u>12,779,649</u>	<u>12,538,045</u>	<u>241,604</u>
1,337,242	1,337,242	3,116,496	1,779,254
<u>(3,067,242)</u>	<u>(3,067,242)</u>	<u>(3,062,041)</u>	<u>5,201</u>
(1,730,000)	(1,730,000)	54,455	1,784,455
<u>1,730,000</u>	<u>1,730,000</u>	<u>3,973,100</u>	<u>2,243,100</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,027,555</u>	<u>\$ 4,027,555</u>

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County of Orange, New York

Road Machinery Fund
 Comparative Balance Sheet
 December 31,

	2017	2016
ASSETS		
Cash and equivalents	\$ 329,517	\$ 248,654
Prepaid expenditures	34,829	35,694
Total Assets	\$ 364,346	\$ 284,348
LIABILITIES AND FUND BALANCE (DEFICIT)		
Liabilities		
Accounts payable	\$ 101,912	\$ 81,135
Accrued liabilities	43,365	48,710
Due to other funds	200,558	186,315
Total Liabilities	345,835	316,160
Fund balance (deficit)		
Nonspendable	34,829	35,694
Assigned	32,582	12,756
Unassigned	(48,900)	(80,262)
Total Fund Balance (Deficit)	18,511	(31,812)
Total Liabilities and Fund Balance (Deficit)	\$ 364,346	\$ 284,348

See independent auditors' report.

County of Orange, New York

Road Machinery Fund
 Comparative Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Years Ended December 31,

	2017			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 404,907	\$ 404,907	\$ 404,907	\$ -
Use of money and property	-	-	1,729	1,729
Sale of property and compensation for loss	85,000	85,000	54,705	(30,295)
Interfund revenues	2,195,726	2,195,726	2,102,623	(93,103)
Miscellaneous	800	800	928	128
Total Revenues	2,686,433	2,686,433	2,564,892	(121,541)
EXPENDITURES				
Current				
Transportation				
Maintenance of roads and bridges	2,699,189	2,699,189	2,514,569	184,620
Excess (Deficiency) of Revenues Over Expenditures	(12,756)	(12,756)	50,323	63,079
FUND BALANCE (DEFICIT)				
Beginning of Year	12,756	12,756	(31,812)	(44,568)
End of Year	\$ -	\$ -	\$ 18,511	\$ 18,511

See independent auditors' report.

2016			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 436,784	\$ 436,784	\$ 436,784	\$ -
-	-	1,227	1,227
107,000	107,000	57,189	(49,811)
2,173,800	2,173,800	2,013,327	(160,473)
800	800	1,006	206
2,718,384	2,718,384	2,509,533	(208,851)
2,718,384	2,718,384	2,436,278	282,106
-	-	73,255	73,255
-	-	(105,067)	(105,067)
\$ -	\$ -	\$ (31,812)	\$ (31,812)

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County of Orange, New York

Sewer District Fund
Comparative Balance Sheet
December 31,

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and equivalents	\$ 4,017,450	\$ 2,875,810
Receivables		
Accounts	2,267,248	2,220,016
Sewer rents, net	<u>1,197,243</u>	<u>1,198,231</u>
	<u>3,464,491</u>	<u>3,418,247</u>
Prepaid expenditures	<u>44,560</u>	<u>42,897</u>
Total Assets	<u>\$ 7,526,501</u>	<u>\$ 6,336,954</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 464,133	\$ 320,779
Accrued liabilities	68,786	62,897
Due to other funds	1,309,669	134,249
Unearned revenues	<u>22,140</u>	<u>32,144</u>
Total Liabilities	<u>1,864,728</u>	<u>550,069</u>
Fund balance		
Nonspendable	2,013,761	1,739,156
Assigned	<u>3,648,012</u>	<u>4,047,729</u>
Total Fund Balance	<u>5,661,773</u>	<u>5,786,885</u>
Total Liabilities and Fund Balance	<u>\$ 7,526,501</u>	<u>\$ 6,336,954</u>

See independent auditors' report.

County of Orange, New York

Sewer District Fund
 Comparative Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Years Ended December 31,

	2017			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Departmental income	\$ 6,766,183	\$ 6,766,183	\$ 6,935,599	\$ 169,416
Intergovernmental charges	2,558,102	2,558,102	2,537,642	(20,460)
Use of money and property	-	-	30,659	30,659
Licenses and permits	25,000	25,000	46,125	21,125
Sale of property and compensation for loss	-	-	2,061	2,061
Miscellaneous	209,452	209,452	28,925	(180,527)
Total Revenues	9,558,737	9,558,737	9,581,011	22,274
EXPENDITURES				
Current				
Home and community services				
Administration	2,831,253	2,831,253	2,670,828	160,425
Operation and maintenance	5,398,112	5,398,112	4,584,161	813,951
Total Expenditures	8,229,365	8,229,365	7,254,989	974,376
Excess of Revenues Over Expenditures	1,329,372	1,329,372	2,326,022	996,650
OTHER FINANCING USES				
Transfers out	(1,339,906)	(2,529,906)	(2,451,134)	78,772
Net Change in Fund Balance	(10,534)	(1,200,534)	(125,112)	1,075,422
FUND BALANCE				
Beginning of Year	10,534	1,200,534	5,786,885	4,586,351
End of Year	\$ -	\$ -	\$ 5,661,773	\$ 5,661,773

See independent auditors' report.

2016

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 6,261,783	\$ 6,261,783	\$ 6,774,250	\$ 512,467
2,790,890	2,790,890	2,799,357	8,467
-	-	16,157	16,157
25,000	25,000	-	(25,000)
-	-	1,904	1,904
202,432	202,432	110	(202,322)
<u>9,280,105</u>	<u>9,280,105</u>	<u>9,591,778</u>	<u>311,673</u>
2,755,615	2,755,615	1,887,148	868,467
5,362,889	5,362,889	4,227,060	1,135,829
<u>8,118,504</u>	<u>8,118,504</u>	<u>6,114,208</u>	<u>2,004,296</u>
1,161,601	1,161,601	3,477,570	2,315,969
<u>(1,418,929)</u>	<u>(1,974,929)</u>	<u>(1,812,599)</u>	<u>162,330</u>
(257,328)	(813,328)	1,664,971	2,478,299
<u>257,328</u>	<u>813,328</u>	<u>4,121,914</u>	<u>3,308,586</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,786,885</u>	<u>\$ 5,786,885</u>

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County of Orange, New York

Airport Fund
 Comparative Balance Sheet
 December 31,

	2017	2016
ASSETS		
Cash and equivalents	\$ 555,907	\$ 570,083
Accounts receivable	100,539	72,520
Prepaid expenditures	13,559	11,898
Total Assets	\$ 670,005	\$ 654,501
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 60,690	\$ 148,271
Accrued liabilities	18,573	16,914
Due to other funds	37,833	31,189
Unearned revenues	23,270	26,025
Total Liabilities	140,366	222,399
Fund balance		
Nonspendable	58,579	37,074
Assigned	471,060	395,028
Total Fund Balance	529,639	432,102
Total Liabilities and Fund Balance	\$ 670,005	\$ 654,501

See independent auditors' report.

County of Orange, New York

Airport Fund
 Comparative Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Years Ended December 31,

	2017			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 155,349	\$ 155,349	\$ 155,349	\$ -
Departmental income	1,209,190	1,209,190	1,267,780	58,590
Use of money and property	-	-	3,433	3,433
Sale of property and compensation for loss	-	-	-	-
Interfund revenues	-	-	5,934	5,934
Federal aid	75,000	75,000	-	(75,000)
Miscellaneous	2,000	2,000	-	(2,000)
Total Revenues	1,441,539	1,441,539	1,432,496	(9,043)
EXPENDITURES				
Current				
Transportation	1,301,194	1,301,194	1,193,299	107,895
Excess of Revenues Over Expenditures	140,345	140,345	239,197	98,852
OTHER FINANCING USES				
Transfers out	(141,660)	(141,660)	(141,660)	-
Net Change in Fund Balance	(1,315)	(1,315)	97,537	98,852
FUND BALANCE				
Beginning of Year	1,315	1,315	432,102	430,787
End of Year	\$ -	\$ -	\$ 529,639	\$ 529,639

See independent auditors' report.

2016			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 180,953	\$ 180,953	\$ 180,953	\$ -
1,161,610	1,161,610	1,249,496	87,886
-	-	1,710	1,710
-	-	306	306
-	-	-	-
110,000	110,000	-	(110,000)
-	-	1,541	1,541
1,452,563	1,452,563	1,434,006	(18,557)
1,296,666	1,134,062	1,105,685	28,377
155,897	318,501	328,321	9,820
(156,460)	(241,467)	(241,466)	1
(563)	77,034	86,855	9,821
563	(77,034)	345,247	422,281
\$ -	\$ -	\$ 432,102	\$ 432,102

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County of Orange, New York

Sanitary Landfill Fund
Comparative Balance Sheet
December 31,

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and equivalents	\$ 1,848,594	\$ 1,874,189
Receivables		
Accounts	842,071	732,949
State and Federal aid	<u>329,506</u>	<u>328,211</u>
	<u>1,171,577</u>	<u>1,061,160</u>
Prepaid expenditures	<u>54,795</u>	<u>53,678</u>
Total Assets	<u>\$ 3,074,966</u>	<u>\$ 2,989,027</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 1,076,170	\$ 499,017
Accrued liabilities	66,628	61,623
Due to other funds	<u>123,387</u>	<u>141,007</u>
Total Liabilities	<u>1,266,185</u>	<u>701,647</u>
Fund balance		
Nonspendable	440,905	325,450
Restricted	37,771	37,771
Assigned	<u>1,330,105</u>	<u>1,924,159</u>
Total Fund Balance	<u>1,808,781</u>	<u>2,287,380</u>
Total Liabilities and Fund Balance	<u>\$ 3,074,966</u>	<u>\$ 2,989,027</u>

See independent auditors' report.

County of Orange, New York

Sanitary Landfill Fund
 Comparative Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Years Ended December 31,

	2017			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 1,318,796	\$ 1,318,796	\$ 1,318,796	\$ -
Departmental income	11,050,000	11,260,000	11,324,297	64,297
Use of money and property	25,000	25,000	31,431	6,431
Licenses and permits	10,000	10,000	9,415	(585)
Sale of property and compensation for loss	205,812	250,812	306,023	55,211
State aid	28,000	73,000	60,322	(12,678)
Federal aid	-	-	31,662	31,662
Miscellaneous	-	-	-	-
Total Revenues	12,637,608	12,937,608	13,081,946	144,338
EXPENDITURES				
Current				
Home and community services	12,358,746	12,658,746	12,632,955	25,791
Excess of Revenues Over Expenditures	278,862	278,862	448,991	170,129
OTHER FINANCING USES				
Transfers out	(927,590)	(927,590)	(927,590)	-
Net Change in Fund Balance	(648,728)	(648,728)	(478,599)	170,129
FUND BALANCE				
Beginning of Year	648,728	648,728	2,287,380	1,638,652
End of Year	\$ -	\$ -	\$ 1,808,781	\$ 1,808,781

See independent auditors' report.

2016			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 994,884	\$ 994,884	\$ 994,884	\$ -
10,625,000	11,225,000	11,174,626	(50,374)
25,000	25,000	20,297	(4,703)
10,000	10,000	15,792	5,792
670,705	670,705	405,267	(265,438)
28,000	28,000	(22,197)	(50,197)
-	-	-	-
-	-	200	200
12,353,589	12,953,589	12,588,869	(364,720)
12,184,725	12,784,725	11,910,506	874,219
168,864	168,864	678,363	509,499
(919,527)	(919,527)	(918,464)	1,063
(750,663)	(750,663)	(240,101)	510,562
750,663	750,663	2,527,481	1,776,818
\$ -	\$ -	\$ 2,287,380	\$ 2,287,380

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County of Orange, New York

Off-Street Parking Fund
Comparative Balance Sheet
December 31,

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and equivalents	<u>\$ 87,896</u>	<u>\$ 87,896</u>
FUND BALANCE		
Restricted	\$ 93,661	\$ 93,661
Unassigned	<u>(5,765)</u>	<u>(5,765)</u>
Total Fund Balance	<u>\$ 87,896</u>	<u>\$ 87,896</u>

See independent auditors' report.

County of Orange, New York

Off-Street Parking Fund
 Comparative Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Years Ended December 31,

	2017			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES	-	-	-	-
Excess of Revenues Over Expenditures	-	-	-	-
FUND BALANCE				
Beginning of Year	-	-	87,896	87,896
End of Year	\$ -	\$ -	\$ 87,896	\$ 87,896

See independent auditors' report.

2016

<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	87,896	87,896
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,896</u>	<u>\$ 87,896</u>

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County of Orange, New York

Workforce Investment Act Fund
Comparative Balance Sheet
December 31,

	<u>2017</u>	<u>2016</u>
ASSETS		
State and Federal aid receivable	\$ 1,387,034	\$ 1,625,358
Prepaid expenditures	37,551	39,341
 Total Assets	 <u>\$ 1,424,585</u>	 <u>\$ 1,664,699</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 835,965	\$ 506,610
Accrued liabilities	58,299	57,417
Due to other funds	530,321	1,100,672
 Total Liabilities	 <u>1,424,585</u>	 <u>1,664,699</u>
 Fund balance (deficit)		
Nonspendable	37,551	39,341
Unassigned	(37,551)	(39,341)
 Total Fund Balance	 <u>-</u>	 <u>-</u>
 Total Liabilities and Fund Balance	 <u>\$ 1,424,585</u>	 <u>\$ 1,664,699</u>

See independent auditors' report.

County of Orange, New York

Workforce Investment Act Fund
 Comparative Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Years Ended December 31,

	2017			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 99,493	\$ 99,493	\$ 99,493	\$ -
Interfund revenues	3,538,893	3,538,893	3,220,661	(318,232)
Federal aid	4,915,183	4,915,183	3,054,118	(1,861,065)
Miscellaneous	-	-	10,472	10,472
Total Revenues	8,553,569	8,553,569	6,384,744	(2,168,825)
EXPENDITURES				
Current				
Economic opportunity and development	8,553,569	8,553,569	6,384,744	2,168,825
Excess of Revenues Over Expenditures	-	-	-	-
FUND BALANCE				
Beginning of Year	-	-	-	-
End of Year	\$ -	\$ -	\$ -	\$ -

See independent auditors' report.

2016			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 102,004	\$ 102,004	\$ 102,004	\$ -
3,592,440	3,592,440	2,934,712	(657,728)
5,305,685	5,305,685	2,848,569	(2,457,116)
-	-	7,504	7,504
9,000,129	9,000,129	5,892,789	(3,107,340)
9,000,129	9,000,129	5,892,789	3,107,340
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

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County of Orange, New York

Small Watershed Protection Fund
 Comparative Balance Sheet
 December 31,

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and equivalents	\$ 1,324,789	\$ 904,721
Accounts receivable	-	9,315
Prepaid expenditures	<u>446</u>	<u>520</u>
Total Assets	<u>\$ 1,325,235</u>	<u>\$ 914,556</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	<u>\$ 54,148</u>	<u>\$ 26,354</u>
Fund balance		
Nonspendable	446	520
Restricted	70,022	70,022
Assigned	<u>1,200,619</u>	<u>817,660</u>
Total Fund Balance	<u>1,271,087</u>	<u>888,202</u>
Total Liabilities and Fund Balance	<u>\$ 1,325,235</u>	<u>\$ 914,556</u>

See independent auditors' report.

County of Orange, New York

Small Watershed Protection Fund
 Comparative Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Years Ended December 31,

	2017			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 12,000	\$ 12,000	\$ 12,000	\$ -
Departmental income	559,008	559,008	559,218	210
Intergovernmental charges	48,000	48,000	18,456	(29,544)
Use of money and property	-	-	7,032	7,032
Total Revenues	619,008	619,008	596,706	(22,302)
EXPENDITURES				
Current				
Home and community services	381,360	381,360	195,632	185,728
Excess of Revenues Over Expenditures	237,648	237,648	401,074	163,426
OTHER FINANCING USES				
Transfers out	(300,000)	(300,000)	(18,189)	281,811
Net Change in Fund Balance	(62,352)	(62,352)	382,885	445,237
FUND BALANCE				
Beginning of Year	62,352	62,352	888,202	825,850
End of Year	\$ -	\$ -	\$ 1,271,087	\$ 1,271,087

See independent auditors' report.

2016			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 12,000	\$ 12,000	\$ 12,000	\$ -
505,018	505,018	520,018	15,000
48,000	48,000	9,315	(38,685)
-	-	3,874	3,874
565,018	565,018	545,207	(19,811)
359,506	359,506	237,623	121,883
205,512	205,512	307,584	102,072
(225,000)	(225,000)	(18,243)	206,757
(19,488)	(19,488)	289,341	308,829
19,488	19,488	598,861	579,373
\$ -	\$ -	\$ 888,202	\$ 888,202

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County of Orange, New York

Debt Service Fund
Comparative Balance Sheet
December 31,

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and equivalents	\$ 11,335,956	\$ 13,991,460
Accounts receivable	<u>100,000</u>	<u>129,510</u>
Total Assets	<u>\$ 11,435,956</u>	<u>\$ 14,120,970</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	<u>\$ 102,003</u>	<u>\$ -</u>
Fund balance		
Restricted	2,233,953	9,320,970
Assigned	<u>9,100,000</u>	<u>4,800,000</u>
Total Fund Balance	<u>11,333,953</u>	<u>14,120,970</u>
Total Liabilities and Fund Balance	<u>\$ 11,435,956</u>	<u>\$ 14,120,970</u>

See independent auditors' report.

County of Orange, New York

Debt Service Fund
 Comparative Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Years Ended December 31,

	2017			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 21,321,251	\$ 21,321,251	\$ 21,321,251	\$ -
Intergovernmental charges	100,000	100,000	100,000	-
Use of money and property	-	-	116,708	116,708
Total Revenues	21,421,251	21,421,251	21,537,959	116,708
EXPENDITURES				
Current				
General government support	255,000	255,000	213,418	41,582
Debt service				
Serial bonds				
Principal	23,253,091	23,253,091	23,253,090	1
Interest	9,445,620	9,445,620	9,445,623	(3)
Refunding bond issuance costs	-	104,285	104,285	-
	32,698,711	32,802,996	32,802,998	(2)
Total Expenditures	32,953,711	33,057,996	33,016,416	41,580
Deficiency of Revenues Over Expenditures	(11,532,460)	(11,636,745)	(11,478,457)	158,288
OTHER FINANCING SOURCES (USES)				
Refunding bonds issued	-	11,818,437	11,818,437	-
Issuance premiums	-	1,346,094	3,112,735	1,766,641
Payment to refunded bond escrow agent	-	(13,060,246)	(13,060,246)	-
Transfers in	6,732,460	6,732,460	6,820,514	88,054
Total Other Financing Sources	6,732,460	6,836,745	8,691,440	1,854,695
Net Change in Fund Balance	(4,800,000)	(4,800,000)	(2,787,017)	2,012,983
FUND BALANCE				
Beginning of Year	4,800,000	4,800,000	14,120,970	9,320,970
End of Year	\$ -	\$ -	\$ 11,333,953	\$ 11,333,953

See independent auditors' report.

2016

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 24,001,040	\$ 24,001,040	\$ 24,001,040	\$ -
100,000	100,000	100,000	-
-	-	69,263	69,263
24,101,040	24,101,040	24,170,303	69,263
255,000	255,000	169,055	85,945
22,666,104	22,666,104	22,590,177	75,927
9,144,968	9,144,968	8,639,689	505,279
-	167,902	167,902	-
31,811,072	31,978,974	31,397,768	581,206
32,066,072	32,233,974	31,566,823	667,151
(7,965,032)	(8,132,934)	(7,396,520)	736,414
-	26,553,035	26,553,034	(1)
-	4,496,307	9,113,195	4,616,888
-	(30,881,440)	(30,881,439)	1
6,965,032	6,965,032	6,880,282	(84,750)
6,965,032	7,132,934	11,665,072	4,532,138
(1,000,000)	(1,000,000)	4,268,552	5,268,552
1,000,000	1,000,000	9,852,418	8,852,418
\$ -	\$ -	\$ 14,120,970	\$ 14,120,970

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ENTERPRISE FUND

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private enterprises or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability. Enterprise funds are used to account for those operations that provide services to the public.

The Valley View Center for Nursing Care and Rehabilitation Fund– This fund is used to account for the operations of the Valley View Center for Nursing Care and Rehabilitation.

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County of Orange, New York

Enterprise Fund - The Valley View Center For Nursing Care and Rehabilitation
 Comparative Statement of Net Position
 December 31,

	2017	2016
ASSETS		
Current assets		
Cash and equivalents	\$ 940,798	\$ 1,060,680
Receivables		
Accounts, net	9,168,553	8,482,549
Due from other governments	2,696,020	13,305,589
Due from other funds	51,244,086	28,211,169
	<u>63,108,659</u>	<u>49,999,307</u>
Inventories	<u>257,403</u>	<u>193,277</u>
Prepaid expenses	<u>768,804</u>	<u>755,659</u>
Total Current Assets	<u>65,075,664</u>	<u>52,008,923</u>
Noncurrent Assets		
Capital Assets		
Land	139,066	139,066
Buildings and improvements	34,759,595	34,239,850
Equipment	6,863,186	6,001,397
Construction-in-progress	-	183,927
Less accumulated depreciation	<u>(30,774,458)</u>	<u>(29,302,532)</u>
Total Noncurrent Assets	<u>10,987,389</u>	<u>11,261,708</u>
Total Assets	<u>76,063,053</u>	<u>63,270,631</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amounts on refunding bonds	154,490	160,883
Deferred amounts on pensions	<u>6,868,769</u>	<u>13,636,109</u>
Total Deferred Outflows of Resources	<u>7,023,259</u>	<u>13,796,992</u>
LIABILITIES		
Current liabilities		
Accounts payable	1,687,228	1,302,312
Accrued interest payable	48,176	56,991
Accrued liabilities	1,000,929	979,021
Due to other governments	137,251	23,940
Deposits payable	940,598	905,328
Current maturities of bonds payable	573,593	528,911
Compensated absences	<u>325,000</u>	<u>325,000</u>
Total Current Liabilities	<u>4,712,775</u>	<u>4,121,503</u>
Noncurrent liabilities		
Bonds payable	3,548,376	3,408,665
Compensated absences	1,038,877	1,192,068
Other postemployment benefit obligations payable	72,701,716	61,463,317
Net pension liability	<u>8,289,801</u>	<u>13,329,391</u>
Total Noncurrent Liabilities	<u>85,578,770</u>	<u>79,393,441</u>
Total Liabilities	<u>90,291,545</u>	<u>83,514,944</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred amounts on pensions	<u>2,250,048</u>	<u>2,544,706</u>
NET POSITION		
Net investment in capital assets	7,019,910	7,485,015
Unrestricted	<u>(16,475,191)</u>	<u>(16,477,042)</u>
Total Net Position	<u>\$ (9,455,281)</u>	<u>\$ (8,992,027)</u>

See independent auditors' report.

County of Orange, New York

Enterprise Fund - The Valley View Center For Nursing Care and Rehabilitation
Comparative Statement of Revenues, Expenses
and Changes in Net Position
Years Ended December 31,

	<u>2017</u>	<u>2016</u>
OPERATING REVENUES		
Charges for sales and services		
Departmental charges	\$ 43,812,917	\$ 42,375,954
Miscellaneous	764,076	217,741
	<u>44,576,993</u>	<u>42,593,695</u>
Total Operating Revenues		
OPERATING EXPENSES		
Salaries and contractual	20,872,160	20,813,805
Employee benefits	29,336,885	27,459,334
Depreciation	1,471,926	1,283,883
Other expenses	10,896,607	10,749,845
	<u>62,577,578</u>	<u>60,306,867</u>
Total Operating Expenses		
Loss from Operations	<u>(18,000,585)</u>	<u>(17,713,172)</u>
NON-OPERATING REVENUES (EXPENSES)		
Intergovernmental transfer	17,658,236	26,490,381
Interest expense	(120,905)	(145,311)
	<u>17,537,331</u>	<u>26,345,070</u>
Total Non-Operating Revenues		
Change in Net Position	(463,254)	8,631,898
NET POSITION		
Beginning of Year	<u>(8,992,027)</u>	<u>(17,623,925)</u>
End of Year	<u>\$ (9,455,281)</u>	<u>\$ (8,992,027)</u>

See independent auditors' report.

County of Orange, New York

Comparative Statement of Cash Flows
Enterprise Fund - The Valley View Center For Nursing Care and Rehabilitation
Years Ended December 31,

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users - External	\$ 43,926,259	\$ 42,550,108
Payments to suppliers	(10,475,651)	(10,699,906)
Payments to employees	(37,668,837)	(36,393,722)
Net Cash from Operating Activities	<u>(4,218,229)</u>	<u>(4,543,520)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Due to other funds	(23,032,917)	(7,391,814)
Intergovernmental transfer - Medicaid funding	28,267,805	13,184,792
Net Cash from Non-Capital Financing Activities	<u>5,234,888</u>	<u>5,792,978</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from capital debt	717,902	230,414
Purchases of capital assets	(1,197,607)	(514,630)
Principal paid on capital debt	(528,911)	(586,456)
Interest paid on capital debt	(127,925)	(137,053)
Net Cash from Capital and Related Financing Activities	<u>(1,136,541)</u>	<u>(1,007,725)</u>
Net Change in Cash and Equivalents	(119,882)	241,733
CASH AND EQUIVALENTS		
Beginning of Year	<u>1,060,680</u>	<u>818,947</u>
End of Year	<u>\$ 940,798</u>	<u>\$ 1,060,680</u>
RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES		
Loss from operations	\$ (18,000,585)	\$ (17,713,172)
Adjustments to reconcile loss from operations to net cash from operating activities		
Depreciation and amortization expense	1,471,926	1,283,883
Changes in assets and liabilities		
Accounts receivable	(686,004)	(399,082)
Due from other governments	-	462,703
Inventories	(64,126)	15,520
Prepaid expenses	(13,145)	(199,249)
Accounts payable	384,916	34,419
Accrued liabilities	21,908	107,004
Due to other governments	113,311	(193,789)
Deposits payable	35,270	86,581
Compensated absences	(153,191)	135,442
Net pension liability	1,433,092	1,388,737
Other postemployment benefit obligations payable	11,238,399	10,447,483
Net Cash from Operating Activities	<u>\$ (4,218,229)</u>	<u>\$ (4,543,520)</u>
NON-CASH NON-OPERATING ACTIVITIES	\$	\$
Refunding bonds issued	236,563	-
Payment to refunded bond escrow agent	(261,421)	-
Premium on refunding bonds issued	26,944	-
Issuance costs on refunding bonds issued	(2,086)	-

See independent auditors' report.

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INTERNAL SERVICE FUNDS

Internal service funds account for operations that provide services to other departments or agencies of the government, or to other governments, on a cost reimbursement basis.

Motor Pool Fund - This fund is used to account for the rental of motor vehicles to other departments.

Workers' Compensation Benefits Fund - This fund is used to account for the payment of workers' compensation claims.

Self-Insurance Fund - This fund is used to account for the payment of health benefit claims.

Liability and Casualty Fund - This fund is used to account for the payment of liability and casualty claims.

Compensated Absences Fund - This fund is used to account for the compensated absences of the governmental funds.

County of Orange, New York

Internal Service Funds
 Combining Statement of Net Position
 December 31, 2017
 (With Comparative Totals for 2016)

	Motor Pool	Workers' Compensation Benefits	Self- Insurance	Liability and Casualty
ASSETS				
Current assets				
Cash and equivalents	\$ 384,690	\$ 37,114,597	\$ 3,195,384	\$ 9,160,414
Receivables				
Accounts	51,057	5,954	1,803,567	13,085
Due from other funds	-	-	-	-
	<u>51,057</u>	<u>5,954</u>	<u>1,803,567</u>	<u>13,085</u>
Total Current Assets	<u>435,747</u>	<u>37,120,551</u>	<u>4,998,951</u>	<u>9,173,499</u>
Noncurrent assets				
Capital assets				
Equipment	6,901,030	-	-	-
Less - accumulated depreciation	(5,835,160)	-	-	-
Total Noncurrent Assets	<u>1,065,870</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>1,501,617</u>	<u>37,120,551</u>	<u>4,998,951</u>	<u>9,173,499</u>
LIABILITIES				
Current liabilities				
Accounts payable	59,557	150,254	357,568	126,111
Current portion of compensated absences	-	-	-	-
Current portion of claims payable	-	5,700,000	-	3,131,357
Total Current Liabilities	<u>59,557</u>	<u>5,850,254</u>	<u>357,568</u>	<u>3,257,468</u>
Noncurrent liabilities				
Compensated absences, less current portion	-	-	-	-
Claims payable, less current portion	-	28,600,000	-	500,000
Total Noncurrent Liabilities	<u>-</u>	<u>28,600,000</u>	<u>-</u>	<u>500,000</u>
Total Liabilities	<u>59,557</u>	<u>34,450,254</u>	<u>357,568</u>	<u>3,757,468</u>
NET POSITION				
Net investment in capital assets	1,065,870	-	-	-
Unrestricted	376,190	2,670,297	4,641,383	5,416,031
Total Net Position	<u>\$ 1,442,060</u>	<u>\$ 2,670,297</u>	<u>\$ 4,641,383</u>	<u>\$ 5,416,031</u>

See independent auditors' report.

Compensated Absences	Totals	
	2017	2016
\$ -	\$ 49,855,085	\$ 51,430,079
-	1,873,663	4,213,060
10,314,653	10,314,653	10,388,192
10,314,653	12,188,316	14,601,252
10,314,653	62,043,401	66,031,331
-	6,901,030	7,188,255
-	(5,835,160)	(6,019,324)
-	1,065,870	1,168,931
10,314,653	63,109,271	67,200,262
-	693,490	1,176,258
300,000	300,000	300,000
-	8,831,357	11,294,301
300,000	9,824,847	12,770,559
10,014,653	10,014,653	10,088,192
-	29,100,000	26,700,000
10,014,653	39,114,653	36,788,192
10,314,653	48,939,500	49,558,751
-	1,065,870	1,168,931
-	13,103,901	16,472,580
\$ -	\$ 14,169,771	\$ 17,641,511

County of Orange, New York

Internal Service Funds
 Combining Statement of Revenues, Expenses and
 Changes in Net Position
 Year Ended December 31, 2017
 (With Comparative Totals for 2016)

	Motor Pool	Workers' Compensation Benefits	Self- Insurance	Liability and Casualty
OPERATING REVENUES				
Charges for services - Internal	\$ 1,832,487	\$ 5,799,694	\$ 58,408,307	\$ 4,976,084
Charges for services - External	-	350,000	10,930,615	-
Miscellaneous	-	416,067	4,283,503	5,688
Total Operating Revenues	<u>1,832,487</u>	<u>6,565,761</u>	<u>73,622,425</u>	<u>4,981,772</u>
OPERATING EXPENSES				
Salaries and contractual	1,264,567	-	-	-
Judgments and claims	-	-	-	4,853,554
Employee benefits	-	5,744,792	73,221,002	-
Depreciation	572,448	-	-	-
Total Operating Expenses	<u>1,837,015</u>	<u>5,744,792</u>	<u>73,221,002</u>	<u>4,853,554</u>
Income (Loss) from Operations	<u>(4,528)</u>	<u>820,969</u>	<u>401,423</u>	<u>128,218</u>
NON-OPERATING REVENUES				
Interest income	4,994	219,421	35,510	43,422
Sale of property and compensation for loss	78,831	-	-	-
Total Non-Operating Revenues	<u>83,825</u>	<u>219,421</u>	<u>35,510</u>	<u>43,422</u>
Income Before Transfers	79,297	1,040,390	436,933	171,640
Transfers out	-	(4,200,000)	(1,000,000)	-
Change in Net Position	79,297	(3,159,610)	(563,067)	171,640
NET POSITION				
Beginning of Year	<u>1,362,763</u>	<u>5,829,907</u>	<u>5,204,450</u>	<u>5,244,391</u>
End of Year	<u>\$ 1,442,060</u>	<u>\$ 2,670,297</u>	<u>\$ 4,641,383</u>	<u>\$ 5,416,031</u>

See independent auditors' report.

Compensated Absences	Totals	
	2017	2016
\$ (73,542)	\$ 70,943,030	\$ 65,391,959
-	11,280,615	10,363,098
-	4,705,258	4,490,472
<u>(73,542)</u>	<u>86,928,903</u>	<u>80,245,529</u>
-	1,264,567	1,225,444
-	4,853,554	4,152,838
(73,542)	78,892,252	76,060,130
-	572,448	390,172
<u>(73,542)</u>	<u>85,582,821</u>	<u>81,828,584</u>
-	1,346,082	(1,583,055)
-	303,347	198,140
-	78,831	104,320
-	382,178	302,460
-	1,728,260	(1,280,595)
-	(5,200,000)	(5,200,000)
-	(3,471,740)	(6,480,595)
-	17,641,511	24,122,106
<u>\$ -</u>	<u>\$ 14,169,771</u>	<u>\$ 17,641,511</u>

County of Orange, New York

Internal Service Funds
 Combining Statement of Cash Flows
 Year Ended December 31, 2017
 (With Comparative Totals for 2016)

	Motor Pool	Workers' Compensation Benefits	Self- Insurance	Liability and Casualty
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users - Internal	\$ 1,842,351	\$ 5,799,071	\$ 60,746,402	\$ 4,968,145
Receipts from customers and users - External	-	350,000	10,930,615	-
Miscellaneous	-	416,067	4,283,503	5,688
Payments to suppliers	(1,396,628)	(6,023,062)	(73,248,252)	(4,961,685)
Net Cash from Operating Activities	<u>445,723</u>	<u>542,076</u>	<u>2,712,268</u>	<u>12,148</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers out	-	(4,200,000)	(1,000,000)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(469,387)	-	-	-
Proceeds from sales of capital assets	78,831	-	-	-
Net Cash from Capital and Related Financing Activities	<u>(390,556)</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	4,994	219,421	35,510	43,422
Net Change in Cash and Equivalents	60,161	(3,438,503)	1,747,778	55,570
CASH AND EQUIVALENTS				
Beginning of Year	324,529	40,553,100	1,447,606	9,104,844
End of Year	<u>\$ 384,690</u>	<u>\$ 37,114,597</u>	<u>\$ 3,195,384</u>	<u>\$ 9,160,414</u>
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES				
Income (loss) from operations	\$ (4,528)	\$ 820,969	\$ 401,423	\$ 128,218
Adjustments to reconcile income (loss) from operations to net cash from operating activities				
Depreciation expense	572,448	-	-	-
Changes in assets and liabilities				
Accounts receivable	9,864	(623)	2,338,095	(7,939)
Due from other funds	-	-	-	-
Accounts payable	(132,061)	21,730	(27,250)	(345,187)
Compensated absences	-	-	-	-
Claims payable	-	(300,000)	-	237,056
Net Cash from Operating Activities	<u>\$ 445,723</u>	<u>\$ 542,076</u>	<u>\$ 2,712,268</u>	<u>\$ 12,148</u>

See independent auditors' report.

Compensated Absences	Totals	
	2017	2016
\$ -	\$ 73,355,969	\$ 64,357,894
-	11,280,615	10,363,098
-	4,705,258	4,490,472
-	(85,629,627)	(78,301,847)
-	<u>3,712,215</u>	<u>909,617</u>
-	(5,200,000)	(5,200,000)
-	(469,387)	(902,339)
-	78,831	104,320
-	(390,556)	(798,019)
-	303,347	198,140
-	(1,574,994)	(4,890,262)
-	51,430,079	56,320,341
<u>\$ -</u>	<u>\$ 49,855,085</u>	<u>\$ 51,430,079</u>
\$ -	\$ 1,346,082	\$ (1,583,055)
-	572,448	390,172
-	2,339,397	(185,070)
73,539	73,539	(848,995)
-	(482,768)	419,286
(73,539)	(73,539)	848,995
-	(62,944)	1,868,284
<u>\$ -</u>	<u>\$ 3,712,215</u>	<u>\$ 909,617</u>

County of Orange, New York

Internal Service Fund - Motor Pool Fund
Comparative Statement of Net Position
December 31,

	<u>2017</u>	<u>2016</u>
ASSETS		
Current assets		
Cash and equivalents	\$ 384,690	\$ 324,529
Accounts receivable	51,057	60,921
Total Current Assets	<u>435,747</u>	<u>385,450</u>
Noncurrent assets		
Capital Assets		
Equipment	6,901,030	7,188,255
Less - accumulated depreciation	<u>(5,835,160)</u>	<u>(6,019,324)</u>
Total Capital Assets, net	<u>1,065,870</u>	<u>1,168,931</u>
Total Assets	<u>1,501,617</u>	<u>1,554,381</u>
LIABILITIES		
Current liabilities		
Accounts payable	<u>59,557</u>	<u>191,618</u>
NET POSITION		
Net investment in capital assets	1,065,870	1,168,931
Unrestricted	<u>376,190</u>	<u>193,832</u>
Total Net Position	<u>\$ 1,442,060</u>	<u>\$ 1,362,763</u>

See independent auditors' report.

County of Orange, New York

Internal Service Fund - Motor Pool Fund
Comparative Statement of Revenues, Expenses and
Changes in Net Position
Years Ended December 31,

	<u>2017</u>	<u>2016</u>
OPERATING REVENUES		
Charges for services - Internal	\$ 1,832,487	\$ 1,842,984
OPERATING EXPENSES		
Salaries and contractual	1,264,567	1,225,444
Depreciation	<u>572,448</u>	<u>390,172</u>
Total Operating Expenses	<u>1,837,015</u>	<u>1,615,616</u>
Income (Loss) from Operations	<u>(4,528)</u>	<u>227,368</u>
NON-OPERATING REVENUES		
Interest income	4,994	3,741
Sale of property and compensation for loss	<u>78,831</u>	<u>104,320</u>
Total Non-Operating Revenues	<u>83,825</u>	<u>108,061</u>
Change in Net Position	79,297	335,429
NET POSITION		
Beginning of Year	<u>1,362,763</u>	<u>1,027,334</u>
End of Year	<u>\$ 1,442,060</u>	<u>\$ 1,362,763</u>

See independent auditors' report.

County of Orange, New York

Internal Service Fund - Motor Pool Fund
 Comparative Statement of Cash Flows
 Years Ended December 31,

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users - Internal	\$ 1,842,351	\$ 1,824,945
Payments to suppliers	<u>(1,396,628)</u>	<u>(1,156,978)</u>
Net Cash from Operating Activities	<u>445,723</u>	<u>667,967</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(469,387)	(902,339)
Proceeds from sales of capital assets	<u>78,831</u>	<u>104,320</u>
Net Cash from Capital and Related Financing Activities	<u>(390,556)</u>	<u>(798,019)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	<u>4,994</u>	<u>3,741</u>
Net Change in Cash and Equivalents	60,161	(126,311)
CASH AND EQUIVALENTS		
Beginning of Year	<u>324,529</u>	<u>450,840</u>
End of Year	<u>\$ 384,690</u>	<u>\$ 324,529</u>
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES		
Income (loss) from operations	\$ (4,528)	\$ 227,368
Adjustments to reconcile income (loss) from operations to net cash from operating activities		
Changes in assets and liabilities		
Depreciation expense	572,448	390,172
Accounts receivable	9,864	(18,039)
Accounts payable	<u>(132,061)</u>	<u>68,466</u>
Net Cash from Operating Activities	<u>\$ 445,723</u>	<u>\$ 667,967</u>

See independent auditors' report.

County of Orange, New York

Internal Service Fund - Workers' Compensation Benefits Fund
Comparative Statement of Net Position
December 31,

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and equivalents	\$ 37,114,597	\$ 40,553,100
Accounts receivable	5,954	5,331
	<u>37,120,551</u>	<u>40,558,431</u>
LIABILITIES		
Current liabilities		
Accounts payable	150,254	128,524
Current portion of claims payable	<u>5,700,000</u>	<u>8,400,000</u>
	5,850,254	8,528,524
Noncurrent Liabilities		
Claims payable, less current portion	<u>28,600,000</u>	<u>26,200,000</u>
	<u>34,450,254</u>	<u>34,728,524</u>
NET POSITION		
Unrestricted	<u>\$ 2,670,297</u>	<u>\$ 5,829,907</u>

See independent auditors' report.

County of Orange, New York

Internal Service Fund - Workers' Compensation Benefits Fund
Comparative Statement of Revenues, Expenses and
Changes in Net Position
Years Ended December 31,

	<u>2017</u>	<u>2016</u>
OPERATING REVENUES		
Charges for services - Internal	\$ 5,799,694	\$ 5,195,868
Charges for services - External	350,000	350,000
Miscellaneous	<u>416,067</u>	<u>523,799</u>
Total Operating Revenues	6,565,761	6,069,667
OPERATING EXPENSES		
Employee benefits	<u>5,744,792</u>	<u>8,422,498</u>
Income (Loss) from Operations	820,969	(2,352,831)
NON-OPERATING REVENUES		
Interest income	<u>219,421</u>	<u>149,746</u>
Income (Loss) Before Transfers	1,040,390	(2,203,085)
Transfers Out	<u>(4,200,000)</u>	<u>(5,200,000)</u>
Change in Net Position	(3,159,610)	(7,403,085)
NET POSITION		
Beginning of Year	<u>5,829,907</u>	<u>13,232,992</u>
End of Year	<u>\$ 2,670,297</u>	<u>\$ 5,829,907</u>

See independent auditors' report.

County of Orange, New York

Internal Service Fund - Workers' Compensation Benefits Fund
 Comparative Statement of Cash Flows
 Years Ended December 31,

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users - Internal	\$ 5,799,071	\$ 5,359,823
Receipts from customers and users - External	350,000	350,000
Miscellaneous	416,067	523,799
Payments to suppliers	(6,023,062)	(6,046,126)
Net Cash from Operating Activities	<u>542,076</u>	<u>187,496</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers out	<u>(4,200,000)</u>	<u>(5,200,000)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	<u>219,421</u>	<u>149,746</u>
Net Change in Cash and Equivalents	(3,438,503)	(4,862,758)
CASH AND EQUIVALENTS		
Beginning of Year	<u>40,553,100</u>	<u>45,415,858</u>
End of Year	<u>\$ 37,114,597</u>	<u>\$ 40,553,100</u>
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES		
Income (loss) from operations	\$ 820,969	\$ (2,352,831)
Adjustments to reconcile income (loss) from operations to net cash from operating activities		
Changes in assets and liabilities		
Accounts receivable	(623)	163,955
Accounts payable	21,730	(27,875)
Claims payable	(300,000)	2,404,247
Net Cash from Operating Activities	<u>\$ 542,076</u>	<u>\$ 187,496</u>

See independent auditors' report.

County of Orange, New York

Internal Service Fund - Self-Insurance Fund
Comparative Statement of Net Position
December 31,

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and equivalents	\$ 3,195,384	\$ 1,447,606
Accounts receivable	<u>1,803,567</u>	<u>4,141,662</u>
 Total Assets	 <u>4,998,951</u>	 <u>5,589,268</u>
 LIABILITIES		
Accounts payable	<u>357,568</u>	<u>384,818</u>
 NET POSITION		
Unrestricted	 <u>\$ 4,641,383</u>	 <u>\$ 5,204,450</u>

See independent auditors' report.

County of Orange, New York

Internal Service Fund - Self-Insurance Fund
Comparative Statement of Revenues, Expenses and
Changes in Net Position
Years Ended December 31,

	<u>2017</u>	<u>2016</u>
OPERATING REVENUES		
Charges for services - Internal	\$ 58,408,307	\$ 53,482,017
Charges for services - External	10,930,615	10,013,098
Miscellaneous	<u>4,283,503</u>	<u>3,964,293</u>
Total Operating Revenues	73,622,425	67,459,408
OPERATING EXPENSES		
Employee benefits	<u>73,221,002</u>	<u>66,788,637</u>
Income from Operations	401,423	670,771
NON-OPERATING REVENUES		
Interest income	<u>35,510</u>	<u>16,249</u>
Income Before Transfers	436,933	687,020
Transfers out	<u>(1,000,000)</u>	<u>-</u>
Change in Net Position	(563,067)	687,020
NET POSITION		
Beginning of Year	<u>5,204,450</u>	<u>4,517,430</u>
End of Year	<u>\$ 4,641,383</u>	<u>\$ 5,204,450</u>

See independent auditors' report.

County of Orange, New York

Internal Service Fund - Self-Insurance Fund
 Comparative Statement of Cash Flows
 Years Ended December 31,

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users - Internal	\$ 60,746,402	\$ 53,156,177
Receipts from customers and users - External	10,930,615	10,013,098
Miscellaneous	4,283,503	3,964,293
Payments to suppliers	<u>(73,248,252)</u>	<u>(66,864,058)</u>
Net Cash from Operating Activities	<u>2,712,268</u>	<u>269,510</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers out	<u>(1,000,000)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	<u>35,510</u>	<u>16,249</u>
Net Change in Cash and Equivalents	1,747,778	285,759
CASH AND EQUIVALENTS		
Beginning of Year	<u>1,447,606</u>	<u>1,161,847</u>
End of Year	<u>\$ 3,195,384</u>	<u>\$ 1,447,606</u>
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES		
Income from operations	\$ 401,423	\$ 670,771
Adjustments to reconcile income from operations to net cash from operating activities		
Changes in assets and liabilities		
Accounts receivable	2,338,095	(325,840)
Accounts payable	<u>(27,250)</u>	<u>(75,421)</u>
Net Cash from Operating Activities	<u>\$ 2,712,268</u>	<u>\$ 269,510</u>

See independent auditors' report.

County of Orange, New York

Internal Service Fund - Liability and Casualty Fund
Comparative Statement of Net Position
December 31,

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and equivalents	\$ 9,160,414	\$ 9,104,844
Accounts receivable	13,085	5,146
Total Assets	<u>9,173,499</u>	<u>9,109,990</u>
LIABILITIES		
Current liabilities		
Accounts payable	126,111	471,298
Current portion of claims payable	<u>3,131,357</u>	<u>2,894,301</u>
Total Current Liabilities	3,257,468	3,365,599
Noncurrent liabilities		
Claims payable, less current portion	<u>500,000</u>	<u>500,000</u>
Total Liabilities	<u>3,757,468</u>	<u>3,865,599</u>
NET POSITION		
Unrestricted	<u>\$ 5,416,031</u>	<u>\$ 5,244,391</u>

See independent auditors' report.

County of Orange, New York

Internal Service Fund - Liability and Casualty Fund
Comparative Statement of Revenues, Expenses and
Changes in Net Position
Years Ended December 31,

	<u>2017</u>	<u>2016</u>
OPERATING REVENUES		
Charges for services - Internal	\$ 4,976,084	\$ 4,022,095
Miscellaneous	<u>5,688</u>	<u>2,380</u>
Total Operating Revenues	4,981,772	4,024,475
OPERATING EXPENSES		
Judgments and claims	<u>4,853,554</u>	<u>4,152,838</u>
Income (Loss) from Operations	128,218	(128,363)
NON-OPERATING REVENUES		
Interest income	<u>43,422</u>	<u>28,404</u>
Change in Net Position	171,640	(99,959)
NET POSITION		
Beginning of Year	<u>5,244,391</u>	<u>5,344,350</u>
End of Year	<u>\$ 5,416,031</u>	<u>\$ 5,244,391</u>

See independent auditors' report.

County of Orange, New York

Internal Service Fund - Liability and Casualty Fund
 Comparative Statement of Cash Flows
 Years Ended December 31,

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users - Internal	\$ 4,968,145	\$ 4,016,949
Miscellaneous	5,688	2,380
Payments to suppliers	<u>(4,961,685)</u>	<u>(4,234,685)</u>
Net Cash from Operating Activities	<u>12,148</u>	<u>(215,356)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	<u>43,422</u>	<u>28,404</u>
Net Change in Cash and Equivalents	55,570	(186,952)
CASH AND EQUIVALENTS		
Beginning of Year	<u>9,104,844</u>	<u>9,291,796</u>
End of Year	<u>\$ 9,160,414</u>	<u>\$ 9,104,844</u>
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES		
Income (loss) from operations	\$ 128,218	\$ (128,363)
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities		
Changes in assets and liabilities		
Accounts receivable	(7,939)	(5,146)
Accounts payable	(345,187)	454,116
Claims payable	<u>237,056</u>	<u>(535,963)</u>
Net Cash from Operating Activities	<u>\$ 12,148</u>	<u>\$ (215,356)</u>

See independent auditors' report.

County of Orange, New York

Internal Service Fund - Compensated Absences Fund
Comparative Statement of Net Position
December 31,

	<u>2017</u>	<u>2016</u>
ASSETS		
Due from other funds	<u>\$ 10,314,653</u>	<u>\$ 10,388,192</u>
LIABILITIES		
Current liabilities		
Current portion of compensated absences	\$ 300,000	\$ 300,000
Noncurrent liabilities		
Compensated absences, less current portion	<u>10,014,653</u>	<u>10,088,192</u>
Total Liabilities	<u>\$ 10,314,653</u>	<u>\$ 10,388,192</u>

See independent auditors' report.

County of Orange, New York

Internal Service Fund - Compensated Absences Fund
Comparative Statement of Revenues, Expenses and
Changes in Net Position
Years Ended December 31,

	<u>2017</u>	<u>2016</u>
OPERATING REVENUES		
Charges for services - Internal	\$ (73,542)	\$ 848,995
OPERATING EXPENSES		
Employee benefits	<u>(73,542)</u>	<u>848,995</u>
Income from Operations	-	-
NET POSITION		
Beginning of Year	<u>-</u>	<u>-</u>
End of Year	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

County of Orange, New York

Internal Service Fund - Compensated Absences Fund
 Comparative Statement of Cash Flows
 Years Ended December 31,

	2017	2016
CASH AND EQUIVALENTS		
Beginning of Year	\$ -	\$ -
End of Year	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES		
Income from operations	-	-
Adjustments to reconcile income from operations to net cash from operating activities		
Changes in assets and liabilities		
Due from other funds	73,539	(848,995)
Compensated absences	<u>(73,539)</u>	<u>848,995</u>
Net Cash from Operating Activities	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

FIDUCIARY FUNDS

The Fiduciary Funds are used to account for assets held by the County in an agency capacity on behalf of others. Among the activities included in the Agency Fund are pending court and trust actions. The Agency fund is also used to account for employee payroll tax withholdings that are payable to other jurisdictions or individuals.

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County of Orange, New York

Fiduciary Funds - Agency Fund
 Statement of Changes in Assets and Liabilities
 Year Ended December 31, 2017

	Balance January 1, 2017	Increases	Decreases	Balance December 31, 2017
ASSETS				
Cash and equivalents	\$ 5,802,836	\$ 286,312,609	\$ 285,965,845	\$ 6,149,600
LIABILITIES				
Accounts payable	\$ -	\$ 107,304,854	\$ 107,304,854	\$ -
Net payroll	-	95,362,848	95,362,848	-
Employee payroll deductions	725,191	99,649,374	99,664,434	740,251
Deposits payable	5,077,645	13,091,861	13,423,565	5,409,349
Total Liabilities	\$ 5,802,836	\$ 315,408,937	\$ 315,755,701	\$ 6,149,600

See independent auditors' report.

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**STATISTICAL
SECTION
(unaudited)**

Page

This part of the County's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements and notes disclosures say about the County's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

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Revenue Capacity

These schedules contain information to help the reader assess the County's most significant local revenue sources.

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Debt Capacity

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

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Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

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Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

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Sources: Unless otherwise noted, the information in these schedules is derived from the County's comprehensive annual financial reports for the relevant year.

County of Orange, New York

Net Position By Component
Last Ten Fiscal Years

	2008	2009	2010	2011
GOVERNMENTAL ACTIVITIES				
Net Investment in Capital Assets	\$ 63,724,639	\$ 64,565,932	\$ 90,156,781	\$ 82,600,614
Restricted	56,783,141	46,192,534	35,666,645	38,299,010
Unrestricted	101,834,100	87,596,475	65,436,150	25,576,085
Total Governmental Activities Net Position	<u>\$ 222,341,880</u>	<u>\$ 198,354,941</u>	<u>\$ 191,259,576</u>	<u>\$ 146,475,709</u>
BUSINESS-TYPE ACTIVITIES				
Net Investment in Capital Assets	\$ 3,866,918	\$ 5,200,160	\$ 6,484,123	\$ 7,323,455
Restricted				6,368,485
Unrestricted	18,723,156	8,890,697	(11,244,423)	(26,581,976)
Total Business-Type Activities Net Position	<u>\$ 22,590,074</u>	<u>\$ 14,090,857</u>	<u>\$ (4,760,300)</u>	<u>\$ (12,890,036)</u>
PRIMARY GOVERNMENT				
Net Investment in Capital Assets	\$ 67,591,557	\$ 69,766,092	\$ 96,640,904	\$ 89,924,069
Restricted	56,783,141	46,192,534	35,666,645	44,667,495
Unrestricted	120,557,256	96,487,172	54,191,727	(1,005,891)
Total Primary Government Net Position	<u>\$ 244,931,954</u>	<u>\$ 212,445,798</u>	<u>\$ 186,499,276</u>	<u>\$ 133,585,673</u>

2012	2013	2014	2015	2016	2017
\$ 80,713,978 39,435,117 <u>(6,360,488)</u>	\$ 104,007,750 39,874,705 <u>(77,999,692)</u>	\$ 121,758,135 40,794,671 <u>(135,179,323)</u>	\$ 141,432,253 40,704,822 <u>(184,397,200)</u>	\$ 141,252,962 41,503,507 <u>(250,774,296)</u>	\$ 131,558,161 44,475,059 <u>(315,268,274)</u>
<u>\$ 113,788,607</u>	<u>\$ 65,882,763</u>	<u>\$ 27,373,483</u>	<u>\$ (2,260,125)</u>	<u>\$ (68,017,827)</u>	<u>\$ (139,235,054)</u>
\$ 7,345,322 5,560,891 <u>(25,740,435)</u>	\$ 7,846,736 8,185,110 <u>(28,018,558)</u>	\$ 8,454,553 11,426,437 <u>(22,604,301)</u>	\$ 7,906,485 11,079,866 <u>(25,530,410)</u>	\$ 7,485,015 10,267,460 <u>(16,477,042)</u>	\$ 7,019,910 10,658,353 <u>(16,475,191)</u>
<u>\$ (12,834,222)</u>	<u>\$ (11,986,712)</u>	<u>\$ (2,723,311)</u>	<u>\$ (6,544,059)</u>	<u>\$ 1,275,433</u>	<u>\$ 1,203,072</u>
\$ 88,059,300 44,996,008 <u>(32,100,923)</u>	\$ 111,854,486 48,059,815 <u>(106,018,250)</u>	\$ 130,212,688 52,221,108 <u>(157,783,624)</u>	\$ 149,338,738 51,784,688 <u>(209,927,610)</u>	\$ 148,737,977 51,770,967 <u>(267,251,338)</u>	\$ 138,578,071 55,133,412 <u>(331,743,465)</u>
<u>\$ 100,954,385</u>	<u>\$ 53,896,051</u>	<u>\$ 24,650,172</u>	<u>\$ (8,804,184)</u>	<u>\$ (66,742,394)</u>	<u>\$ (138,031,982)</u>

County of Orange, New York

Changes In Net Position
Last Ten Fiscal Years

	2008	2009	2010	2011
EXPENSES				
Governmental Activities				
General Government	\$ 137,814,905	\$ 129,201,803	\$ 131,434,171	\$ 142,278,563
Education	47,254,579	51,134,706	51,705,734	61,743,306
Public Safety	73,552,516	79,833,974	82,921,316	85,916,811
Health	53,846,368	58,550,165	57,853,805	60,302,844
Transportation	17,330,393	21,385,686	22,700,963	25,727,653
Economic Opportunity and Development	207,675,309	217,299,641	225,389,706	230,832,752
Culture and Recreation	8,098,361	9,236,400	8,794,266	8,292,191
Home and Community Services	33,872,318	35,649,037	37,145,529	39,904,750
Interest	9,953,731	11,000,872	11,048,934	10,671,434
Total Governmental Activities	589,398,480	613,292,284	628,994,424	665,670,304
Business-Type Activities				
The Valley View Center for Nursing Care and Rehabilitation	54,559,385	60,937,687	59,047,874	60,426,541
Total Primary Government Expenses	<u>\$ 643,957,865</u>	<u>\$ 674,229,971</u>	<u>\$ 688,042,298</u>	<u>\$ 726,096,845</u>
PROGRAM REVENUES				
Governmental Activities				
Charges for Services				
General Government	\$ 16,455,412	\$ 17,540,434	\$ 18,474,823	\$ 18,758,847
Education	1,880	1,945	282,931	1,913
Public Safety	6,707,871	9,499,993	9,287,305	9,583,221
Health	10,529,565	10,356,516	11,541,311	10,366,776
Transportation	1,739,416	1,438,635	1,406,283	1,483,733
Economic Opportunity and Development	8,130,019	8,385,640	9,136,378	12,688,508
Culture and Recreation	1,772,176	1,895,332	2,019,162	1,717,239
Home and Community Services	17,665,695	19,580,736	21,772,659	22,188,533
Interest	-	-	-	-
Operating Grants and Contributions	146,517,379	167,480,419	172,093,006	167,293,540
Capital Grants and Contributions	5,214,766	12,346,527	25,739,894	8,801,950
Total Governmental Activities	214,734,179	248,526,177	271,753,752	252,884,260
Business-type Activities				
The Valley View Center for Nursing Care and Rehabilitation				
Charges for Services	35,483,177	35,812,438	33,859,090	37,924,477
Total Primary Government Program Revenues	<u>\$ 250,217,356</u>	<u>\$ 284,338,615</u>	<u>\$ 305,612,842</u>	<u>\$ 290,808,737</u>

	2012	2013	2014	2015	2016	2017
\$	152,029,583	\$ 149,752,381	\$ 149,232,672	\$ 157,663,085	\$ 167,117,249	\$ 172,318,067
	55,787,954	56,496,945	51,494,460	58,128,777	58,296,967	60,281,727
	90,802,220	96,751,508	93,116,529	93,388,776	115,691,817	117,940,939
	60,132,992	58,561,531	51,355,303	52,366,041	55,712,429	58,062,089
	18,901,157	41,005,814	24,073,719	22,853,368	23,380,423	23,213,263
	232,229,479	247,698,993	227,762,127	213,857,175	229,676,125	228,725,287
	12,920,145	8,470,830	8,128,421	8,273,586	23,646,922	25,277,974
	36,156,100	38,316,335	34,878,499	42,652,263	38,803,418	46,154,404
	12,455,179	8,083,733	9,684,515	8,703,209	8,113,197	8,781,628
	671,414,809	705,138,070	649,726,245	657,886,280	720,438,547	740,755,378
	58,604,616	55,424,609	51,214,248	53,908,396	61,264,584	62,307,590
\$	<u>730,019,425</u>	<u>760,562,679</u>	<u>700,940,493</u>	<u>711,794,676</u>	<u>781,703,131</u>	<u>803,062,968</u>
\$	20,493,828	\$ 20,550,637	\$ 19,808,244	\$ 19,649,654	\$ 21,712,753	\$ 23,628,085
	377,578	909,276	303,314	791,488	1,430,517	-
	10,151,626	9,620,590	9,530,334	11,081,963	12,585,102	11,524,311
	11,701,561	8,843,906	5,435,903	3,661,978	4,515,437	6,279,069
	1,458,220	1,283,948	1,346,981	1,188,460	1,367,895	1,528,781
	10,307,730	10,160,075	9,124,484	8,809,552	10,159,844	9,864,481
	1,898,200	1,779,164	1,768,706	1,744,990	1,747,107	1,725,708
	22,351,062	22,351,909	21,512,672	21,795,813	22,042,091	21,655,846
	-	-	-	18,610	17,668	-
	163,130,739	159,019,780	147,568,823	158,025,563	155,173,703	162,525,941
	26,864,110	39,538,375	14,416,903	14,864,438	14,751,334	9,008,028
	268,734,652	274,057,660	230,816,364	241,632,509	245,503,451	247,740,250
	34,590,696	37,214,236	41,606,133	48,967,111	42,593,695	44,576,993
\$	<u>303,325,348</u>	<u>311,271,896</u>	<u>272,422,497</u>	<u>290,599,620</u>	<u>288,097,146</u>	<u>292,317,243</u>

(Continued)

County of Orange, New York

Changes In Net Position (Continued)
Last Ten Fiscal Years

	2008	2009	2010	2011
Net (Expense)/Revenue				
Governmental Activities	\$ (374,664,301)	\$ (364,766,107)	\$ (357,240,672)	\$ (412,786,044)
Business-Type Activities	(19,076,208)	(25,125,249)	(25,188,784)	(22,502,064)
Total Primary Government Net Expense	\$ (393,740,509)	\$ (389,891,356)	\$ (382,429,456)	\$ (435,288,108)
GENERAL REVENUES				
Governmental Activities				
Taxes				
Real Property Taxes	\$ 100,031,207	\$ 104,248,778	\$ 109,968,462	\$ 108,056,165
Other Tax Items	8,900,812	9,445,815	10,069,123	11,577,351
Non-Property Taxes	223,433,793	214,677,070	226,329,435	241,596,368
Unrestricted Use of Money and Property	9,161,066	4,933,670	2,031,743	953,393
Tobacco Settlement Proceeds	4,460,757	4,919,133	4,093,707	3,881,171
Off-Track Betting Surcharge	1,099,663	818,418	668,725	533,569
Donated Land	-	-	-	-
Other Revenues	1,275,588	1,736,284	954,112	1,404,160
Transfers	-	-	(3,970,000)	-
Total Governmental Activities	348,362,886	340,779,168	350,145,307	368,002,177
Business-type Activities				
Real Property Taxes	14,889,324	15,186,000	2,367,627	1,809,013
Intergovernmental Charge	16,243,354	1,440,032	-	12,563,315
Transfers	-	-	3,970,000	-
Total Business-type Activities	31,132,678	16,626,032	6,337,627	14,372,328
Total Primary Government General Revenues	\$ 379,495,564	\$ 357,405,200	\$ 356,482,934	\$ 382,374,505
Change in Net Position				
Governmental Activities	\$ (26,301,415)	\$ (23,986,939)	\$ (7,095,365)	\$ (44,783,867)
Business-Type Activities	12,056,470	(8,499,217)	(18,851,157)	(8,129,736)
Total Primary Government Change in Net Position	\$ (14,244,945)	\$ (32,486,156)	\$ (25,946,522)	\$ (52,913,603)

2012	2013	2014	2015	2016	2017
\$ (402,680,157) (24,013,920)	\$ (431,080,410) (18,210,373)	\$ (418,909,881) (9,608,115)	\$ (416,253,771) (4,941,285)	\$ (474,935,096) (18,670,889)	\$ (493,015,128) (17,730,597)
<u>\$ (426,694,077)</u>	<u>\$ (449,290,783)</u>	<u>\$ (428,517,996)</u>	<u>\$ (421,195,056)</u>	<u>\$ (493,605,985)</u>	<u>\$ (510,745,725)</u>
\$ 93,219,443 11,726,214 256,880,194 477,582 3,958,085 558,364 -	\$ 101,845,950 13,861,647 261,768,828 462,194 3,955,627 298,001 -	\$ 99,834,016 10,610,181 263,867,043 605,991 4,475,119 251,209 -	\$ 108,781,110 10,316,594 267,427,983 1,106,401 3,829,648 236,264 -	\$ 119,137,484 11,544,583 268,862,803 859,311 7,735,341 224,447 141,700 671,725 -	\$ 121,344,486 12,657,322 283,904,249 237,022 3,386,989 206,531 -
3,173,173 -	982,319 -	757,042 -	575,283 -	61,302 -	
<u>369,993,055</u>	<u>383,174,566</u>	<u>380,400,601</u>	<u>392,273,283</u>	<u>409,177,394</u>	<u>421,797,901</u>
18,295,447 5,774,287 -	8,870,986 10,186,897 -	9,967,637 8,903,879 -	2,899,063 -	- 26,490,381 -	- 17,658,236 -
<u>24,069,734</u>	<u>19,057,883</u>	<u>18,871,516</u>	<u>2,899,063</u>	<u>26,490,381</u>	<u>17,658,236</u>
<u>\$ 394,062,789</u>	<u>\$ 402,232,449</u>	<u>\$ 399,272,117</u>	<u>\$ 395,172,346</u>	<u>\$ 435,667,775</u>	<u>\$ 439,456,137</u>
\$ (32,687,102) 55,814	\$ (47,905,844) 847,510	\$ (38,509,280) 9,263,401	\$ (23,980,488) (2,042,222)	\$ (65,757,702) 7,819,492	\$ (71,217,227) (72,361)
<u>\$ (32,631,288)</u>	<u>\$ (47,058,334)</u>	<u>\$ (29,245,879)</u>	<u>\$ (26,022,710)</u>	<u>\$ (57,938,210)</u>	<u>\$ (71,289,588)</u>

County of Orange, New York

Fund Balances of Governmental Funds
Last Ten Fiscal Years

	2008	2009	2010	2011 (1)
GENERAL FUND				
Nonspendable	\$ -	\$ -	\$ -	\$ 31,877,586
Restricted	-	-	-	4,539,594
Committed	-	-	-	16,557,929
Assigned	-	-	-	55,609,475
Unassigned	-	-	-	67,452,486
Reserved	44,421,887	43,508,386	42,889,549	-
Unreserved	118,872,235	128,823,450	142,570,095	-
Total General Fund	\$ 163,294,122	\$ 172,331,836	\$ 185,459,644	\$ 176,037,070
ALL OTHER GOVERNMENTAL FUNDS				
Nonspendable	\$ -	\$ -	\$ -	\$ 2,285,714
Restricted	-	-	-	1,747,538
Assigned	-	-	-	42,516,853
Unassigned	-	-	-	(50,386,881)
Reserved	18,506,596	42,447,051	15,911,654	-
Unreserved, Reported In				
Special Revenue Funds	31,213,521	25,120,307	21,028,722	-
Capital Projects Fund	(18,435,922)	(29,552,893)	(25,129,978)	-
Debt Service Fund	2,000,000	1,000,000	1,000,000	-
Total All Other Governmental Funds	\$ 33,284,195	\$ 39,014,465	\$ 12,810,398	\$ (3,836,776)
Total Governmental Funds	\$ 196,578,317	\$ 211,346,301	\$ 198,270,042	\$ 172,200,294

(1) - The County implemented the provisions of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", for the fiscal year ended December 31, 2011.

2012	2013	2014	2015	2016	2017
\$ 33,263,082	\$ 34,947,013	\$ 34,442,109	\$ 3,017,851	\$ 5,045,409	\$ 4,888,751
3,093,134	4,209,836	4,251,058	5,062,753	5,563,262	4,876,751
12,125,370	10,506,214	4,621,108	3,352,479	1,459,240	784,482
52,852,425	51,049,382	31,240,582	25,012,287	26,725,327	23,962,784
57,384,932	21,151,168	25,588,329	42,369,130	43,771,034	50,214,918
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 158,718,943</u>	<u>\$ 121,863,613</u>	<u>\$ 100,143,186</u>	<u>\$ 78,814,500</u>	<u>\$ 82,564,272</u>	<u>\$ 84,727,686</u>
\$ 1,978,065	\$ 2,059,301	\$ 1,951,076	\$ 1,945,730	\$ 2,199,426	\$ 2,609,071
8,680,845	2,928,852	4,018,077	(13,840,449)	9,694,915	2,608,151
14,930,351	12,115,623	12,426,858	10,425,900	15,852,396	20,156,864
(68,007)	(4,450,038)	(92,542)	(190,942)	(12,824,243)	(7,339,905)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 25,521,254</u>	<u>\$ 12,653,738</u>	<u>\$ 18,303,469</u>	<u>\$ (1,659,761)</u>	<u>\$ 14,922,494</u>	<u>\$ 18,034,181</u>
<u>\$ 184,240,197</u>	<u>\$ 134,517,351</u>	<u>\$ 118,446,655</u>	<u>\$ 77,154,739</u>	<u>\$ 97,486,766</u>	<u>\$ 102,761,867</u>

County of Orange, New York

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years

	2008	2009	2010	2011
REVENUES				
Real Property Taxes	\$ 102,626,539	\$ 97,770,998	\$ 107,475,567	\$ 104,118,220
Other Tax Items	8,900,812	9,445,815	10,069,123	11,577,351
Non-Property Taxes	224,882,607	216,149,986	227,849,833	243,120,276
Departmental Income	45,129,251	47,799,253	52,271,419	52,896,859
Intergovernmental Charges	5,489,980	8,505,646	8,824,370	9,246,196
Use of Money and Property	11,759,036	9,081,347	6,798,303	6,001,453
Licenses and Permits	90,674	72,155	72,438	41,233
Fines and Forfeitures	912,427	827,672	926,893	680,645
Sale of Property and Compensation for Loss	717,561	695,420	910,606	1,464,779
Interfund Revenues	13,692,071	14,519,502	15,216,240	15,241,899
State Aid	95,966,506	103,383,519	111,531,197	87,876,744
Federal Aid	55,684,066	75,765,316	85,543,673	87,611,216
Miscellaneous	5,861,044	7,713,052	6,436,243	6,521,306
Total Revenues	571,712,574	591,729,681	633,925,905	626,398,177
EXPENDITURES				
Current				
General Government	119,105,706	114,405,599	119,561,996	126,626,686
Education	44,122,479	48,086,247	49,861,634	50,898,228
Public Safety	67,855,517	69,507,463	73,878,093	78,848,861
Health	52,942,967	56,004,075	55,784,122	58,265,645
Transportation	16,300,793	15,803,771	15,427,797	17,213,141
Economic Opportunity and Development	206,189,623	213,451,064	222,363,014	228,689,116
Culture and Recreation	7,772,162	7,598,514	7,537,514	7,460,863
Home and Community Services	30,050,976	30,928,854	32,979,013	36,123,161
Employee Benefits	188,479	255,838	315,339	470,914
Debt Service				
Principal	12,043,402	14,780,815	17,083,216	18,003,927
Interest	9,351,209	10,527,424	11,337,353	10,549,199
Refunding Bond Issuance Costs	-	-	-	-
Capital Outlay	52,574,826	41,096,105	47,317,073	42,072,974
Total Expenditures	618,498,139	622,445,769	653,446,164	675,222,715
Deficiency of Revenues Over Expenditures	(46,785,565)	(30,716,088)	(19,520,259)	(48,824,538)
OTHER FINANCING SOURCES (USES)				
Bonds Issued	35,186,649	39,084,072	-	20,293,790
Transfers In	12,051,020	23,804,087	20,579,259	16,375,840
Transfers Out	(11,709,281)	(17,404,087)	(14,135,259)	(13,914,840)
Refunding Bonds Issued	-	-	-	-
Issuance Premium	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-
Total Other Financing Sources	35,528,388	45,484,072	6,444,000	22,754,790
Net Change in Fund Balances	\$ (11,257,177)	\$ 14,767,984	\$ (13,076,259)	\$ (26,069,748)
Debt Service as a Percentage of Non-Capital Expenditures	3.7%	4.3%	4.6%	4.3%

	2012	2013	2014	2015	2016	2017
\$	90,452,607	\$ 103,367,767	\$ 101,476,995	\$ 113,447,890	\$ 122,404,475	\$ 121,161,668
	11,726,214	13,861,647	10,610,181	10,316,594	11,544,584	12,657,322
	258,402,937	263,309,708	265,404,077	269,010,341	270,427,092	285,391,860
	54,242,423	51,376,341	44,134,280	43,660,876	46,139,921	48,927,978
	9,890,666	9,341,101	9,010,651	10,343,261	12,061,346	11,864,315
	5,676,925	5,640,155	6,099,372	6,202,041	8,072,270	6,099,218
	50,757	126,276	441,483	57,024	15,792	55,540
	664,411	629,514	763,149	837,694	1,081,478	909,344
	1,585,047	1,032,906	1,202,741	1,005,349	863,470	736,171
	16,362,140	15,189,433	13,179,762	13,712,167	13,739,251	13,930,103
	109,373,425	101,640,517	89,044,323	90,422,077	89,986,665	94,735,538
	79,807,233	95,972,428	72,137,268	81,443,579	79,009,109	73,762,419
	7,917,911	5,932,676	5,985,005	5,288,296	9,047,999	4,556,265
	<u>646,152,696</u>	<u>667,420,469</u>	<u>619,489,287</u>	<u>645,747,189</u>	<u>664,393,452</u>	<u>674,787,741</u>
	132,852,003	138,027,892	134,262,938	164,585,965	139,797,922	143,753,760
	52,019,643	53,065,898	53,648,849	52,931,913	54,197,450	56,086,709
	79,881,755	85,142,825	82,557,628	82,634,512	88,230,704	91,082,474
	57,554,320	56,126,820	48,979,915	49,504,398	49,789,021	52,053,434
	16,613,231	18,104,127	17,056,829	17,901,230	16,716,478	17,648,345
	233,842,550	243,843,727	223,430,750	207,514,364	228,410,101	227,674,795
	7,017,497	7,359,433	6,891,908	6,935,013	7,155,464	7,519,661
	32,658,863	36,348,734	32,655,562	40,453,131	35,320,492	42,500,435
	389,477	1,399,762	373,610	223,364	(1,807,150)	836,833
	16,860,089	21,200,833	21,840,234	21,262,918	22,590,177	23,253,090
	10,671,140	10,418,000	10,059,595	9,789,015	8,639,689	9,445,623
	141,145	-	-	412,718	167,902	104,285
	36,048,215	59,415,020	38,195,593	39,503,282	60,970,810	63,930,688
	<u>676,549,928</u>	<u>730,453,071</u>	<u>669,953,411</u>	<u>693,651,823</u>	<u>710,179,060</u>	<u>735,890,132</u>
	<u>(30,397,232)</u>	<u>(63,032,602)</u>	<u>(50,464,124)</u>	<u>(47,904,634)</u>	<u>(45,785,608)</u>	<u>(61,102,391)</u>
	37,781,619	9,309,756	28,393,428	-	56,132,845	59,306,566
	17,421,936	13,884,746	13,839,781	15,714,211	12,744,770	13,376,157
	(12,921,936)	(9,884,746)	(7,839,781)	(9,514,211)	(7,544,770)	(8,176,157)
	29,055,948	-	-	51,868,337	26,553,034	11,818,437
	5,539,092	-	-	6,386,368	9,113,195	3,112,735
	(34,439,524)	-	-	(57,841,987)	(30,881,439)	(13,060,246)
	<u>42,437,135</u>	<u>13,309,756</u>	<u>34,393,428</u>	<u>6,612,718</u>	<u>66,117,635</u>	<u>66,377,492</u>
\$	<u>12,039,903</u>	<u>\$ (49,722,846)</u>	<u>\$ (16,070,696)</u>	<u>\$ (41,291,916)</u>	<u>\$ 20,332,027</u>	<u>\$ 5,275,101</u>
	4.2%	4.5%	5.0%	4.6%	4.7%	4.8%

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County of Orange, New York

Tax Revenues By Source, Governmental Funds
Last Ten Fiscal Years

Fiscal Year	Real Property Taxes	Non-Property Taxes			Total
		Sales Taxes	Hotel Occupancy Taxes	911 Emergency Surcharge	
2008	\$ 102,626,539	\$ 223,433,793	\$ -	\$ 1,448,814	\$ 327,509,146
2009	97,770,998	214,204,408	472,662 b	1,472,916	313,920,984
2010	107,475,567	223,723,703	2,605,732	1,520,398	335,325,400
2011	104,118,220	238,849,558	2,746,810	1,523,908	347,238,496
2012	90,452,607	253,925,511	2,954,683	1,522,743	348,855,544
2013	103,367,767	258,803,242	2,965,586	1,540,880	366,677,475
2014	101,476,995	260,763,479	3,103,564	1,537,034	366,881,072
2015	113,447,890	264,227,178	3,200,805	1,582,358	382,458,231
2016	122,404,475	265,357,072	3,505,731	1,564,289	392,831,567
2017	121,161,668	280,313,340	3,590,909	1,487,611	406,553,528

a) Effective September 15, 2009, the County instituted a 5% local hotel occupancy tax.

County of Orange, New York

**Sales Tax Rates
Last Ten Fiscal Years**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
New York State	4.000 %	4.000 %	4.000 %	4.000 %
MTA (1)	0.375	0.375	0.375	0.375
County	<u>3.750</u>	<u>3.750</u>	<u>3.750</u>	<u>3.750</u>
Total	<u>8.125 %</u>	<u>8.125 %</u>	<u>8.125 %</u>	<u>8.125 %</u>

(1) Metropolitan Transportation Authority

2012	2013	2014	2015	2016	2017
4.000 %	4.000 %	4.000 %	4.000 %	4.000 %	4.000 %
0.375	0.375	0.375	0.375	0.375	0.375
3.750	3.750	3.750	3.750	3.750	3.750
<u>8.125 %</u>					

County of Orange, New York

Assessed Value and Estimated Actual Value of Taxable Property
 Per \$1,000 of Assessed Valuation
 Last Ten Fiscal Years

Fiscal Year Ended December 31,	Real Property		Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Residential Property	Commercial Property			
2008	\$ 9,199,388	\$ 5,346,165	\$ 2,995,433	\$ 11,550,120	\$ 2.960
2009	10,398,771	5,247,813	2,874,277	12,772,307	2.960
2010	10,043,534	5,417,900	2,913,358	12,548,076	2.966
2011	9,990,074	5,424,810	2,902,858	12,512,026	3.100
2012	9,896,702	5,374,107	2,825,105	12,445,704	3.310
2013	10,406,828	5,425,920	3,155,225	12,677,523	3.550
2014	9,412,608	6,221,812	3,224,819	12,409,601	3.880
2015	9,926,873	5,817,797	3,347,097	12,397,573	3.903
2016	9,924,863	5,667,850	3,146,710	12,446,003	3.925
2017	10,473,373	6,041,020	3,935,168	12,579,225	3.838

Source: Orange County Real Property Tax Service Agency

Note: Taxable assessed values are determined by the city and town governments located within the County. The estimated actual taxable values represent the weighted average State equalization rates established for each city and town within the County.

Note: Assessed values and estimated actual taxable values expressed in thousands.

	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
\$	40,990,012	28.18 %
	40,312,863	31.68
	37,942,705	33.07
	34,980,010	35.77
	33,278,092	37.40
	31,609,549	40.11
	29,439,610	42.15
	29,723,206	41.71
	30,135,880	41.30
	31,035,438	40.53

County of Orange, New York

Direct and Underlying Property Tax Rates,
Per \$1,000 of Assessed Valuation
Last Ten Fiscal Years

	2008	2009	2010	2011
County Direct Rate (1)	\$ 2.960	\$ 2.960	\$ 2.966	\$ 3.100
City Rates				
City of Middletown	57.600	60.560	68.990	75.460
City of Newburgh	41.740	7.710	9.880	15.840
City of Port Jervis	21.670	22.810	24.200	24.800
Town Rates	28.84-0.68	29.96-1.19	30.48-1.18	32.27-1.19
Village Rates	46.85-1.39	44.84-1.94	45.37-1.19	46.65-1.41
School Districts	236.64-16.52	221.28-15.98	218.38-16.90	243.20-17.87

Source: Orange County Real Property Tax Service Agency

(1) - A single direct property tax rate applies to all classes of real property.

	2012	2013	2014	2015	2016	2017
\$	3.320	\$ 3.550	\$ 3.880	\$ 3.903	\$ 3.868	\$ 3.838
	77.190	78.683	75.576	76.488	76.801	76.873
	17.890	17.843	18.470	19.227	19.513	19.643
	25.870	22.624	23.290	23.418	25.404	27.350
	32.78-0.82	33.55-1.20	31.98-1.20	37.68-1.21	41.82-1.22	42.25-1.22
	48.73-6.26	50.00-2.23	50.96-2.21	46.36-2.13	48.86-3.32	53.74-6.81
	235.22-19.94	224.70-16.88	233.00-18.49	233.00-19.05	257.73-19.33	248.73-19.89

County of Orange, New York

Principal Taxpayers
Current Year and Nine Years Ago

2017			
Taxpayer	Type of Business	Assessed Valuation	Percent of Total Assessed Valuation
Orange & Rockland Utilities	Public Utility	\$ 240,357,610	1.91 %
Chelsea GCA Realty	Shopping Center	158,737,400	1.26
Central Hudson & Gas	Public Utility	132,600,692	1.05
Crystal Run Newco LLC	Commercial Landlord	34,587,906	0.27
Middletown I Resources LP	Shopping Center	26,636,724	0.21
Roseton Generating	Public Utility	48,091,500	0.38
Idlewild Creek Apartments LP	Apartment Complex	25,041,700	0.20
GWL 201 Neelytown LLC	Real Estate Developer	30,052,400	0.24
Allegiance Healthcare	Healthcare	30,955,000	0.25
East Coast Imperial Garden	Apartment Complex	7,700,100	0.06
		<u>\$ 734,761,032</u>	<u>5.83 %</u>

Note: Total assessed valuation on the 2017 roll is \$12,579,225,000

2008			
Taxpayer	Type of Business	Assessed Valuation	Percent of Total Assessed Valuation
Dynegy	Public Utility	\$ 261,087,400	2.26 %
Orange & Rockland Utilities	Public Utility	131,367,611	1.14
Central Hudson & Gas	Public Utility	91,602,208	0.79
Simon Group	Shopping Center	69,838,400	0.60
Allegiance Healthcare	Professional Building	34,114,100	0.30
Frontier Communications	Public Utility	28,315,882	0.25
Middletown I Resources	Shopping Center	19,737,700	0.17
Newburgh Mall	Shopping Center	14,200,000	0.12
East Coast Imperial Gardens Inc.	Apartment Complex	8,872,100	0.08
Ballard Road Holdings LLC	Food Warehouse	7,700,000	0.07
		<u>\$ 666,835,401</u>	<u>5.78 %</u>

Note: Total assessed valuation on the 2008 roll is \$11,550,120,000

Source: Orange County Real Property Tax Service Agency

County of Orange, New York

Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	Gross General Obligation Bonds (1)	Less: Amounts Available in Debt Service Fund	Net Long Term Debt	Percentage of Personal Income (3)	Net	
					Percentage of Estimated Actual Taxable Value of Property (4)	Per Capita (3)
<u>Governmental Activities</u>						
2008	\$ 240,409,169	\$ 5,015,582	\$ 235,393,587	1.66 %	0.57 %	\$ 635.85
2009	264,689,086	3,120,151	261,568,935	1.88	0.65	702.99
2010	247,582,530	2,299,107	245,283,423	1.71	0.65	656.82
2011	254,099,870	1,927,356	252,172,514	1.68	0.72	673.79
2012	278,722,514	3,618,949	275,103,565	1.71	0.83	735.31
2013	265,866,455	3,133,711	262,732,744	1.60	0.83	700.76
2014	271,458,345	3,734,973	267,723,372	1.63	0.91	711.84
2015	251,536,943	9,852,418	241,684,525	1.43	0.81	639.97
2016	290,091,152	14,120,970	275,970,182	1.57	0.93	727.75
2017	326,248,496	11,333,953	314,914,543	1.59 (2)	1.04	823.90
<u>Business-Type Activities</u>						
2008	\$ 15,462,766	\$ -	\$ 15,462,766	0.11 %	0.04 %	\$ 41.77
2009	13,282,025	-	13,282,025	0.10	0.03	35.70
2010	10,926,345	-	10,926,345	0.08	0.03	29.26
2011	9,453,005	-	9,453,005	0.06	0.03	25.26
2012	7,990,894	-	7,990,894	0.05	0.02	21.36
2013	6,643,191	-	6,643,191	0.04	0.02	17.72
2014	4,990,553	-	4,990,553	0.03	0.02	13.27
2015	4,293,618	-	4,293,618	0.03	0.01	11.37
2016	3,937,575	-	3,937,575	0.02	0.01	10.38
2017	4,121,969	-	4,121,969	0.02 (2)	0.01	10.78
<u>Total Primary Government</u>						
2008	\$ 255,871,935	\$ 5,015,582	\$ 250,856,353	1.77 %	0.61 %	\$ 622.29
2009	277,971,111	3,120,151	274,850,960	1.98	0.61	677.62
2010	258,508,875	2,299,107	256,209,768	1.79	0.68	738.69
2011	263,552,875	1,927,356	261,625,519	1.74	0.68	686.07
2012	286,713,408	3,618,949	283,094,459	1.76	0.75	699.05
2013	272,509,646	3,133,711	269,375,935	1.64	0.85	756.66
2014	276,448,898	3,734,973	272,713,925	1.62	0.85	718.48
2015	255,830,561	9,852,418	245,978,143	1.46	0.93	725.11
2016	294,028,727	14,120,970	279,907,757	1.59	0.83	651.34
2017	330,370,465	11,333,953	319,036,512	1.61 (2)	1.06	834.68

(1) - Presented net of original issuance discounts and premiums

(2) - 2017 percentage calculated using 2016 personal income data, which is the most recent available

(3) - Population and personal income data can be found in the schedule of demographic and economic statistics

(4) - Based on values presented in the schedule of assessed value and estimated actual value of taxable property

Gross		
Percentage of Personal Income (3)	Percentage of Estimated Actual Taxable Value of Property (4)	Per Capita (3)
1.70 %	0.59 %	\$ 649.40
1.91	0.66	711.38
1.73	0.65	662.97
1.69	0.73	678.94
1.73	0.84	744.98
1.62	0.84	709.12
1.61	0.92	721.77
1.43 (2)	0.85	666.06
1.46	0.96	764.99
n/a	1.05	853.55
0.11 %	0.04 %	\$ 41.77
0.10	0.03	35.70
0.08	0.03	29.26
0.06	0.03	25.26
0.05	0.02	21.36
0.04	0.02	17.72
0.03	0.02	13.27
0.02 (2)	0.01	11.37
0.02	0.01	10.38
n/a	0.01	10.78
1.80 %	0.62 %	\$ 691.17
2.00	0.69	747.08
1.80	0.68	692.23
1.75	0.75	704.20
1.78	0.86	766.34
1.66	0.86	726.84
1.64	0.94	735.04
1.46	0.86	677.43
1.48 (2)	0.98	775.37
n/a	1.06	864.33

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County of Orange, New York

**Direct and Underlying Governmental Activities Debt
December 31, 2017**

<u>Governmental Unit</u>	<u>Gross Long-Term Debt (1)</u>
Cities (three)	\$ 119,371,009
Towns (twenty)	107,347,402
Villages (seventeen)	86,322,862
School Districts (eighteen)	757,039,998
Fire Districts (thirty-eight)	<u>20,812,180</u>
Subtotal, Underlying Debt	1,090,893,451
Direct Bonded Debt of the County	<u>326,248,496</u>
Direct and Underlying Debt	<u>\$ 1,417,141,947</u>

Sources - New York State Comptroller's Office for local municipalities fiscal year ending in 2017.

(1) Excludes enterprise fund bonds.

Note: County percentage is 100% since all of the above municipalities and School Districts fall within the boundaries of the County.

County of Orange, New York

**Legal Debt Margin Information
Last Ten Fiscal Years**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt Limit	\$ 2,296,556	\$ 2,518,787	\$ 2,654,854	\$ 2,688,183
Total Net Debt Applicable to Limit	<u>230,958</u>	<u>251,186</u>	<u>246,396</u>	<u>247,318</u>
Legal Debt Margin	<u>\$ 2,065,598</u>	<u>\$ 2,267,601</u>	<u>\$ 2,408,458</u>	<u>\$ 2,440,865</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	10.06%	9.97%	9.28%	9.20%

Legal Debt Margin Calculation for Fiscal Year 2017

Five Year Average Full Valuation of Taxable Real Property	<u>\$ 30,388,737</u>
Debt Limit - 7% of Average Full Valuation	<u>2,127,212</u>
Outstanding Indebtedness:	
Serial bonds	\$ 308,557
Bond Anticipation Notes	<u>-</u>
	308,557
Less Exclusions:	
Amount set aside for repayment of general obligation debt	\$ 11,334
Exempt Sewer District Debt	<u>13,780</u>
	25,114
Total Net Indebtedness	<u>283,443</u>
Net Debt Contracting Margin	<u>\$ 1,843,769</u>
Percentage of Debt Contracting Margin Available as of December 31, 2017	86.68%
Percentage of Debt Contracting Power Exhausted as of December 31, 2017	13.32%

Note - All amounts in this table expressed in thousands

State Finance Law limits the County's outstanding net general obligation long-term debt to no more than 7% of the five year average full valuation of taxable real property. The legal debt margin is the difference between the debt limit and the County's net debt outstanding applicable to the limit, and represents the County's legal borrowing authority.

2012	2013	2014	2015	2016	2017
\$ 2,625,052	\$ 2,493,725	\$ 2,341,500	\$ 2,226,427	\$ 2,158,609	\$ 2,127,212
256,216	244,106	249,055	217,729	247,433	283,443
<u>\$ 2,368,836</u>	<u>\$ 2,249,619</u>	<u>\$ 2,092,445</u>	<u>\$ 2,008,697</u>	<u>\$ 1,911,175</u>	<u>\$ 1,843,769</u>
9.76%	9.79%	10.64%	9.78%	11.46%	13.32%

County of Orange, New York

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (amounts expressed in thousands) (2)	Per Capita Personal Income (2)	Median Age (3)	Percent High School Graduate or Higher (3)
2008	370,201	\$ 14,180,250	\$ 38,304	35.0	86.5 %
2009	372,079	13,891,482	37,335	36.5	86.9
2010	373,443	14,344,054	38,399	36.7	85.7
2011	374,259	15,019,466	40,066	37.1	87.1
2012	374,135	16,105,820	43,005	37.3	88.5
2013	374,926	16,446,266	43,788	36.7	89.9
2014	376,099	16,875,542	44,870	36.8	89.3
2015	377,647	17,565,599	46,513	36.7	89.9
2016	379,210	19,830,625	47,284	37.2	89.3
2017	382,226	n/a	n/a	n/a	n/a

(1) U.S. Census Bureau, Population Division.

(2) U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System Table CA1-3.

(3) U.S. Census Bureau, 2015: American Community Survey.

(4) New York State Department of Education.

(5) New York State Department of Labor, Local Area Unemployment Statistics Program.

n/a - Information not currently available.

<u>School Enrollment (4)</u>	<u>Unemployment Rate (5)</u>
64,846	5.4 %
64,148	7.9
63,613	8.3
62,568	8.0
61,697	8.3
60,599	6.8
59,867	5.5
58,989	4.7
58,130	4.3
57,572	4.6

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COUNTY OF ORANGE, NEW YORK

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

EMPLOYER	2017		2008	
	EMPLOYEES	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT	EMPLOYEES	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT
United States Military Academy at West Point	4,000	2.31 %	3,000	1.75 %
Orange Regional Medical Center	2,524	1.46	2,524	1.47
Orange County Government	2,148	1.24	2,532	1.47
Crystal Run Health	1,800	1.04	-	-
Access: Supports for Living	1,289	0.74	-	-
St Luke's Cornwall Hospital	1,247	0.72	1,700	0.99
Eiant, Inc.	1,200	0.69	1,200	0.70
C & S Wholesale Grocers, Inc.	800	0.46	850	0.49
Empire Blue Cross/Blue Shield	795	0.46	825	0.48
Spectrum Enterprise	750	0.43	-	-
The ARC of Orange County	750	0.43	750	0.44
Amscan, Inc.	525	0.30	-	-
Horizon Family Medical Group	500	0.29	-	-
Kolmar Laboratories Inc	500	0.29	-	-
Bon Secours Community Hospital	490	0.28	-	-
Staples, Inc.	460	0.27	-	-
Verla International LTD	445	0.26	-	-
YRC Worldwide	435	0.25	-	-
United Natural Foods, Inc (UNFI)	400	0.23	-	-
Adecco	400	0.23	-	-
SUNY Orange	300	0.17	900	0.52
Superior Pack Group Inc.	325	0.19	-	-
U. S. Postal Service*	-	-	1,102	0.64
	<u>22,083</u>	<u>12.75 %</u>	<u>15,383</u>	<u>8.95 %</u>

Source: 2017 and 2008 Directory of Major Employers, Orange County Partnership
* Provided By The Postal Service

County of Orange, New York

Full-Time Equivalent County Government Employees By Function
Last Ten Fiscal Years

FUNCTION	2008	2009	2010	2011
General Government	599	571	570	560
Public Safety	557	554	558	548
Health	744	713	643	623
Economic Opportunity and Development	559	531	529	522
Culture and Recreation	52	45	44	42
Home and Community Services	21	20	19	19
Total	2,532	2,434	2,363	2,314

Source - County Finance Department

2012	2013	2014	2015	2016	2017
557	554	521	523	525	525
559	554	533	542	554	555
606	584	517	532	529	518
513	523	490	471	471	491
40	38	35	36	36	36
19	18	17	17	22	23
<u>2,294</u>	<u>2,271</u>	<u>2,113</u>	<u>2,121</u>	<u>2,137</u>	<u>2,148</u>

County of Orange, New York

Operating Indicators By Function
Last Ten Fiscal Years

FUNCTION	2008	2009	2010	2011
General Government				
Motor Vehicles				
Number of drivers' licenses issued	53,576	71,950	77,240	82,478
Public Safety				
Emergency Services				
Number of calls at 911 center	225,253	250,844	262,603	288,763
Corrections				
Number of inmates	6,387	6,536	6,718	6,270
Transportation				
Public Works				
Street resurfacing (miles)				
Asphalt (Number of miles)	23.50	17.50	10.20	27.42
Surface treatment (Number of miles)	6.30	5.60	5.57	5.15
Culture and Recreation				
Number of rounds of golf played	51,606	48,817	48,891	38,789
Home and Community Services				
Landfill				
Tonnage of garbage	94,729	125,723	143,172	149,376
Wastewater				
(1) Average daily sewage treatment (thousands of gallons)	4,550,000	4,706,333	4,844,333	6,163,417
Transportation				
Ridership on public buses	930,405	929,514	1,105,689	925,968
Valley View Center for Nursing Care and Rehabilitation				
Number of beds occupied	352	341	345	337

Source: Orange County Budget and individual County departments

2012	2013	2014	2015	2016	2017
74,618	58,529	54,863	53,862	53,937	64,557
279,566	258,917	262,856	270,188	278,322	314,480
6,144	6,310	6,074	5,968	5,988	6,175
16.17 4.60	11.47 4.64	13.10 4.50	14.20 6.30	16.88 6.56	16.74 7.39
46,128	41,494	39,889	39,365	41,717	38,897
153,598	152,548	123,575	129,594	130,494	130,735
4,495,000	4,549,750	4,375,167	4,146,417	4,375,833	4,552,667
929,219	941,580	981,115	995,762	1,008,428	983,462
325	333	340	334	332	336

County of Orange, New York

Capital Asset Statistics By Function
Last Ten Fiscal Years

FUNCTION	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Government				
Public Works				
Driveway permits issued	9	25	22	13
Subdivision permits issued	3	3	8	4
Culture and Recreation				
Parks acreage	3,318	3,318	3,318	3,415
Home and Community Services				
Sanitary sewers (miles)	82	82	82	82

Source - Various County departments

2012	2013	2014	2015	2016	2017
21 2	16 2	17 1	30 -	36 3	45 4
3,415	3,415	3,415	3,415	3,415	3,415
83	83	84	84	85	85

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**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with *Government
Auditing Standards***

Independent Auditors' Report

**The Honorable Legislature
of the County of Orange, New York**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County of Orange, New York ("County") as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 15, 2018. Our report includes a reference to other auditors who audited the financial statements of the Valley View Center for Nursing Care and Rehabilitation (enterprise fund), the Orange County Community College (component unit), the Orange County Industrial Development Agency (component unit) and the Orange County Water Authority (component unit), as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of the County in a separate letter.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP
Harrison, New York
June 15, 2018

APPENDIX C

FORM OF BOND COUNSEL OPINION

Hawkins Delafield & Wood LLP
7 World Trade Center, 250 Greenwich Street
New York, New York 10007

February 6, 2019

The County Legislature of the
County of Orange, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the County of Orange (the “County”), New York, a municipal corporation of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the \$30,130,962 Public Improvement Serial Bonds-2019 (the “Bonds”), dated and delivered on the date hereof.

In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds are valid and legally binding general obligations of the County for which the County has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the County is subject to the levy of ad valorem real estate taxes to pay the Bonds and interest thereon, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended. The enforceability of rights or remedies with respect to such Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors’ rights or remedies heretofore or hereafter enacted.

2. Under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code.

The Code establishes certain requirements which must be met subsequent to the issuance of the Bonds in order that the interest on the Bonds be and remain excluded from gross income for federal income tax purposes under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Bonds, restrictions on the investment of proceeds of the Bonds prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Bonds to become subject to federal income

taxation retroactive to the date of issuance thereof, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of issuance of the Bonds, the County will execute a Tax Certificate relating to the Bonds containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the County represents that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that the interest on the Bonds will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in this paragraph 2, we have relied upon and assumed (i) the material accuracy of the County's representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of the interest on the Bonds, and (ii) compliance by the County with the procedures and representations set forth in the Tax Certificate as to such tax matters.

3. Under existing statutes, interest on the Bonds is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Bonds, or the ownership or disposition thereof, except as stated in paragraphs 2 and 3 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Bonds.

We give no assurances as to the adequacy, sufficiency or completeness of the Preliminary Official Statement and/or Official Statement related to the Bonds or any proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the County, which have been or may hereafter be furnished or disclosed to purchasers of ownership interests in the Bonds.

Very truly yours,

/s/ Hawkins Delafield & Wood LLP

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

Section 1. Definitions

“Annual Information” shall mean the information specified in Section 3 hereof.

“EMMA” shall mean the Electronic Municipal Market Access System implemented by the MSRB.

“GAAP” shall mean generally accepted accounting principles as in effect from time to time in the United States.

“Holder” shall mean any registered owner of the Securities and any beneficial owner of Securities within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934.

“Issuer” shall mean the **County of Orange**, a municipal corporation of the State of New York.

“MSRB” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Agreement.

“Purchaser” shall mean the financial institution referred to in the Certificate of Award, executed by the Commissioner of Finance as of January 23, 2019.

“Rule” shall mean Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as amended, as in effect on the date of this Undertaking, including any official interpretations thereof issued either before or after the effective date of this Undertaking which are applicable to this Undertaking.

“Securities” shall mean the Issuer’s **\$30,130,962 PUBLIC IMPROVEMENT SERIAL BONDS-2019**, dated February 6, 2019, maturing in various principal amounts on February 1 in each of the years 2021 to 2028, inclusive, and delivered on the date hereof.

Section 2. Obligation to Provide Continuing Disclosure. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided either directly or through Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York, to the EMMA System:

- (i) (A) no later than the last day of the sixth (6th) month after the end of each fiscal year, commencing with the fiscal year ending December 31, 2019, the Annual Information relating to such fiscal year, and (B) no later than six (6) months after the end of each fiscal year, commencing with the fiscal year ending December 31, 2019, the audited financial statements of the Issuer for each fiscal year, if audited financial statements are prepared by the Issuer and then available; provided, however, that if audited financial statements are not prepared or are not then available, unaudited

financial statements shall be provided and audited financial statements, if any, shall be delivered to the EMMA System within sixty (60) days after they become available and in no event later than one (1) year after the end of each fiscal year; provided further, however, that the unaudited financial statement shall be provided for any fiscal year only if the Issuer has made a determination that providing such unaudited financial statement would be compliant with federal securities laws, including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17 (a)(2) of the Securities Act of 1933; and

- (ii) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of any of the following events with respect to the Securities:
 - (1) principal and interest payment delinquencies;
 - (2) non-payment related defaults, if material;
 - (3) unscheduled draws on debt service reserves reflecting financial difficulties;
 - (4) unscheduled draws on credit enhancements reflecting financial difficulties;
 - (5) substitution of credit or liquidity providers, or their failure to perform;
 - (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Securities, or other events affecting the tax status of the Securities;
 - (7) modifications to rights of Securities holders, if material;
 - (8) Bond calls, if material, and tender offers;
 - (9) defeasances;
 - (10) release, substitution, or sale of property securing repayment of the Securities, if material;
 - (11) rating changes;
 - (12) bankruptcy, insolvency, receivership or similar event of the Issuer;

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for

the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;

- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

- (iii) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of a failure to provide by the date set forth in Section 2(a)(i) hereof any Annual Information required by Section 3 hereof.

(b) Nothing herein shall be deemed to prevent the Issuer from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated hereunder.

(c) Nothing herein shall be deemed to prevent the Issuer from providing notice of the occurrence of certain other events, in addition to those listed above, if the Issuer determines that any such other event is material with respect to the Securities; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any event except those events listed above.

Section 3. Annual Information. (a) The required Annual Information shall consist of the financial information and operating data for the preceding fiscal year, in a form generally consistent with the information contained or cross-referenced in the Issuer's final official statement relating to the Securities under the headings "THE COUNTY," "ECONOMIC AND DEMOGRAPHIC INFORMATION," "INDEBTEDNESS OF THE COUNTY," "DISCUSSION OF CERTAIN FINANCIAL MATTERS," "TAX INFORMATION", "LITIGATION" AND APPENDIX A.

(b) All or any portion of the Annual Information may be incorporated in the Annual Information by cross reference to any other documents which are (i) available to the public on the EMMA System or (ii) filed with the SEC. If such a document is a final official statement, it also must be available from the EMMA System.

(c) Annual Information for any fiscal year containing any modified operating data or financial information (as contemplated by Section 7(e) hereof) for such fiscal year shall explain, in narrative form, the reasons for such modification and the effect of such modification on the Annual Information being provided for such fiscal year. If a change in accounting principles is included in any such modification, such Annual Information shall present a comparison between the financial statements or information prepared on the basis of the modified accounting principles and those prepared on the basis of the former accounting principles.

Section 4. Financial Statements. The Issuer's annual financial statements for each fiscal year, if prepared, shall be prepared in accordance with GAAP or New York State regulatory requirements as in effect from time to time. Such financial statements, if prepared, shall be audited by an independent accounting firm. The Issuer's Annual Financial Report Update Document prepared by the Issuer and filed annually with New York State in accordance with applicable law, shall not be subject to the foregoing requirements.

Section 5. Remedies. If the Issuer shall fail to comply with any provision of this Undertaking, then any Holder of Securities may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Undertaking against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Undertaking; provided that the sole and exclusive remedy for breach of this Undertaking shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Undertaking shall not constitute an event of default on the Securities.

Section 6. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with paragraph (b)(5) of the Rule and is delivered for the benefit of the Holders. No other person shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 7. Amendments. Without the consent of any holders of Securities, the Issuer at any time and from time to time may enter into any amendments or changes to this Undertaking for any of the following purposes:

- (a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);
- (b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;

- (c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;
- (d) to add to the duties of the Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the Issuer;
- (e) to modify the contents, presentation and format of the Annual Information from time to time to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Issuer or to reflect changes in the identity, nature or status of the Issuer or in the business, structure or operations of the Issuer or any mergers, consolidations, acquisitions or dispositions made by or affecting any such person; provided that any such modifications shall comply with the requirements of Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such modification; or
- (f) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

provided that no such action pursuant to this Section 7 shall adversely affect the interests of the Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 8. Termination. This Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Securities shall have been paid in full or the Securities shall have otherwise been paid or legally defeased pursuant to their terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to the EMMA System. Such notice shall state whether the Securities have been defeased to maturity or to redemption and the timing of such maturity or redemption.

In addition, this Agreement, or any provision hereof, shall be null and void in the event that those portions of the Rule which require this Agreement, or such provision, as the case may be, do not or no longer apply to the Securities, whether because such portions of the Rule are invalid, have been repealed, or otherwise.

Section 9. Undertaking to Constitute Written Agreement or Contract. This Undertaking shall constitute the written agreement or contract for the benefit of Holders of Securities, as contemplated under Rule 15c2-12.

Section 10. Governing Law. This Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of February 6, 2019.

COUNTY OF ORANGE

By _____
Commissioner of Finance and Chief Fiscal Officer