

## NEW ISSUE

*In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the County with respect to the Notes, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes 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 Notes is not treated as a preference item in calculating the alternative minimum tax imposed on individuals under the Code. In addition, in the opinion of Bond Counsel to the County for the Notes, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York and the City of Yonkers. See "TAX MATTERS" herein.*



## COUNTY OF WESTCHESTER, NEW YORK

### 2.00% \$150,000,000 TAX ANTICIPATION NOTES FOR 2018 TAXES

(reoffered @ 1.10%)

(THE "NOTES")

**Date of Issue: Date of Delivery**

**Maturity Date: May 29, 2018**

The Notes will be issued by the County of Westchester, New York (the "County") 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 Notes. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000, or integral multiples thereof. The Purchaser will not receive certificates representing their ownership interest in the Notes. Principal and interest on the Notes 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 Notes, as described herein.

The Notes will be delivered to DTC, which will act as securities depository for the Notes. Beneficial owners will not receive certificates representing their interest in the Notes. Individual purchases may be made in denominations of \$5,000 or integral multiples thereof. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser at such interest rate. Principal of and interest on said Notes will be paid in Federal Funds by the County to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes as described herein. Transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The County will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. (See "Book-Entry-Only System" herein).

The Notes are dated their Date of Issue and bear interest from that date until the Maturity Date, at the rate as specified by the purchaser of the Notes. The Notes will not be subject to redemption prior to maturity.

**FOR A DESCRIPTION OF THE COUNTY'S AGREEMENTS TO PROVIDE CONTINUING DISCLOSURE AS DESCRIBED IN THE SECURITIES AND EXCHANGE COMMISSION RULE 15c2 12, SEE "DISCLOSURE UNDERTAKING FOR THE NOTES" HEREIN.**

*The Notes are offered subject to the receipt of the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the County with respect to the Notes and certain other conditions. It is expected that delivery of the Notes, in definitive form, will be made on or about February 8, 2018 in New York, New York.*

Dated: February 1, 2018

**Bank of America Merrill Lynch**

**WESTCHESTER COUNTY, NEW YORK**

**OFFICIAL ROSTER**

**County Executive**

George Latimer

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**COUNTY BOARD OF LEGISLATORS**

Benjamin Boykin, *Board Chair*  
Alfreda A. Williams, *Board Vice Chair*

Nancy E. Barr	James Maisano
Catherine Borgia	Catherine Parker
Gordon A. Burrows	Virginia Perez
Kitley S. Covill	MaryJane Shimsky
Margaret A. Cunzio	John G. Testa
Christopher A. Johnson	David Tubiolo
Michael B. Kaplowitz	Lyndon Williams
Damon R. Maher	

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**APPOINTED OFFICIALS**

Kenneth W. Jenkins, *Deputy County Executive*  
Ann Marie Berg, *Commissioner of Finance*  
John M. Nonna, *County Attorney*  
Lawrence C. Soule, *Budget Director*

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**SPECIAL SERVICES**

**BOND COUNSEL**

Hawkins Delafield & Wood LLP  
New York, New York

**AUDITORS**

PKF O'Connor Davies, LLP

No dealer, broker, salesman or other person has been authorized by the County of Westchester, New York, or any officer thereof, 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 any of the foregoing. 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 Notes 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 County of Westchester, New York, 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 County of Westchester, New York, since the date hereof. The Purchaser(s) may offer and sell Notes to certain dealers and others at prices lower than the offering prices stated on the Cover Page hereof. The offering prices may be changed from time to time by the Purchaser(s). No representations are made or implied by the County as to any offering by the Purchaser(s).

This Official Statement contains forecasts, projections, and estimates that are based on current expectations but are not intended as representations of fact or guarantees of results. If and when included in this Official Statement, the words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates,” and analogous expressions are intended to identify forward-looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties, which could cause actual results to differ materially from those contemplated in such forward-looking statements. These forward-looking statements speak only as of the date of this Official Statement. The County disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the County’s expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

This Official Statement speaks only as of its date, and the information contained herein is subject to change without notice.

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## **DISCLOSURE UNDERTAKING FOR THE NOTES**

In order to assist the purchaser(s) in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”) with respect to the Notes, the County will execute an Undertaking to Provide Notices of Events, the form of which is attached hereto as Appendix F.

### ***Compliance History***

In addition to its continuing disclosure agreements with respect to County bonds, the County is a party to two continuing disclosure agreements with respect to bonds that were issued by the Dormitory Authority of the State of New York (“DASNY”) for the benefit of the County. Pursuant to those agreements, the County undertook to provide certain specified annual financial information regarding (i) certain incentive and other aid paid to the County by the State and (ii) County specific information. The County-specific information was otherwise filed by the County in connection with those continuing disclosure agreements that related to the County’s own bonds, although the filed information had not been linked to the DASNY bonds. The information regarding the State aid had not been filed. The County in December 2016 filed all the information required under the DASNY agreements, and implemented procedures that are intended to ensure that such information continues to be filed in a timely manner.

**OFFICIAL STATEMENT**  
**of the**  
**COUNTY OF WESTCHESTER, NEW YORK**

This Official Statement, which includes the cover page and appendices hereto, presents information relating to the County of Westchester, in the State of New York (the "County" and "State," respectively) and was prepared by the County in connection with the sale of its \$150,000,000 Tax Anticipation Notes for 2018 Taxes (the "Notes").

All quotations from as well as summaries and explanations of provisions of the Constitution, 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 Notes and the proceedings of the County relating thereto are qualified in their entirety by reference to the definitive form of the Notes and such proceedings.

**THE NOTES**

**Authority for and Purpose of Issue**

The Notes are issued pursuant to the Constitution and laws of the State, including Sections 24.00 and 39.00 of the Local Finance Law, constituting Chapter 33-a of the Consolidated Laws of New York, and a tax anticipation note act adopted by the Board of Legislators of the County to finance cash flow requirements in anticipation of the collection of 2018 real property taxes levied on all taxable real property in the County. The proceeds of the Notes may be used only for the purposes for which such taxes were or are to be levied, as specified in the 2018 annual budget of the County, unless all of said purposes have been paid and satisfied, in which case the proceeds of the notes may be used for any lawful County purpose. The proceeds of the Notes will not be used for the redemption or renewal of any outstanding tax or revenue anticipation notes.

Pursuant to Section 24.00(e) of the Local Finance Law, generally, whenever the amount of the Notes and any additional tax anticipation notes issued by the County in anticipation of the receipt of 2018 real property taxes equals the amount of such taxes remaining uncollected, the County is required to set aside in a special bank account all of such uncollected taxes as thereafter collected, and to use the amounts so set aside only for the purpose of paying such Notes. Interest on the Notes will be provided from budget appropriations.

**Description of the Notes**

The Notes are dated as of their date of delivery, and will mature as set forth on the cover page hereof and will bear interest at the interest rate shown on the cover page hereof. The Notes 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 Notes. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000, or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Notes.

Interest on the Notes will be payable at maturity. Principal of and interest on the Notes 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 Notes, as described herein. The Notes may be transferred in the manner described on the Notes and as referenced in certain proceedings of the County referred to therein.

**Nature of Obligation**

The Notes, when duly issued and paid for, will constitute a contract between the County and the holders thereof.

The Notes 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 power and statutory authorization to levy ad valorem taxes on all taxable real property within the County, subject to the limitations imposed by the Tax Levy Limit Law. (See “FINANCIAL FACTORS - The 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 Notes, and the State is specifically precluded from restricting the power of the County to levy taxes on real property therefor after the Notes have been issued. However, the Tax Levy Limit Law presently 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 “FINANCIAL FACTORS - The Tax Levy Limit Law” herein.

### **BOOK ENTRY ONLY SYSTEM**

The Depository Trust Company (“DTC”), New York, New York will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered 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 Notes, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a 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 securities 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”). DTC has a Standard & Poor’s rating of AA+. 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](http://www.dtcc.com).

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes 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 Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes 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 Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account 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 Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to 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.

Redemption notices shall be sent to DTC. If less than all of the Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to 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 Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Notes 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 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 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.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, 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 TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY PARTICIPANT, 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 PREMIUM, IF ANY, OR INTEREST ON THE NOTES; (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS; OR (IV) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDOWNER.

## **THE COUNTY OF WESTCHESTER**

There follows in this Official Statement a brief description of the County, together with certain information concerning its economy and governmental organization, its indebtedness, current major revenue sources and expenditures of the General and Special Revenue funds.

### **General Information**

Westchester County, incorporated in 1683, is a suburban county located in the northern sector of the New York City metropolitan area. It is bordered on the south by New York City, on the east by the State of Connecticut and Long Island Sound, on the north by Putnam County and on the west by the Hudson River. The County had a 2016 Federal census estimated population of 974,542 and has an area of 450 square miles.

The County has a large and varied economic base containing many corporate headquarters, research facilities, manufacturing firms and well developed trade and service sectors. Approximately thirty-five percent of employed County residents commute to work outside the County, primarily to New York City.

## Population Characteristics

The 2010 Federal census recorded that the County had experienced a 2.7% population increase since the last completed census in 2000.

**TABLE 1**

Population (in thousands)

<u>Year</u>	<u>Westchester</u>	<u>New York City</u>	<u>New York State</u>	<u>United States</u>
1960	809	7,782	16,782	179,323
1970	894	7,895	18,237	203,212
1980	867	7,072	17,558	226,546
1990	875	7,323	17,990	248,710
2000	923	8,008	18,976	283,868
2010	950	8,175	19,378	308,746
2016	975	8,538	19,745	323,128

Source: United States Department of Commerce, Bureau of the Census as of most recent adjustment.

The most recent Bureau of the Census estimate of the County's population in 2016 is 974,542.

The County's 48 municipalities vary greatly in population size. Four cities: Yonkers, New Rochelle, Mount Vernon and White Plains (the County seat), contain over 42% of Westchester's population. The southern portion of the County, with about 7,940 people per square mile, is almost 10 times more densely populated than the northern area, which has about 825 people per square mile. Within the metropolitan area, Westchester's overall population density in 2016 of 2,204 people per square mile is much lower than is that of the central parts of the region and much higher than that of the more outlying exurban areas. Westchester is approximately eight percent as densely populated as New York City (27,013 per square mile) and less than one-half as densely populated as Nassau County (4,705 per square mile). However, it is more densely populated than Rockland County (1,796 per square mile), Suffolk County (1,637 per square mile), Putnam County (433 per square mile) or Dutchess County (374 per square mile).

## Personal Income

Total personal income of Westchester residents was \$91.7 billion in 2016. The County's 2016 per capita personal income is among the highest in the nation. As reported by the U.S. Department of Commerce, Bureau of Economic Analysis, Westchester County's per capita personal income of \$94,140 in 2016 placed it in the top 1% among the 3,113 counties nationwide. Among the 62 counties of New York State, Westchester ranked second in per capita personal income only to New York County (Manhattan). In addition, Westchester County's 2016 per capita personal income of \$94,140 compared favorably to New York State and the U.S., which were \$59,703 and \$49,397, respectively.

## Economy

From 2007 through 2016 (most recent year available), employment in the County has for the most part stabilized along with the County population. From 2007 through 2016 the County's rate of unemployment has been consistently lower than the State and national rates as shown in Table 2.

**TABLE 2**

**Employment and Unemployment, 2007-2016**  
**(Employment figures in thousands)**

	Westchester <sup>(a)</sup>		New York State		United States	
	<u>Employment</u>	<u>Unemployment Rate</u>	<u>Employment</u>	<u>Unemployment Rate</u>	<u>Employment</u>	<u>Unemployment Rate</u>
2007	489.6	3.7%	9,522	4.6%	146,047	4.6%
2008	495.8	4.8	9,665	5.4	145,362	5.8
2009	487.6	7.1	9,648	8.3	154,142	9.3
2010	478.7	7.4	9,595	8.6	153,889	9.6
2011	473.5	7.1	9,517	8.3	141,637	8.9
2012	477.5	7.3	9,612	8.5	142,469	8.1
2013	476.3	6.3	9,623	7.7	143,929	7.4
2014	473.2	5.1	9,571	6.3	147,442	5.6
2015	479.9	4.5	9,591	5.3	151,030	5.0
2016	479.4	4.2	9,585	4.8	145,325	4.7

Sources: New York State Department of Labor and United States Labor Department, Bureau of Labor Statistics.  
Annual Averages.

<sup>(a)</sup> Statistical data represents employment of the County's residents employed either within the County or outside the County.

**TABLE 3**

**Non-Farm Average Employment in Westchester/Rockland/Orange Counties\***  
**2012 – 2016**  
**(Figures in thousands)**

	<u>Total Non- Farm</u>	<u>Services</u>	<u>Trade Transportation and Utilities</u>	<u>Education &amp; Health Services</u>	<u>Government</u>	<u>Finance, Insurance &amp; Real Estate</u>	<u>Manufacturing</u>	<u>Construction/ Mining</u>	<u>Other</u>
2012	647.8	143.7	135.2	127.2	104.8	47.0	30.6	30.4	28.9
2013	652.7	146.4	136.2	128.3	102.9	47.6	30.4	31.9	29.0
2014	663.1	151.2	138.0	129.7	102.9	47.5	29.6	34.7	29.5
2015	674.4	153.5	139.5	134.9	102.4	47.4	29.6	37.4	29.7
2016	682.5	156.5	138.1	139.1	103.3	46.9	29.2	38.7	30.6

Source: New York State Department of Labor.

Annual Averages

\* For purposes of these statistics, the New York State Department of Labor has combined these counties as a "Metropolitan Statistical Area."

Approximately 96 percent of the wage and salary jobs in the metropolitan statistical area which includes Westchester County in 2016 were with firms whose major activity was other than manufacturing. During the period 2012-2016, employment in both the services sectors showed approximately 9 percent increases. There were a total of approximately 479,000 County residents employed in 2016. Approximately 28 percent of the County's professional, technical and managerial workers travel to work in New York City and are among the approximately 35 percent of County residents working outside the County.

Current overall commercial vacancy rates in the County are approximately 18%. Westchester County rents are competitive, however significantly less than commercial rents in New York City (averaging approximately \$21-\$30 per square foot vs. approximately \$70-\$100 per square foot). These facts continue to be a major economic development attraction for the County. As such, the professional services sector has increased jobs in 2017 in part by filling these vacant spaces.

There has been a continued effort in the repurposing of Class A office space in Westchester County, particularly along the I-287 corridor. The Health Care sector in Westchester County continues to grow. The expansion of the Health Care sector is led by a number of major initiatives, including Westchester Medical Center's new \$230 million Ambulatory Care Pavilion. This development will include over 40 patient rooms, a 15,000 square foot imaging center and a 10,000 square foot ambulatory center.

Other major initiatives include the Westchester Bioscience and Technology Center, a potential three-million square foot, mixed-use biotech center on the County's vacant property adjacent to the Westchester Medical Center in Valhalla. The proposed development would include up to \$1.2 billion in private sector investments.

Other development and retail highlights include:

- Shopping attractions in the County include Ridge Hill, The Westchester Mall, the Galleria at White Plains, Jefferson Valley Mall and the Cross County Mall.
- Major department stores in the County include Bloomingdale's, Lord & Taylor, Macy's, Neiman Marcus, Nordstrom, Sears, Target, and Wal-Mart.
- A \$50 million lease at the Westchester County Airport with Million Air, requiring the construction of a new 50,000 square foot hangar and a 20,000 square foot terminal building.
- 2017 saw the completion of the Rivertowns Square development in Dobbs Ferry, a mixed-use retail and housing complex that features luxury apartments, a luxury movie theater, restaurants, retail stores and approximately 750 parking spaces.

These developments will continue to support employment, creating a significant number of permanent jobs and providing additional revenues to the County and its municipalities.

**TABLE 4**

Major Employers (Non-Municipal) in Westchester County

<u>Firms</u>	<u>Business Activity</u>
IBM Corp.	Computer hardware and software
PepsiCo Inc.	Soft drinks and snack foods
Consolidated Edison Inc.	Utility Services
MasterCard	Credit card services
ITT Corp.	Water and fluid management
Westchester Medical Center	Hospital and healthcare services
Regeneron Pharmaceuticals Inc.	Pharmaceuticals
New York Medical College	Medical college and Research
Pace University	Four-year university
White Plains Hospital	Acute health care, preventive medical care
St. John's Riverside Hospital	Hospital and diagnostics health center

\*Source: Westchester Business Journal as of April 2017.

## Transportation

The County has three commuter train lines providing service into Manhattan. Approximately three-quarters of the County's population live within a 40-minute ride of Grand Central Terminal. Freight service is provided on some rail lines. The Metropolitan Transportation Authority (MTA) has made investments in new rolling stock and improved station facilities for the County's three commuter lines and is implementing a program to expand parking facilities at various stations on all three lines.

The County is served by the New York State Thruway, three interstate highways (I-95, I-287, and I-684), and a network of scenic parkways dating back to the 1920s. The parkway system includes the Bronx River Parkway, Saw Mill River Parkway, Hutchinson River Parkway, Sprain Brook Parkway, Cross County Parkway and Taconic State Parkway.

All parkways are owned and operated by the New York State Department of Transportation with the exception of the Bronx River Parkway, which is owned and patrolled by the County. Pursuant to an agreement with



the State, the County patrols the Saw Mill, Hutchinson River and Cross County Parkways and is reimbursed by the State for a portion of those patrol costs.

The County is served by the Bee-Line Transit System which is administered by the County Department of Public Works and Transportation and several private bus companies. The County provides operating assistance to the companies under contract and obtains State and Federal aid for acquisition of new buses and other capital improvements in bus transportation. The Bee-Line Transit System operates over 900 route miles and carries over 30 million passengers annually.

The Westchester County Airport is owned by the County and is operated by a management company under contract. As of January 1, 2009, AFCO AvPorts Management, LLC took over as the management company at the Airport, which was previously managed by Macquarie Aviation North America 2, Inc. The Airport is located close to the intersection of three interstate highways. The Airport provides direct commercial service to Atlanta; Charlotte; Chicago O'Hare; Detroit; Fort Lauderdale; Fort Myers; Orlando; Tampa; West Palm Beach; Washington D.C. Ronald Reagan; and direct seasonal service to Sarasota and Vero Beach. The Airport also houses numerous corporate and privately owned aircraft.

The United States Congress established the Federal Aviation Administration ("FAA") Airport Privatization Pilot Program (the "APPP Program") as a means of generating access to various sources of private capital for airport improvement and development. Pursuant to this program and Resolution 132-2016 of the Board of Legislators, a Task Force was created consisting of three (3) members of the Administration and three (3) members of the Board of Legislators to conduct a competitive procurement for proposals to Lease the Airport in accordance with the APPP program. Upon the recommendation of the Task Force, Frasca and Associates was retained to assist the County in developing the RFP, conducting the RFP process and analyzing any proposals received in response to the RFP. The RFP was issued on April 3, 2017. Proposals were due on July 28, 2017.

## **Utility Services**

### *Wastewater Services*

The County, through its Department of Environmental Facilities, operates a wastewater collection and treatment system consisting of seven water resource recovery facilities, 42 pumping stations, and 194 miles of trunk sewers serving 13 County Sanitary Sewer Districts.

On December 9, 2008, the Westchester County Board of Legislators (the "Board") by Act No. 240-2008, authorized the County to enter into a new Order on Consent (the "2008 Consent Order") with the State of New York Department of Environmental Conservation ("NYSDEC"), which was fully executed on December 30, 2008. The 2008 Consent Order is in place of and in order to adjust the County's obligations under an existing Order on Consent, which was entered into on December 24, 2004 ("2004 Consent Order"). The 2004 Consent Order was executed in settlement of the administrative claims of the NYSDEC relating to, among other things, the County's anticipated noncompliance with state and federally mandated nitrogen removal standards to be imposed in the State Pollutant Discharge Elimination System ("SPDES") permits for the four County-owned water resource recovery facilities ("WRRFs") which discharge into the Long Island Sound ("LIS"), namely: (1) the New Rochelle WRRF; (2) the Mamaroneck Valley WRRF; (3) the Blind Brook WRRF; and (4) the Port Chester WRRF. The 2004 Consent Order was the result of a multi-year study of nitrogen-based pollution in the Long Island Sound, known as the Long Island Sound Study ("LISS") which began in 1985, and the subsequent agreement of the United States Environmental Protection Agency ("USEPA"), and the States of New York and Connecticut to impose mandatory nitrogen reductions on all municipal WRRFs which discharge into the Long Island Sound and require them to reduce nitrogen discharges. The 2008 Consent Order requires improvements be undertaken at only two of the four LIS WRRFs, namely the Mamaroneck Valley and New Rochelle WRRFs (the "BNR Project") to meet nitrogen discharge standards set forth in the NYSDEC-issued SPDES permits for all four Long Island Sound WRRFs, in the aggregate, by 2017. This substantially reduces the overall cost of compliance, because it is more efficient to reduce aggregate nitrogen discharges by making more comprehensive improvements at the two selected WRRFs, which are also the two largest facilities in the County that discharge to the LIS than it would be to achieve the same reductions by making improvements at all four WRRFs. It further requires the equitable apportionment of all the costs associated with the BNR Project among the four (4) Long Island Sound Sanitary Sewer Districts ("SSDs"), namely: (1) the New Rochelle SSD; (2) the Mamaroneck Valley SSD; (3) the Blind Brook SSD; and (4) the Port Chester

SSD, as the Board has determined that all of the properties in the four LIS SSDs are benefited thereby. This is anticipated to have a substantial financial impact on those SSDs. The 2008 Consent Order extends the date for compliance from 2014 to 2017. It should be noted that, during construction to upgrade the Mamaroneck Valley WRRF (the "Plant") there were unintended releases of plastic media disks from the Plant into the Long Island Sound, which constituted violations of Environmental Conservation Law Section 17-0803. As a consequence of the violations, and subsequent work to prevent future occurrences, the Plant suffered setbacks with respect to implementation of its plan to upgrade the treatment facilities in accordance with the 2008 Consent Order. In October 2012, the 2008 Consent Order was modified to extend interim deadlines to "Complete construction at the Mamaroneck WRRF" and to "Operate to Meet the 12 M[onth] R[olling] A[verage]" in addition to a "Green Beaches, Clean Beaches Media Disk Recovery Program" (the 2004 Consent Order and 2008 Consent Order, as modified are collectively referred to as the "Consent Order"), noting that said amendment does not change the termination date of the Consent Order. The County has met its obligations for total nitrogen removal under the Consent Order by achieving the 12-month rolling average limit since May, 2015 ahead of the required August, 2017 deadline.

The County had originally authorized approximately \$407.7 million in Bond Acts in order to meet its obligations under the 2008 Consent Order. Pursuant to the American Recovery and Reinvestment Act of 2009, Westchester County applied for and was chosen to receive an award of \$29,944,000. As such, the New York State Environmental Facilities Corporation which administered and financed the subject debt has now forgiven the outstanding debt in this amount. Due to this forgiveness of debt the authorized amount was reduced by \$22.9 million to \$384.8 million on November 6, 2014. To date the County has issued \$343.7 million of which \$22.9 million was forgiven as described above.

On May 28, 2013, the Board, by Act No. 113-2013, authorized the County to enter into an Order on Consent with the NYSDEC regarding force main breaks in 2010 and 2012 on the Tarrytown Pumping Station Force Main, which resulted in discharge of partially treated sewage into the Hudson River. The Consent Order, executed on August 22, 2013, included a Schedule of Compliance, which required submission of an approvable schedule for upgrade of the Tarrytown Pumping Station and construction of a new Force Main (the "Force Main Project"). Said schedule was delivered in a timely manner and subsequently approved by the NYSDEC. On March 10, 2014, the Board, by Act No. 18-2014, authorized the County to issue \$14,600,000 in bonds to finance the Force Main Project and by Act No. 19-2014, authorized the County to acquire all property rights necessary to construct the Force Main Project. The entire \$14,600,000 was sold to the New York State Environmental Facilities Corporation as a Bond Anticipation Note on July 10, 2014. This note was refinanced to Long Term with EFC in September 2016. On March 13, 2015, all necessary property rights in connection with the Force Main Project were obtained. The construction of the Force Main Project is now complete.

On August 10, 2015, the Board, by Act No. 142-2015, authorized the County to enter into an Order on Consent with the NYSDEC to settle administrative claims concerning alleged violations of SPDES Permit No. NY 0026697 (the "Permit") for the New Rochelle WRRF. The Permit, in relevant part, required the County to eliminate discharges from Overflow Retention Facilities ("ORF") or to comply with the effluent limitation specified in 40 CFR Part 133 by August 1, 2014. The NYSDEC alleged that, from August 1, 2014 on, the County did not eliminate discharges from the ORFs, nor did it comply with the effluent limitation, in violation of the Permit. The Order on Consent contains a Compliance Schedule which was agreed to between the County and NYSDEC. Further, on August 10, 2015, the Board, by Act No. 141-2015, authorized the County to enter into intermunicipal agreements with the four municipalities that discharge wastewater to the New Rochelle WRRF for the development and implementation of studies and plans so that the County can comply with the Compliance Schedule contained in the Order on Consent. On September 3, 2015, the County Board of Acquisition and Contract authorized the County to enter into the inter-municipal agreements and all four of these inter-municipal agreements have been fully executed. The four municipalities in the New Rochelle SSD delivered their report to the County and NYSDEC on October 31, 2017 as required.

On December 28, 2016, the USEPA issued an Administrative Order under various provisions of the Clean Water Act for compliance with the Multi-Sector General Permit ("MSGP") (Order No.: CWA-02-2017-3022) establishing deadlines for various compliance initiatives. The Administrative Order was revised on or about May 12, 2017, under Order No.: CWA-02-2017-3050. The Order requires the implementation of certain reporting requirements, interim measures to control leachate, and the investigation, construction, and operation of a long-term

solution for the control of leachate at the White Plains Solid Waste Transfer Station. As required by this Administrative Order, the County, through its contractor, has completed a pre-design investigation which recommends options available for a leachate collection system at the White Plains transfer station

### *Electrical Services*

Except for its northeastern portion, the County receives electrical delivery service from Consolidated Edison of New York ("Con Edison"). The cost of electricity in the Con Edison service territory is the highest in the continental United States. These high power costs may accelerate the current trend in the County away from manufacturing production. Con Edison also supplies natural gas service to the County. The northeastern portion of the County receives its electric power from New York State Gas and Electric at rates substantially below those of Con Edison. Since the latter part of 1976, both the County and the majority of municipalities within the County have received their electricity from the Power Authority of the State of New York over Con Edison distribution lines. The New York State Public Service Commission embarked on a program whereby the current utilities would continue to operate, under a regulatory scheme, the distribution system for electricity, but the utilities have divested themselves of most of their generation facilities. The generation facilities have been acquired by independent operators, with the electricity generated at these and other facilities sold under market conditions. However, to date, the majority of residential customers continue to buy their electricity from the regulated utilities.

In 1982, the County created the County of Westchester Public Utility Service Agency (the "Agency") and authorized it to acquire lower cost electric power for resale to eligible customers located within territory previously served solely by Con Edison. On July 1, 1985, the Agency began service delivery to designated commercial customers in accordance with the terms of a Lease and Operating Agreement between the Agency and Con Edison. Under these arrangements, the Agency was able to deliver varying amounts of lower cost power through arrangements with the New York Power Authority over Con Edison's distribution lines. Since the Agency is no longer acquiring low-cost electric power for resale to utility customers inhabiting the Con Edison Service Area, Local Law 2015-7 repealing Chapter 875 of the Laws of Westchester County which created the Agency was adopted by the Board on April 27, 2015.

Recharge New York ("RNY") is a statewide economic development power program for qualified businesses and not-for-profit corporations and was signed into law on April 14, 2011. The RNY program merges all existing NYPA Economic Development Programs into one program directly administered by NYPA. RNY provides benefits for businesses and non-profits including: a permanent and dedicated funding source for the low cost energy economic development programs; long term contracts for a term of up to seven years so that program participants can make appropriate business decisions to re-locate, remain, and/or expand; and the ability to add new program participants and provide additional allocations to existing program participants.

### *Water Services*

The County receives most of its public water from the Croton, Delaware and Catskill aqueduct systems of The City of New York (the "City"). These systems are fed partly by approximately 177 square miles of watershed lands and reservoirs in the County and, in addition, receive water by aqueduct from the upstate Catskill and Delaware systems. The County operates four water districts, County Water Districts 1, 2, 3 and 4.

Effective January 1, 2002, Water District Number 2, which had previously been operated by the County, was leased to Northern Westchester Joint Water Works pursuant to State legislation and an inter-municipal agreement. Under this agreement, the lessee makes lease payments to the County which cover the County's remaining annual debt service for prior capital projects at Water District Number 2. District Number 4 is not active. Also there are a variety of private and municipal reservoir and well systems which supply the remainder of public water needs.

In January, 1997, the County entered into the New York City Watershed Memorandum of Agreement (the "Watershed MOA") with the City, the State, the USEPA, Putnam County, the Coalition of Watershed Towns, the Catskill Watershed Corporation, certain municipal corporations located within the New York City Watershed and certain environmental organizations. The Watershed MOA provides for (i) a Land Acquisition Program pursuant to which the City will purchase land within the New York City Watershed, (ii) the promulgation of new Watershed Regulations, (iii) Watershed Protection and Partnership Programs pursuant to which the City will fund infrastructure

and improvements within the New York City Watershed and has paid \$38 million to the County to create a fund known as the East of Hudson Water Quality Investment Program Fund (“EOH WQIP Fund”) to support the implementation of water quality investments in the East of Hudson Watershed to protect the City’s drinking water supply, and (iv) the creation of the Watershed Protection and Partnership Council.

Since 1997, the County has exercised fiduciary and administrative responsibilities for EOH WQIP Fund which as of January 2018 had a fund balance of \$42.9 million. Expenditures of the EOH WQIP Fund must be approved by the Board. The 12 municipalities that have land area within the NYC water supply watershed, with the partnership of the County, established an ad hoc organization known as the Northern Westchester Watershed Committee (NWWC) to be a regional forum to oversee implementation of the MOA and its programs. While the NWWC has advised the Board on spending priorities for the EOH Fund, NWWC recommendations are not required for EOH Fund allocations. Many projects, large and small, have been approved by the Board for funding through the EOH WQIP Fund. To date, these projects have been administered and implemented by the municipalities, not the County, through an intermunicipal agreement. Sample projects eligible for funding include: sewer diversion projects, water quality measures identified in the Croton Plan, rehabilitation or replacement of septic systems that are failing or likely to fail in certain areas, storm water Best Management Practices to correct or reduce existing erosion or pollution and new or upgraded sand and salt storage facilities.

On May 6, 1997, the USEPA issued a 1997 Filtration Avoidance Determination for the Catskill and Delaware Water Supply Systems (the “1997 FAD”). The 1997 FAD remained in effect until April of 2002. In May of 2002, USEPA approved a new Filtration Avoidance Determination (the “2002 FAD”) and, therein, determined that the City has an adequate long-term watershed protection program for its Catskill/Delaware water supply which meets the established standards for unfiltered water systems. The 2002 FAD established milestones for the City’s construction of Ultraviolet (UV) Light Disinfection Facilities, to commence operation on August 31, 2009. In 2005, the City requested an extension of the construction schedule contained in the 2002 FAD. Pursuant thereto, the USEPA prepared the 2005 Draft Modification to the 2002 FAD which would extend the date for commencement of operation at the UV Facility until August 31, 2010. The required UV disinfection plant at Eastview became operational at the end of 2012. The USEPA released a 10-year New York City Filtration Avoidance Determination (“2007 FAD”) for the Catskill/Delaware Water Supply in July 2007. After the 2007 FAD was issued, USEPA transferred primacy for regulatory oversight of the City’s FAD to the New York State Department of Health (NYSDOH). In May 2014, NYSDOH, in consultation with USEPA, issued the Revised 2007 FAD, which defined the City’s requirements for the remaining period of the 2007 FAD. In accordance with NYSDOH’s certification of the 2007 FAD, the next FAD was scheduled to be issued in 2017. The 2017 FAD supersedes the Revised 2007 FAD and will remain effective until a further determination is made, currently scheduled for July 2027.

On October 6, 2014, the Board, by Act No. 185-2014, authorized the County to carry out capital project “WD103-County Water District No. 1 Alternate Water Supply” (“WD103”) at a maximum estimated cost of \$9,950,000 to bring the County in compliance with the certain Long Term 2 Enhanced Surface Water Treatment Rule and to comply with the Consent Decree filed on September 2, 2015. Further, on October 6, 2014, the Board, by Act No. 187-2014 authorized a Bond Act in the amount of \$765,584 and on April 27, 2015, the Board, by Act No. 65-2015, authorized a Bond Act increasing Bond Act 187-2014 in the amount of \$8,453,416 for an amended total of \$9,219,000 in connection with WD103. To date \$7,942,607 of bonds have been issued for this initiative. Both UV Facilities are substantially complete.

### *Refuse Disposal*

The County provides refuse disposal services to a substantial portion of the County through the County Refuse Disposal District Number 1 (the “District”). The District, in 1985, entered into a service agreement with the County of Westchester Industrial Development Agency, which entered into a solid waste disposal agreement with Westchester RESCO Company, L.P., a Delaware limited partnership and Wheelabrator Technologies Inc., a Delaware corporation for the disposal and processing of solid waste at the Charles Point facility in the City of Peekskill, New York. The original service agreement expired on October 21, 2009.

In October 2009, the County, on behalf of the District, reached a new solid waste disposal agreement with Wheelabrator Westchester, L.P. Under the new agreement, the District is obligated to bring all municipal solid waste collected under intermunicipal agreements with participating municipalities (“IMAs”) to the Charles Point Facility. The District is not obligated to supply a minimum tonnage of solid waste and the agreement allows the District to divert up to 50,000 tons annually to explore new waste disposal technologies. The agreement has a term

of ten years and includes an initial five-year option at the County's discretion, followed by two additional five-year options by mutual consent. The County has executed IMAs with participating municipalities that run concurrent with the solid waste disposal agreement.

## **Recreational and Cultural Facilities**

The nationally accredited Westchester County Department of Parks, Recreation and Conservation operates and manages 50 parks and recreational facilities spanning nearly 18,000 acres of publicly-owned parkland throughout the County.

Westchester County Parks includes six golf courses, five swimming pools, three beaches, six nature preserves and various historic sites. County Parks also operates a number of flagship parks, e.g.: Lasdon Park Arboretum and Veterans Memorial, Camp Morty at Mountain Lakes Park; Muscoot Farm, the Westchester County Center (a public assembly and entertainment facility), the Bronx River Parkway Reservation, the North and South County Trailways, Playland Amusement Park which is designated as a National Historic Landmark, Kensico Dam Plaza, known as the County's "Central Park," and the newly renovated Tibbetts Brook Park Bathhouse.

State and local agencies provide an additional 17,000 acres of parkland and preserves for public use. There are also a considerable number of landmarks and historic sites throughout the County dating back to the 17th century, reflecting the rich architectural and historic heritage of the area. The County houses an array of colleges and universities, theaters, museums, private golf courses, yacht clubs, marinas, country clubs, equestrian clubs, and skating rinks, all of which combine to provide a wide range of educational, cultural and recreational opportunities.

## **Governmental Organization**

Subject to the State Constitution, the County operates pursuant to the County Charter (the "Charter") and Administrative Code and in accordance with other laws governing the County generally to the extent that such laws are applicable to counties operating under a charter form of government. The Charter in its present form was originally enacted into law by the State Legislature after its approval by the electors of the County at a general election held in November 1937. The Administrative Code was enacted into State law in 1948.

*County Board of Legislators.* The legislative power of the County is vested in the County Board of Legislators (the "Board") which in its present form has been in existence since January 1, 1970. Its 17 members are elected for two-year terms by the voters in their respective legislative districts. Vacancies occurring on the Board are to be filled at a special election in the legislative district of the vacated office. However, if a vacancy occurs within seven (7) months prior to the regular expiration of such term of office, the vacancy may be filled for the remainder of the unexpired term by an appointment of the majority of the remaining members of the Board. Both the number of members and boundaries of legislative districts may be varied from time to time in accordance with requirements of the Federal and State Constitution or by Charter amendment. Since 1974 the Board has retained the services of O'Connor Davies LLP to review and report projections of revenues and expenditures as contained in proposed budgets. This firm or its predecessors has been the independent certified public accountants of the County since 1966.

*The County Executive.* The County Executive is elected every four years in the year following the presidential election. He must be a resident of the County for at least five years prior to his election, is required to devote his full time to the duties of his office and may hold no other public office. Subject to certain exceptions hereafter described, no act of the Board can take effect unless approved by the County Executive. If any act is not returned to the County Board by the County Executive with his written reason for not approving it within ten days of its presentation to him, it is deemed approved; further any act disapproved by the County Executive nevertheless becomes effective if upon reconsideration it is passed by at least two-thirds vote of all the members of the Board. Pursuant to the Charter, there are several departments of the County established, including the Department of the Budget, responsible for preparation of the budget for submission to the County Executive, and such other duties in regard thereto as the County Executive may direct. Also pursuant to the Charter, the Department of Finance is charged with the administration of the financial affairs of the County, including 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 including the keeping and supervision of all accounts.

Westchester County Executive George Latimer, was sworn into office on January 1, 2018. Mr. Latimer was elected to a four year term commencing January 1, 2018, and such term will end December 31, 2021.

*Chief Fiscal Officer.* The Commissioner of Finance is appointed by and serves at the pleasure of the County Executive and is confirmed by the Board. By the Charter, the Commissioner of Finance is responsible for the administration of the financial affairs of the County, including the management of \$1.8 billion in general County funds, collection of all taxes, assessments, license fees and other revenues due the County; custody and safekeeping of all funds belonging to or by law deposited with, distributed to or handled by the County; the disbursement of County funds; the keeping and supervision of all accounts; the supervision of such similar functions of local units of government as may be transferred or entrusted to the County; and such other duties as may be prescribed by law, by the County Executive or the Board.

In addition, since 1961 the Charter has required that all financial dealings, transactions and records of the County shall be subject annually to a complete independent audit. The auditors' report is required to be filed with the Board and is open to public inspection.

Ann Marie Berg is Commissioner of Finance for the County. The Commissioner is responsible for the administration of the Finance Department and the financial reporting for the County. Prior to her appointment as Commissioner of Finance in January of 2010, Ms. Berg had served as Comptroller for the Town of Eastchester since 1997. She was Comptroller for the Town of Mount Pleasant from 1992-1997 and Deputy Comptroller from 1985-1992. She served as President of the Government Finance Officers Association (GFOA) from 2005 to 2006 and served as a GFOA Board Member 1999-2009. Ms. Berg has also served as a past Treasurer of Westchester Municipal Clerks and Finance Officers. She holds a Bachelor's degree in business administration as well as two Masters degrees, one in Educational Administration and the other in Public Administration as well as being an Enrolled Agent, which allows her to practice before the Internal Revenue Service.

## **COUNTY INDEBTEDNESS**

### **Nature of County Indebtedness and Procedure for Authorization**

#### *Constitutional Requirements*

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

*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. However, the County in its discretion has the legal authority to do so for the Westchester County Health Care Corporation ("WCHCC").

The County may contract indebtedness only for County purposes or, in its discretion for WCHCC purposes, and shall pledge its faith and credit for the payment of principal of and interest thereon.

*Payment and Maturity.* The County is authorized by the State Constitution to contract debt for objects or purposes which the State Legislature has determined to have a "period of probable usefulness" and the maximum maturity of such debt may not exceed the period of probable usefulness of the object or purpose or, in the alternative, the weighted average period of probable usefulness of the several objects or purpose for which it is contracted. Bonds must mature in annual installments and may be issued to finance any object or purpose for which a "period of probable usefulness" has been determined by the State Legislature. No annual installment of a serial bond may be more than 50% in excess of the smallest prior installment unless the Board provides for substantially level or declining debt service payments in the manner prescribed by the State Legislature. Except for certain short-term indebtedness contracted in anticipation of taxes (such as the Notes) or to be paid within three fiscal year periods, indebtedness is required to be paid in annual installments commencing no later than two years after the date

such indebtedness has been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose determined by statute.

*Debt Limit.* The County has the power to contract indebtedness for any lawful County purpose so long as the principal amount thereof shall not exceed seven per centum of the five year 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 method for determining average full valuation is calculated by taking the assessed valuations of taxable real estate for the last five completed assessment rolls and applying thereto the ratio which such assessed valuation bears to the full valuation; full valuation is determined by the New York State Office of Real Property Services or such other State agency or officer as the State Legislature shall direct. The Legislature also is required to prescribe the manner by which such ratio shall be determined by such authority.

The following table sets forth the debt limit of the County and its debt contracting margin under such constitutional standard.

**TABLE 5**

Summary of Constitutional Debt Statement Prepared as of December 31, 2017

Five year average full valuation of taxable real property .....	\$157,944,893,640
Debt limit (7% thereof) .....	<u>11,056,142,555</u>
Outstanding indebtedness:	
Bonds.....	\$ 1,122,593,660 <sup>(a)</sup>
NYSEFC Bond Anticipation Notes .....	36,836,800
Bond Anticipation notes issued 12/14/17 due 12/14/18.....	69,410,000
Less Exclusions:	
Current year Debt Service Appropriation (principal only)	
General Fund and Special Revenue Fund Airport.....	64,550,498
District Funds .....	2,159,829
Certain Sewer District Debt .....	487,133,585
Water District Debt .....	8,903,524
Total Exclusions.....	<u>562,747,436</u>
Total Net Indebtedness.....	\$ <u>666,093,024</u>
Net Debt — contracting margin .....	<u>\$10,390,049,531</u>
Percentage of Debt Contracting Power Exhausted as of December 31, 2017	<u>6.02%</u>

<sup>(a)</sup> See Table 6 for previously refunded debt, which is excluded from the above table.

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 interest and principal on all indebtedness. However, the Tax Levy Limit Law imposes a statutory limit on the amount of taxes the County may levy. See “FINANCIAL FACTORS - The Tax Levy Limit Law” herein.

In prior years, the County has advance refunded various County bonds by placing the proceeds of the refunding bonds in irrevocable trusts to provide for all future debt service payments. These bonds continue to be general obligations of the County. However, inasmuch as moneys held in an escrow fund will be sufficient to meet all debt service requirements for such bonds, it is not anticipated that any other source of payment will be required.

**TABLE 6**

Previously Refunded and Escrowed Bonded Debt as of December 31, 2017

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 2,210,000	\$3,795,831	\$ 6,005,831
2019	74,670,000	2,462,440	77,132,440
2020	1,145,000	1,163,650	2,308,650
2021	26,955,000	1,132,800	28,087,800
2022	-	231,750	231,750
2023	<u>4,635,000</u>	<u>231,750</u>	<u>4,866,750</u>
	<u>\$109,615,000</u>	<u>\$9,018,221</u>	<u>\$118,633,221</u>

*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 taxation and assessments and in contracting indebtedness; however, 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 limit on the power of the County to increase its annual tax levy. (See “FINANCIAL FACTORS - The 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 by the enactment of the Local Finance Law, subject to the constitutional provisions set forth above. The power to spend money, however, generally derives from other law, including County Law and General Municipal Law of New York State and the County Charter.

Pursuant to section 33.10 of the Local Finance Law a bond act authorizing bonds in excess of \$10,000,000 to finance a capital improvement shall not become effective until it is submitted at a general or special election. Such bond act must be approved by a majority of the votes cast in order to become effective. Exceptions to this requirement include bond acts for certain sewage, drinking water, solid waste and hospital facilities. In the case of bond acts authorizing bonds in excess of \$10,000,000 to finance a capital improvement for construction, reconstruction or modification of facilities for the conveyance, treatment and disposal of sewage or facilities for the distribution, treatment and storage of drinking water, a public hearing must be held before adoption.

The Local Finance Law also provides that where a bond act is published with a statutory form of notice, the validity of the bonds authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, may be contested only if:

1. such obligations are authorized for a purpose for which the County is not authorized to expend money; or
2. there has not been substantial compliance with the provisions of law which should have been complied with in the authorization of such obligations; and

an action contesting such validity is commenced within twenty days after the date of such publication; or

3. such obligations are authorized in violation of the provisions of the Constitution.

The Board, as the finance board of the County, has the power to enact bond acts and acts authorizing bond anticipation notes to be issued in anticipation of the bonds authorized by such bond acts. In addition, in that capacity, the Board has the power to authorize the issuance of bonds and notes. However, the Board may delegate



its powers in relation to the sale and issuance of the bonds or notes of the County to the Commissioner of Finance, the chief fiscal officer of the County under its Charter.

The Local Finance Law also contains provisions providing the County with power to issue general obligation revenue and tax anticipation notes and general obligation budget and capital notes (see "COUNTY INDEBTEDNESS - Temporary Borrowing").

## **Remedies Upon Default**

Neither the Notes, nor the proceedings with respect thereto, specifically provide any remedies which would be available to owners of the Notes should the County default in the payment of principal of or interest on the Notes, nor do they contain any provisions for the appointment of a trustee to enforce the interests of the owners of the Notes upon the occurrence of any such default. The Notes are general obligation contracts 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 bondholder's and/or noteholder'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 Notes 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 or notes 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 the Notes, the owners of such Notes 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 Notes 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 Notes and the proceedings with respect thereto all of which are included in the contract with the owners of the Notes. 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 Notes 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 Bondholders or Noteholders, 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*, 41 N.Y.2d 644 (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 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 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 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 bondholders and/or noteholders, 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 bondholders and/or noteholders 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 Notes. 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 Notes, 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 Notes 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 finance 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 Notes 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 of 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 or has it applied 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.

### **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 Notes.

If and when an owner of any of the Notes should elect to sell all or a part of the Notes prior to 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 the Notes. The market value of the Notes is dependent upon the ability of holder to potentially incur a capital loss if such Notes are 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 Notes. 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 borrowings as well as the market for and market value of outstanding debt obligations, including the Notes, 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 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.

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 Notes, for income taxation purposes could have an adverse effect on the market value of the Notes (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 exclusion for debt service on obligations issued by municipalities and fire districts, may affect the market price and/or marketability for the Notes. (See “*The 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 Notes.

**TABLE 7**

County Long-Term Bond Indebtedness <sup>(a)</sup>  
Principal Amount Outstanding as of December 31, 2017

Parks and Recreation.....	\$134,845,951
Roads and Bridges .....	106,691,720
Airport.....	8,709,494
Courthouse .....	85,204
Correctional Facilities .....	26,348,123
Community College .....	34,791,130
WCHCC.....	2,769,382
Transportation .....	16,294,684
Laboratories and Research .....	6,725,691
Other Buildings and Miscellaneous .....	237,335,108
Refuse Disposal District.....	13,274,321 <sup>(b)</sup>
Water District 1 .....	7,565,364 <sup>(b)</sup>
Water District 3 .....	13,147,584 <sup>(b)</sup>
Sewer Districts .....	<u>514,009,904<sup>(b)</sup></u>
Total Net Indebtedness.....	\$1,122,593,660
Deduct District debt .....	<u>(547,997,173)</u>
Net Long-Term debt.....	<u>\$574,596,487</u>

<sup>(a)</sup> See Table 6 for previously refunded debt, which is excluded from the above table.

<sup>(b)</sup> Debt service and operating costs of sewer, water and refuse disposal districts, established pursuant to law, primarily funded by a special annual ad valorem tax or assessment for each district as well as by fees or charges. (See “Financial Factors - Assessed and Full Valuation, County Tax Levy and Rates” herein).

In addition to the foregoing debt, the County has contractual obligations to make payments such as the solid waste service fees paid to Wheelabrator (see “WESTCHESTER COUNTY - Utility Services -- *Refuse Disposal*” herein) and lease payments for the courthouse project (see “COUNTY INDEBTEDNESS - Summary of Significant Contingencies and Commitments” herein).

## Debt Ratios

**TABLE 8**

<u>Debt Ratios as of December 31, 2017</u>			
	<u>Amount <sup>(a)</sup></u>	<u>Per Capita <sup>(b)</sup></u>	<u>Estimated Percentage Full Value <sup>(c)</sup></u>
Gross Long-Term Bond Debt	\$1,122,593,660	\$1,152	0.64%
Net Long-Term Bond Debt	574,596,487	590	0.33

<sup>(a)</sup> See Table 6 for previously refunded debt, which is excluded from the above table.

<sup>(b)</sup> Westchester County's 2016 estimated population was 974,542, according to the U.S. Bureau of the Census.

<sup>(c)</sup> Calculated using 2018 Full Value of \$174,189,428,026.

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## Debt Service Schedule

The following schedule sets forth all principal and interest payments presently required on all outstanding long-term bond indebtedness of the County:

**TABLE 9**

Summary of Principal and Interest on County Long-Term Bond Indebtedness  
As of December 31, 2017

	<u>Principal</u> <sup>(a)</sup>	<u>Interest</u> <sup>(a)(b)</sup>	<u>Total</u>
2018	\$93,074,012	\$42,073,654	135,147,666
2019	101,224,663	42,216,756	143,441,419
2020	97,699,998	38,118,721	135,818,719
2021	97,355,006	34,092,303	131,447,309
2022	94,839,991	29,637,807	124,477,798
2023	83,774,990	25,757,089	109,532,079
2024	71,690,000	22,421,616	94,111,616
2025	62,545,000	19,789,806	82,334,806
2026	63,870,000	17,299,507	81,169,507
2027	53,305,000	14,720,809	68,025,809
2028	42,665,000	12,551,391	55,216,391
2029	43,620,000	10,726,365	54,346,365
2030	25,155,000	9,014,069	34,169,069
2031	24,280,000	7,991,702	32,271,702
2032	22,390,000	6,983,361	29,373,361
2033	22,155,000	6,027,132	28,182,132
2034	19,495,000	5,097,449	24,592,449
2035	16,885,000	4,264,649	21,149,649
2036	16,880,000	3,515,337	20,395,337
2037	16,715,000	2,765,758	19,480,758
2038	16,165,000	2,030,600	18,195,600
2039	10,365,000	1,407,271	11,772,271
2040	9,235,000	941,228	10,176,228
2041	4,930,000	626,345	5,556,345
2042	4,760,000	418,939	5,178,939
2043	4,295,000	224,272	4,519,272
2044	1,965,000	92,035	2,057,035
2045	420,000	41,748	461,748
2046	420,000	25,049	445,049
2047	420,000	8,350	428,350
Total	<u>\$1,122,593,660</u>	<u>\$360,881,118</u>	<u>\$1,483,474,778</u>

<sup>(a)</sup> Excludes \$69,410,000 of bond anticipation notes issued on December 14, 2017, maturing on December 14, 2018. Also excluded from this Table 9 are bond anticipation notes in the amount of \$36,836,800 sold to the New York State Environmental Facilities Corporation (EFC). As of January 19, 2018, \$5.9 million of these Notes have been drawn. It is anticipated that these notes will be refinanced as long-term obligations with the EFC at some point in the future. Included in Table 9 is \$436,918,000 in long-term financing with EFC. This includes \$19,549,660 of long-term obligations with EFC closed on November 9, 2017.

<sup>(b)</sup> Interest does not reflect any applicable subsidies for EFC debt and Build America Bonds.

## Trend of Outstanding Long-Term County Indebtedness

The following schedule sets forth the total long-term bond and note indebtedness outstanding at the end of each of the last ten fiscal years:

**TABLE 10**

Outstanding Long-Term County Indebtedness<sup>(a),(b)</sup>  
As of December 31

<u>Fiscal Year</u>	<u>Amount</u>	<u>Fiscal Year</u>	<u>Amount</u>
2008	\$ 672,078,835	2013	\$ 1,108,757,834
2009	705,298,834	2014	1,098,445,984 <sup>(c)</sup>
2010	829,750,770 <sup>(c)</sup>	2015	1,103,557,005
2011	1,023,060,598	2016	1,020,539,000 <sup>(c)</sup>
2012	1,012,426,484	2017	1,122,593,660 <sup>(c)</sup>

<sup>(a)</sup> See Table 6 for previously refunded debt.

<sup>(b)</sup> Excludes short-term notes sold to the New York State Environmental Facilities Corporation.

<sup>(c)</sup> Excludes \$69,410,000 Bond Anticipation Notes in 2017, \$72,410,000, in 2016, \$40,000,000 in 2014 and \$100,000,000 in 2010.

## Summary of Significant Contingencies and Commitments

### Commitments-DASNY

The County financed \$133,007,717 over 25 years through the Dormitory Authority of the State of New York (the “DASNY”) in connection with the implementation of the County’s Court Facilities Capital Plan for the Westchester County Courthouse rehabilitation and facade replacement, and construction of a three-story courthouse annex (the “Project”). In December 1998, the County conveyed to DASNY title to the Courthouse property, including buildings and improvements thereon or to be erected thereon. The parties entered into a Lease and Agreement (the “Lease”) by which DASNY leases the property back to the County. When the Lease term has expired and all of the bonds have been paid in full, DASNY will convey back to the County all of the property and the improvements thereon. In 2006 DASNY issued \$21 million of new money bonds for the benefit of the County. Through DASNY, the County also refunded a portion of the outstanding 1998 DASNY bonds issued as described above. The refunding produced an average annual savings of approximately \$268,000 in 2007 through 2018, inclusive. That financing of \$21 million increased County Lease payments by approximately \$1,625,000 in each of the years 2006 through 2023, inclusive. The 2017 adjusted Lease payment was \$8,154,812. DASNY’s bonds are not general obligations of the County. The 2018 adjusted lease payment is \$12,225,875.

In October 2016 the DASNY issued \$22,485,000 of Refunding Bonds (the “2016 Bonds”) in connection with the refinancing of the County’s court facilities. The proceeds of the 2016 Bonds together with other available moneys were used (i) to refund certain DASNY Bonds described above and (ii) to pay the Cost of Issuance of the Bonds. The 2016 Bonds reduced County Lease payments by approximately \$3.9 million through 2023.

### **State Assistance Coverage**

In the event the County fails to pay all or any part of the Basic Rent when due, Title 4-B of the Public Authorities Law of the State of New York, as amended, directs the State Comptroller to pay DASNY the amount of unpaid rent from certain moneys appropriated by the State as State aid and local assistance to the County. The following paragraph and table outline the aid susceptible to this and the coverage ratio of that aid to Maximum Basic Rent.

The following table sets forth for the County’s last ten fiscal years, the amount of State assistance paid to the County for the administrative costs of the assistance and pursuant to Section 608 of the Public Health Law and Section 10-c of the Highway Law; the amount of Court Facilities Incentive Aid for the maintenance expenses of court facilities and interest on the bonds; the greatest amount of Basic Rent payable in any fiscal year of the County on account of the debt service of the bonds; and the coverage of the Basic Rent from the sources of State assistance described above.



**TABLE 11**  
**State Assistance Coverage Ratio**  
**As of December 31,**

	State Assistance						Maximum Basic Rent	Coverage Total
	Court Facilities Incentive Aid							
	Administrative Costs	Health Law	Highway Law-CHIPs	Maintenance of Facilities	Interest	Total		
2016	\$36,912,184	\$ -	\$3,696,399	\$1,361,828	\$ 405,232	\$42,375,643	\$12,406,500	3.42
2015	42,519,110	-	2,838,627	1,856,968	527,219	47,741,924	12,411,463	3.85
2014	50,064,362	-	2,817,055	2,271,147	643,535	55,796,099	12,411,463	4.50
2013	44,868,991	-	2,726,113	2,247,583	754,803	50,597,490	12,411,463	4.08
2012	45,397,522	-	2,952,768	2,765,312	860,456	51,976,058	12,411,463	4.19
2011	48,038,856	-	2,174,651	2,201,382	960,208	53,375,097	12,411,463	4.30
2010	41,654,718	167,477	2,587,768	2,731,988	796,691	47,938,642	12,411,463	3.86
2009	49,992,061	72,256	2,596,357	2,177,009	1,146,346	55,984,029	12,411,463	4.51
2008	63,140,946	108,424	2,620,069	2,265,925	606,434	68,741,798	12,411,463	5.54
2007	58,027,307	126,174	2,501,044	1,891,068	762,543	63,308,136	12,411,463	5.10

#### **Future Issuance of General Obligation Indebtedness**

The County Charter establishes a capital program procedure to provide the County with five-year projections of capital projects and estimates of expenditures required. These expenditures are financed from current annual appropriations, the proceeds of bonds and notes and other sources, such as Federal and State funds. Bond issuance authority is generally subject to the referendum requirement for bond acts authorizing bonds in excess of \$10,000,000 for any capital improvement. (See "COUNTY INDEBTEDNESS - Statutory Procedure" herein).

A Capital Projects Committee, composed of the County Executive as Chairman, the Budget Director and other designated heads of Executive Departments, the Chairman of the Board and the Chairman of its Budget and Appropriations Committee, meet to prepare the proposed capital plan for the ensuing five years. They are required to consider the feasibility of all proposed capital projects in reference to their necessity, priority, location, costs and method of financing, and the plan is required to be printed with the County budget.

The County is required by its Charter to adopt a capital budget annually. Each capital project which is either contemplated or commenced is reflected in either the capital plan or the capital budget. Whenever the County determines to finance the costs of a capital project by borrowing, it adopts acts authorizing bonds and bond anticipation notes. Notwithstanding the inclusion of a capital project in the capital plan or budget or in a bond act, the County may at any time eliminate or terminate such project, subject to any contract liabilities theretofore incurred.

In general, the County has provided for capital projects in accordance with the foregoing capital program procedure, although the County may adopt a bond act even though the project for which it is adopted has not been in any previous capital plan so long as the capital budget is amended.

The County capital project plan will necessitate further financing by the issuance of bonds and/or bond anticipation notes. General improvement and reconstruction of County roads and bridges will continue as required. Additional building construction and capital improvements at various County facilities including the Westchester Community College and correctional facilities on the Valhalla Campus are anticipated. Recreational improvements and improvement of public transportation facilities, including acquisition of new equipment, may be financed during the next several years. In addition, financing will be required for the expansion of County sewer districts, nutrient removal from the Long Island Sound and for expansion of County Refuse Disposal District No. 1 facilities.

TABLE 12

Capital Budget Projection  
As of 2017  
(Dollars in Thousands)

	Estimated Total Cost <sup>(a)</sup>	Financing <sup>(c)</sup>				
		Cumulative Appropriations <sup>(b)</sup>	Operating Budgets <sup>(d)</sup>	Non- County Share <sup>(e)</sup>	Aggregate Bonding Authorized And Anticipated <sup>(f)</sup>	Bonds Authorized <sup>(g)</sup>
Buildings, Land & Misc.	\$ 925,579	\$ 823,457	\$ 5,226	\$ 29,143	\$ 789,088	\$ 480,043
Parkways	152,096	144,996	520	51,911	92,565	31,465
Roads & Bridges	338,160	294,530	-	66,532	227,998	85,485
Recreation Facilities	642,384	535,424	1,390	5,242	528,792	208,938
Transportation	<u>362,202</u>	<u>183,362</u>	<u>320</u>	<u>90,008</u>	<u>93,034</u>	<u>49,817</u>
<b>Total County</b>	<b>\$2,420,421</b>	<b>\$1,981,769</b>	<b>\$ 7,456</b>	<b>\$242,836</b>	<b>\$1,731,477</b>	<b>\$ 855,748</b>
Airport	\$ 334,860	\$ 253,190	\$ 31,646	\$145,932	\$75,612	\$28,683
Refuse Disposal						
District No. 1	81,550	53,820	16,900	2,000	34,920	20,320
Sewer and Water						
Districts <sup>(h)</sup>	<u>1,535,777</u>	<u>979,387</u>	<u>14,213</u>	<u>62,163</u>	<u>903,011</u>	<u>766,915</u>
<b>Grand Total</b>	<b><u>\$4,372,608</u></b>	<b><u>\$3,268,166</u></b>	<b><u>\$ 70,215</u></b>	<b><u>\$452,931</u></b>	<b><u>\$2,745,020</u></b>	<b><u>\$1,671,666</u></b>

<sup>(a)</sup> As estimated in the capital plan, but not necessarily appropriated. Includes projects not yet under the capital budget or subject of a Bond Act. No assurance can be given that the actual cost will not be greater than estimated, in part because of the anticipatory nature of capital planning.

<sup>(b)</sup> As provided in the capital budgets, which provide for the authorization to spend and the plan of financing. Such appropriations remain in effect until the project is completed or terminated.

<sup>(c)</sup> As provided in the capital budgets, the County is not committed to the issuance of such bonds and, generally, reduces the final amount of the issue by transfers from the operating budgets and from other sources such as Federal and State funds.

<sup>(d)</sup> Reflects contribution from operating budgets.

<sup>(e)</sup> Reflects other revenues, primarily Federal and State funds.

<sup>(f)</sup> As provided in the capital budget. Includes all bonds issued or anticipated to be issued for the capital projects. Bond anticipation notes may be issued pending the sale of the bonds.

<sup>(g)</sup> Bonds in the amounts indicated have been issued in prior years. Certain of these bonds have matured and been retired. Completed projects and bonds issued therefor are not shown since they are not in the capital budget.

<sup>(h)</sup> The Sewer and Water Districts costs include system, pump stations and treatment plants upgrades and rehabilitations as well as biological nutrient removal projects.

## Temporary Borrowing

*Bond Anticipation Notes.* The following table lists the ten year history of Bond Anticipation Notes:

**TABLE 13**  
**Bond Anticipation Notes**

<u>Fiscal Year</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance as of December 31</u>
2008	\$ 18,500,000 <sup>(a)</sup>	\$ 8,601,200	\$ 22,246,229
2009	87,455,000 <sup>(b)</sup>	3,746,229	105,955,000
2010	147,000,000 <sup>(c)</sup>	46,470,000	206,485,000
2011	9,198,000 <sup>(a)</sup>	151,485,000	64,198,000
2012	80,000,000 <sup>(a)</sup>	9,198,000	135,000,000
2013	--	80,000,000	55,000,000
2014	88,727,800 <sup>(d)</sup>	55,000,000	88,727,800
2015	39,136,800 <sup>(a)</sup>	44,827,800	73,036,800
2016	79,426,000 <sup>(e)</sup>	27,200,000	125,262,800
2017	78,940,000 <sup>(f)</sup>	97,956,000	106,246,800

<sup>(a)</sup> Sold to the New York State Environmental Facilities Corporation (EFC).

<sup>(b)</sup> \$55,000,000 was sold on August 27, 2009 to the New York State Environmental Facilities Corporation and \$32,455,000 was sold in October of 2009 for the settlement of litigation.

<sup>(c)</sup> \$100,000,000 of Bond Anticipation Notes were issued on December 2, 2010, and retired on November 30, 2011. \$47,000,000 of Bond Anticipation Notes were sold to the New York State Environmental Facilities Corporation on September 2, 2010.

<sup>(d)</sup> \$40,000,000 of bond anticipation notes were issued on December 4, 2014 and were retired on November 19, 2015 as part of the County's 2015 Bond issue. \$48,727,800 of Bond Anticipation Notes were sold to the New York State Environmental Facilities Corporation

<sup>(e)</sup> \$64,660,000 of Tax Exempt and \$7,750,000 of Taxable Bond Anticipation Notes were issued on December 15, 2016 and mature on December 15, 2017. \$7,016,000 of notes were sold to EFC.

<sup>(f)</sup> Includes \$9,530,000 sold to EFC. Also includes \$60,500,000 of Tax Exempt and \$8,910,000 of Taxable Bond Anticipation Notes issued on December 14, 2017, maturing on December 14, 2018.

*Tax Anticipation Notes.* The following table shows the ten year history of tax anticipation notes:

**TABLE 14**  
**As of December 31, 2017**  
**Tax Anticipation Notes**

<u>Fiscal Year</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance as of December 31</u>
2009	--	--	--
2010	\$ 70,000,000	\$ 70,000,000	--
2011	50,000,000	50,000,000	--
2012	64,720,000	64,720,000	--
2013	89,997,656	89,997,656	--
2014	90,000,000	90,000,000	--
2015	105,000,000	105,000,000	--
2016	105,000,000	105,000,000	--
2017	140,000,000	140,000,000	--
2018	150,000,000 <sup>(a)</sup>		

<sup>(a)</sup> Note to be issued February 8, 2018, and will mature May 29, 2018.

Except for tax anticipation notes issued during the period shown in Table 14, the County has not issued revenue anticipation notes or any other form of short-term obligations to finance operating cash-flow needs. The timing of the receipt of taxes and other revenues (including Federal and State aid) and its need for such monies,

together with its control of the timing of expenditures, has in the past enabled the County to minimize the need for short-term financing.

### **Underlying Indebtedness of Political Subdivisions Within the County**

The estimated gross outstanding indebtedness of other governmental entities within the County, based on unverified information furnished by such entities, is as follows:

**TABLE 15**

Estimated Underlying Indebtedness  
As of June 30, 2017

Cities:	Yonkers	\$ 536,415,000 <sup>(c)</sup>
	Peekskill	54,843,120
	Rye	12,880,000
	White Plains	160,170,901
	Mount Vernon	21,545,000
	New Rochelle	60,657,702
Towns:	Nineteen	316,361,737
Villages:	Twenty-three	489,021,745
School Districts:	Forty-seven	<u>1,183,669,634</u> <sup>(a)</sup>
Overall Estimated Underlying Gross Debt		<u>\$ 2,835,564,839</u> <sup>(b)</sup>

<sup>(a)</sup> Net of State Building Aid of \$60,186,351.

<sup>(b)</sup> Does not include deductions for self-supporting debt.

<sup>(c)</sup> The amount reported includes the Yonkers School District indebtedness of \$182,169,512.

### **FINANCIAL FACTORS**

County finances are operated primarily through the County's General Fund. All taxes and most non-tax revenues are paid into it and all current operating expenditures are made from it pursuant to legislative appropriations. The County also has sewer, water and refuse disposal districts which are managed through individual district funds into which all special assessments or charges for these purposes are paid and from which all expenditures are made. The County also has an Airport Fund and a Trust Fund which do not levy taxes. There is also a Capital Projects Fund used for purposes of capital construction, revenues for which are derived through appropriations in the operating budget, sale of bonds and bond anticipation notes, and State and federal receipts. The County's fiscal year begins January 1 and ends December 31. Financial statements for the County are included in the Appendix of this Official Statement. These statements have been audited by O'Connor Davies LLP, independent certified public accountants.

#### **Revenues**

The County derives its revenues from: State and Federal aid, a direct tax levy on real property, a 1 1/2 % County-wide sales tax, which was increased on October 15, 1991 to 2 1/2% in the towns and in those cities which have not imposed their own sales tax, a hotel occupancy tax, a motor vehicle tax, a mortgage recording tax, and departmental fees and charges. An additional 1/2% sales tax was authorized and imposed in March 2004, within the towns and cities not imposing sales tax in the cities that have imposed their own sales tax.

#### **Real Property Tax**

The County derives its power to levy an ad valorem real property tax from Article 8, Section 10 of the State Constitution. The County's property tax levying powers, other than for debt service and certain other purposes, are limited to one and one-half per centum (subject to increase up to 2% by State legislative enactment) of the average

full valuation of taxable real estate of the County. See “REVENUES - Municipally Generated Revenues - Real Property Tax” herein. On June 24, 2011, the Tax Levy Limit Law (as defined below in “FINANCIAL FACTORS - The Tax Levy Limit Law”) was enacted and imposes a statutory tax levy limitation upon the County’s power to increase its annual tax levy. (See “FINANCIAL FACTORS - The Tax Levy Limit Law” herein).

In 2017 and 2018 the County levied approximately 30.3% of its budgeted revenues from a direct real property tax. Set forth in the following table is the amount of the annual tax levy of the County for the past five years.

**TABLE 16**

Real Property Tax Levy

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Tax Levy for County Purposes	\$559,391,937	\$548,423,468	\$548,423,468	\$548,423,468	\$548,423,468
Tax Levy for Sewer, Water and Refuse Disposal Districts	<u>146,173,838</u>	<u>146,173,838</u>	<u>146,173,838</u>	<u>146,176,838</u>	<u>146,186,075</u>
Total	<u>\$705,565,775</u>	<u>\$694,597,306</u>	<u>\$694,597,306</u>	<u>\$694,597,306</u>	<u>\$694,609,543</u>

*Tax Limit.* The amount that may be raised by the County-wide tax levy on real estate in any fiscal year for purposes other than for debt service on County indebtedness, is generally limited to one and one-half per centum (subject to increase up to 2% by State legislative enactment) of the average full valuation of taxable real estate of the County. However, the Tax Levy Limit Law imposes a statutory tax levy 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 “FINANCIAL FACTORS - The Tax Levy Limit Law” herein).

The following table sets forth such real estate taxing limit of the County for the fiscal year 2018.

**TABLE 17**

Computation of Constitutional Taxing Power-General Fund

For the Fiscal Year 2018

<u>Tax Year</u>	<u>2018 Full Valuation of Real Estate</u>
2018	<u>174,189,428,026</u>
2017	<u>\$167,758,214,049</u>
2016	<u>163,815,785,746</u>
2015	<u>155,963,411,796</u>
2014	<u>149,540,079,541</u>
Total	811,266,919,158
Five-year average full valuation	162,253,383,832
Tax Limit: (1.5%)	2,433,800,757
Total Additions	<u>145,174,524<sup>(a)</sup></u>
Total taxing power	2,578,975,281
Total levy for 2018	<u>705,565,775</u>
Tax Margin	<u>\$1,873,409,506</u>

<sup>(a)</sup> Excluded from the Constitutional Tax Limit is \$143,869,173 appropriated for Net Debt Service and \$1,305,351 for Equipment replacement/Additional Equipment as per the 2018 adopted budget.

## Full Valuation, General Fund County Tax Levy and Rates

The following table sets forth five years of the full valuation of taxable real property, the County's real property tax levy for General Fund County purposes and rates of tax per \$1,000.

**TABLE 18**

Historic Valuation, Tax Levy and Rates

<u>Tax Levy Year</u>	<u>Full Valuation</u>	<u>Levied for County Purposes</u>	<u>Rate per \$1,000 of Full Valuation</u>
2018	\$174,189,428,026	\$559,391,937	\$3.21
2017	167,758,214,049	548,423,468	3.27
2016	163,815,785,746	548,423,468	3.35
2015	155,963,411,796	548,423,468	3.35
2014	149,540,079,541	548,423,468	3.67

The County-wide real estate tax levy is determined by subtracting all other available revenues from total expenditures necessary for County purposes and Sewer, Water, and Refuse Disposal District purposes.

The County-wide real estate tax levy is collected by the cities and towns within the County, each of which constitutes a separate tax district and, as such, is required by statute to collect its proportionate share of such tax levy. Payment of such share must be made to the Commissioner of Finance of the County as collected, and in any event, not less than 60% must be paid by May 25th and the balance must be paid by October 15th of the year for which such taxes are levied.

Unlike most other counties within the State, the County is not legally responsible or liable to the cities, towns, and other municipal corporations and school districts in the County for the amount of any unpaid delinquent County or local taxes. Instead, pursuant to applicable provisions of its Charter and Administrative Code and the State Real Property Tax Law, the County is required to include the amount of any unpaid County-wide taxes in the levy for the subsequent fiscal year on the particular tax district. Consequently, the cities and towns within the County remain liable for the collection of delinquent taxes and bear the burden of enforcement procedures.

However, in the event of the failure of a tax district to pay when due the full amount of its share of taxes payable to the County, the County may sell tax anticipation notes, which notes are redeemable out of such delinquent taxes and any penalties thereon which are payable by the tax district to the County. The County sold tax anticipation notes for this purpose in 1972. See "FINANCIAL FACTORS - Tax Collection Record" and " - Temporary Borrowing."

These statutes relating to collection of the County-wide tax levy place the burden for collecting unpaid delinquent taxes together with enforcement proceedings therefor, upon the respective tax district, with the result that any liability for unpaid delinquent taxes is not shared by all County taxpayers.

### **Tax Collection Record**

On May 25, 2017 the County collected \$416,758,384 (60%) of the total 2017 Tax Levy of \$694,597,306. The balance of \$277,838,922 (40%) was collected on October 15, 2017. On May 25, 2018 the County will collect \$423,339,465 (60%) of the total 2018 Tax Levy of \$705,565,775. The balance of \$282,226,310 (40%) will be collected on October 15, 2018. Set forth below (and as a result of the statutory requirements above) is the tax collection record of the County and district levies for the most current and past five fiscal years.

**TABLE 19**Historic Tax Collection Record

<u>Fiscal Year Ending December 31</u>	<u>Total Ad Valorem or General Property Tax</u>	<u>Actual Collection</u>	<u>Uncollected at End of Tax or Fiscal Year</u>
2017	\$ 694,597,306	\$694,597,306	\$ --
2016	694,597,306	694,597,306	--
2015	694,597,306	694,597,306	--
2014	694,609,543	694,609,543	--
2013	694,904,941	694,904,941	--

**The Tax Levy Limit Law**

Prior to the enactment of Chapter 97 of the Laws of 2011 (the “Tax Levy Limit Law”) on June 24, 2011, all the taxable real property within the County has been subject to the levy of ad valorem taxes to pay the bonds and notes of the County and interest thereon without limitation as to rate or amount. However, the Tax Levy Limit Law, as amended, imposes a tax levy limitation upon the County for any fiscal year commencing January 1, 2012 through June 15, 2016 or later as provided in the Tax Levy Limit Law, as amended, without providing an exclusion for debt service on obligations issued by the County. As a result, the power of the County to levy real estate taxes on all the taxable real property within the County, without limitation as to rate or amount, may or may not be subject to statutory limitations, according to the formulas set forth in the Tax Levy Limit Law. The actual effect of the Tax Levy Limit Law would depend upon the interpretation of such law by a court of competent jurisdiction in the event of a legal challenge.

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

The Tax Levy Limit Law, as amended, imposes a limitation on increases in the real property tax levy of the County, subject to certain exceptions. The Tax Levy Limit 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 20 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 for the twelve-month period ending six months prior to the start of the prior fiscal year, 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 Limit 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 governing board of the County may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the governing board of the County first enacts, by a vote of at least sixty percent of the total voting power of the governing board of the County, a local law to override such limit for such coming fiscal year.

The Tax Levy Limit Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation bonds or notes of the County or such indebtedness incurred after the effective date of the Tax Levy Limit Law. As such, there can be no assurances that the Tax Levy Limit Law will not come under legal challenge for violating (i) Article VIII, Section 12 of the State Constitution for not providing an exception for debt service on obligations issued prior to the enactment of the Tax Levy Limit Law, (ii) Article VIII, Section 10 of the State Constitution by effectively eliminating the exception for debt service to general real estate tax limitations, and (iii) Article VIII, Section 2 of the State Constitution by limiting the pledge of its faith and credit

by a municipality or school district for the payment of debt service on obligations issued by such municipality or school district. Each of the County's 2013, 2014, 2015 and 2016 tax levies were below the respective limitations as prescribed by the Tax Levy Limit Law.

## Sales Tax

Since 1971, the County has imposed a 1-1/2% County-wide sales and use tax on all retail sales.

Additionally, the State imposes a 4% State sales tax and, since May 1, 2005, a 3/8% sales tax levied in the Metropolitan Transportation Authority District.

The cities of White Plains, Mount Vernon and New Rochelle, pursuant to State law, have imposed sales and use taxes at a rate of 2-1/2%. The city of Yonkers, pursuant to State law, has imposed sales and use taxes at a rate of 3.00%. Currently the city of Rye and the city of Peekskill do not impose such a sales tax.

In July 1991, the State Legislature authorized an additional 1% sales tax (above the 1-1/2% County-wide sales and use tax described above). The additional 1% sales tax is apportioned between the County (33-1/3%), school districts in the County (16-2/3%) and towns, villages and cities in the County which have not imposed sales taxes (50%). The County imposes this additional sales tax in localities other than cities which have their own sales tax. This additional 1% sales tax became effective on October 15, 1991 and has been extended through May 31, 2020.

In February 2004, the State Legislature authorized an increase of 1/2% to the additional 1991 1% sales tax. The County retains 70% of this 1/2 percentage point increase, the municipalities 20% and school districts 10%. This increase became effective March 1, 2004 and expires on May 31, 2020.

In summary, the combined sales tax (County, State, and MTA) in the County, exclusive of cities that have imposed sales tax, is 7.375%. The sales tax rate in the city of Yonkers is 8.875%. In the other cities that impose a sales tax, the rate is 8.375%. The total County portion of sales tax equates to a rate of 1.5% on sales in locations with city sales tax and 2.183% on sales in locations that do not have city sales tax.

Set forth below is a summary of Sales Tax revenues.

**TABLE 20**  
**Sales Tax Revenue Westchester County**

<u>Fiscal Year</u>	<u>Gross</u>	<u>County Share</u>
2016	\$507,445,900	\$397,296,155
2015	500,642,409	392,017,318
2014	503,322,529	394,068,933
2013	489,522,517	382,767,743
2012	460,997,517	361,665,155
2011	453,013,940	355,035,883
2010	443,664,755	347,619,070

<sup>(a)</sup> Sales Tax for 2017 is budgeted at \$517,559,000 (Gross) and \$405,489,000 (County Share). Actual collections for 2017 through December are: Gross collection - \$499,497,377 and County Share - \$390,622,792. These amounts do not include amounts to be received in 2018 that relate to 2017 and will be recorded accordingly when available. Sales Tax for 2018 is budgeted at \$544,506,000 (Gross) and \$426,893,000 (County Share).



## Other Revenues

Since 1988, the County has imposed a Hotel Occupancy Tax. Since 1991, the County has imposed a Motor Vehicle Tax. Since 2004, the County has imposed a Mortgage Tax.

	Budget <u>2018</u>	Budget <u>2017</u>	Actual <u>2016</u>	Actual <u>2015</u>
Hotel Occupancy Tax	\$ 6,824,000	\$ 6,681,000	\$ 6,325,138	\$ 6,115,422
Motor Vehicle Tax	16,427,000	16,452,000	15,855,777	15,905,840
Mortgage Recording Tax	20,711,000	19,014,000	19,718,700	18,396,878

In 2016 State and Federal Aid totaled \$406.4 million. This included \$241.1 million in Federal and State aid for Social Service programs and \$165.3 million for mental health, public health, transportation and other County programs. Of such amounts 44% (\$177.5 million) is Federal aid and 56% (\$228.9 million) is State aid.

The 2017 Adopted Budget anticipates a total of \$433.4 million of Federal and State aid, which includes \$267.8 million in Federal and State aid for Social Service programs and \$165.6 million for mental health, public health, transportation and other County programs. Of such amounts, approximately 42% (\$183.8 million) is Federal aid and 58% (\$249.6 million) is State aid.

The 2018 Adopted Budget anticipates a total of \$422.5 million of Federal and State aid, which includes \$257.6 million in Federal and State aid for Social Service programs and \$164.9 million for mental health, public health, transportation and other County programs. Of such amounts, approximately 42% (\$175.9 million) is Federal aid and 58% (\$246.6 million) is State aid. Also included in the 2018 budget is a \$19.9 million Appropriation of Fund Balance.

## Expenditures

The County's major expenditures are for social services, public health, public safety and transportation. Municipalities and school districts located within the County provide primary police and fire protection, refuse collection and primary and secondary education. General Fund expenditures and other financing uses totaled approximately \$1.780 billion during 2015, of which 34% was spent for economic assistance. The 2016 Audited Operating results for the General Fund expenditures and other financing uses totaled approximately \$1.791 billion, with approximately 33% being spent on economic assistance. The 2017 Adopted Operating Budget for the General Fund expenditures and other financing uses totals approximately \$1.825 billion, with an estimated 33% being spent on economic assistance. The 2018 Adopted Operating Budget for the General Fund expenditures and other financing uses totals approximately \$1.845 billion, with an estimated 33% being spent on economic assistance.

**TABLE 22**

Expenditures by Major Category  
General Fund  
(Dollars in thousands)

	2018 Adopted <u>Budget</u>	2017 Adopted <u>Budget</u>	2016 <u>Actual</u>	2015 <u>Actual</u>	2014 <u>Actual</u>
General Government	\$212,524	\$ 218,769	\$ 204,368	\$198,621	\$ 194,069
Education	151,836	146,895	161,350	159,051	155,768
Public Safety	268,416	247,688	241,086	250,718	253,466
Health	37,382	37,322	35,131	37,845	38,194
Transportation	168,178	161,554	158,109	159,311	152,691
Economic Assistance	601,090	605,477	589,547	596,376	599,286
Culture and Recreation	46,200	45,729	44,071	48,100	46,715
Home & Community Services	3,669	4,006	4,285	4,361	3,265
Employee Benefits	259,920	253,026	243,327	223,092	211,317
Capital Outlay	773	750	303	702	351
Debt Service	91,512	99,857	103,037	97,940	97,238
Transfers Out	<u>3,366</u>	<u>3,859</u>	<u>6,136</u>	<u>3,617</u>	<u>3,208</u>
Total Expenditures	<u>\$1,844,866</u>	<u>\$1,824,912</u>	<u>\$1,790,750</u>	<u>\$1,779,734</u>	<u>\$1,755,568</u>

### County Deposits and Investments

New York State law strictly limits the investments of county funds and requires counties to designate, with legislative approval, one or more banks or trust companies for the deposit of public funds. All deposits must be made to the credit of the County and all such deposits in excess of the amount insured under the provisions of the Federal Deposit Insurance Act must be fully collateralized by “eligible securities” held pursuant to a tri-party agreement (under New York State Law) among the County, each depository bank and each custodian bank. In certain instances the institution that holds the deposit can act as the custodian to the applicable collateral. Eligible securities that the County utilizes as collateral by the banks for benefit of the County, include the following: obligations issued by the United States of America, an agency thereof or a United States Government sponsored corporation or agency; obligations fully insured or guaranteed as to the payment of principal and interest by the United States of America; and obligations issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation.

Collateral agreements entered into by the County must stipulate that eligible securities are pledged by the bank as security for County deposits and must provide the conditions under which the securities held may be valued, sold, presented for payment, or released and the events of default which will enable the County to exercise its rights and define its obligations as they relate to the pledged securities. Such collateral agreements must also provide that pledged securities will be held by a bank as agent and custodian for the County, will be kept separate and apart from the general assets of the bank and will not, in any circumstances, be commingled with or become part of the backing for any other deposit or other liabilities of the bank.

The County has the power to invest funds of the County not required for immediate expenditure in special time deposit or money market accounts in, or certificates of deposits issued by, a bank or trust company located and authorized to do business in the State. Any such investments must be payable within such times as the proceeds shall be needed to meet expenditures for which such monies were obtained and must provide that such time deposit account or certificate of deposit be collateralized in the same manner as provided for deposits above. All such temporary investments are structured to be payable or redeemable at the option of the County within such times as the proceeds will be needed by the County. This “matching” investment policy frees the County from having to sell such investments prior to maturity or redemption and thereby avoids market risk for such investments. The County may also make temporary investments of public funds in obligations of the United States of America where the payment of principal and interest are guaranteed by the United States of America or in obligations of the State of

New York or with the approval of the New York State Comptroller in short-term obligations of State municipal corporations.

The County's written Investment Policy, as approved by the Board, is conservative in practice as well as in design. All trading partners are either primary dealer investment banks chosen from The Federal Reserve Primary Dealer List or highly rated, well capitalized, commercial banks as determined by the County's own strict due diligence review.

Usual County investments consist of money market accounts, Certificates of Deposit, United States Government Bills, bonds or notes backed by the full faith and credit of the United States, and Repurchase Agreements based in the same United States Government securities, under standardized trading partner repurchase agreements. Securities purchased under Repurchase Agreements are held with third party custodians until repurchase date and are marked to market daily, valued at 102% of the Repurchase Agreement contract.

Commercial bank money market accounts and Certificates of Deposit are collateralized with "eligible securities" as described above and held for the benefit of the County.

## **BUDGETARY PROCESS**

The Department of the Budget (the "Budget Department") is by Charter responsible for the formulation and management of the budget and for its execution, revenue estimates, review and financial analysis. The Budget Department assists the County Executive with the preparation of the budget and presentation to the Board of Legislators. Budget formulation commences in June of each year with a call for budget submissions to all County Departments. By September 10th of each year, department heads submit their requests for the next fiscal year with expenditure and revenue estimates. These estimates are reviewed by the Budget Department and the County Executive, and the County Executive's proposed Operating Budget is then presented to the Board on or before November 10. In turn, the Committee on Budget and Appropriations of the Board of Legislators reviews the proposed budget and makes recommendations to amend and/or adopt the budget by December 27. The budget is presented on a department and program basis by object of expenditure and includes the general operating budget for the County, a budget for each of the water, sewer and refuse disposal districts and the capital budget for the County. The capital budget is presented with a five-year plan and is subject to a separate budget process. Not later than May 1st of each year the head of each department, institution, furnishes to the Budget Director, the County Planning Board, and the Capital Projects Committee detailed estimates of any capital projects which should be undertaken within the next five fiscal years. Not later than the tenth day of September, the Planning Board submits to the County Executive, to the Budget Director and the Capital Projects Committee its recommendations. The County Executive submits the Capital Budget along with the report of the Capital Projects Committee to the Board not later than October 15. In turn, the Committee on Budget and Appropriations of the Board reviews the proposed budget and makes recommendations to amend and/or adopt the budget by December 27. The budget is published both in its proposed and adopted form. For the widest possible dissemination, the County's Budget is available on the County's website at <http://www.westchestergov.com>.

The basic format and content of the operating and capital budgets are fixed by Charter. From time to time during the course of a fiscal year, additional appropriations and modifications of the budget may be enacted. Additional appropriations to the current year's budget requires the recommendation of the County Executive and approval of the Board.

## **FINANCIAL CONTROLS**

During the course of the year, the Budget Department, in addition to the Department of Finance, maintains supervision and control over expenditures and appropriations and monitors revenues. At least monthly, reports on the foregoing are rendered. Once adopted, the annual budget is released to the operating departments. No expenditures may be made unless they are included as part of an allocation. The County operates a full encumbrance accounting system based on allocations wherein requisitions, purchase orders and contracts are encumbered. In addition, all capital outlays must receive a separate allocation. Pursuant to the County Charter, with certain exceptions, contracts must receive prior approval by the Board of Acquisition and Contract, comprised of the

Chairman of the Board, the County Executive and the Budget Director. A position control system is maintained with respect to employment. The Commissioner of Finance may not disburse money unless appropriated and allocated and not in excess of the amount of the appropriation or allocation. No appropriation may be used for any purpose other than that for which it is made. All unencumbered balances in the General Fund appropriation for each fiscal year lapse on the last day of the fiscal year.

## **FINANCIAL STATEMENTS AND ACCOUNTING PROCEDURES**

Included in this Appendix B are the financial statements of the County for the year ended December 31, 2016 together with the report thereon, dated June 27, 2017, of O'Connor Davies LLP, independent certified public accountants. Appendix B contains the budget for the 2017 fiscal year, as proposed.

## **RESULTS OF OPERATIONS FOR THE GENERAL FUND FOR THE 2016 FISCAL YEAR AND THE BUDGET FOR THE 2017 AND 2018 FISCAL YEARS**

The audited 2016 fiscal year resulted in a year-end unassigned General Fund balance of \$56.9 million compared to the unassigned 2015 General Fund balance of \$54.7 million. The December 31, 2016 General Fund balance totaled \$166.2 million. This balance is made up of the following items: unassigned - \$56.9, non-spendable - \$26.2 million, assigned - \$83.1 million. The detail of the assigned balance is as follows: New York State Retirement Stabilization - \$14.8 million, other post-employment benefits (GASB 45) - \$41.0 million, purchases on order - \$8.2 million, subsequent year's expenditures - \$15.0 million, and Medicaid claims - \$4.1 million.

### *2017 Budget*

The County Executive released his 2017 proposed budget on November 10, 2016. The Board adopted the 2017 budget, as modified by the Board, on December 12, 2016. Total expenditures are \$1.825 billion. Sales tax revenues are budgeted at \$517.6 million (28.6% of total), property tax is \$548.4 million (30.3% of total), and Federal and State aid is \$433.4 (23.9% of total).

### *2018 Budget*

The County Executive released his 2018 proposed budget on November 13, 2017. The Board adopted the 2018 budget, as modified by the Board, on December 21, 2017. Total expenditures are \$1.845 billion. Sales tax revenues are budgeted at \$544.5 million (29.5% of total), property tax is \$559.4 million (30.3% of total), and Federal and State aid is estimated at \$422.5. (22.9% of total). Also included in the 2018 budget is a \$19.9 million Appropriation of Fund Balance.

## **EMPLOYEES**

As of November 9, 2017, the County provides services through approximately 4,594 full-time equivalent employees; 369 of these employees have been determined to be management level or confidential in nature and thus are not represented by any labor organization. All other employees are in titles that are represented for collective bargaining purposes. As of November 9, 2017, this representation is provided by nine labor organizations, which are:

The Local 456, International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America, AFL-CIO (the "Teamsters") representing 112 administrators and managers;

The Westchester County Correction Officers Benevolent Association (the "COBA") representing 733 correction officers;

The Westchester County Correction Department Superior Officers Association (the "SOA") representing 118 senior assistant wardens, sergeants, captains and specialists;

The New York State Nurses Association (the "NYSNA") representing 33 registered nurses in various County departments;

The Westchester County Police Officers Benevolent Association, Inc. (the "PBA") representing 250 police officers and sergeants in the Police Division, Public Safety Services;

The Westchester County Police Officers Benevolent Association, Superior Officers Unit (the "SPBA") representing 27 Captains and Lieutenants in the Police Division, Public Safety Services;

The District Attorney Investigators PBA of Westchester County (the "DA Investigators") representing 33 Criminal Investigators in the District Attorney's Office;

The Civil Service Employees Association (the "CSEA") representing 2,919 employees; and

The Civil Service Employees Association Local 1000, American Federation of State, County and Municipal Employees Union, AFL-CIO, Westchester County Local 860, Westchester H.O.U.R. Unit (the "HOUR").

The Primary Government has nine labor organizations which represent most of the County work force for collective bargaining purposes. The status of the various union contracts is as follows:

The County is a party to eight collective bargaining agreements. There are two police contracts which will expire on December 31, 2019, two Corrections contracts which will expire on December 31, 2019, one contract with the Teamsters which will expire on December 31, 2020 and one with the District Attorney Investigators which expired December 31, 2015. The County's contract with the New York State Nurses Association also expired December 31, 2015. The remaining contract is with the CSEA which expired December 31, 2011. Each of these contracts is subject to negotiations or is already in negotiations. One additional bargaining unit consisting of seasonal and part time personnel represented by CSEA. That group was certified as a bargaining unit several years ago but as of this date has not entered into an agreement with the County. Negotiations with that group will likely resume upon completion of negotiations with the CSEA.

## **Pension Systems**

### *Defined Benefit Plan*

The primary government participates in the New York State and Local Employees' Retirement System ("ERS") and the New York State and Local Police and Fire Retirement System ("PFRS") (collectively the "Systems"). The Systems are cost-sharing multiple-employer defined benefit pension plans. The Systems provide retirement, disability and death benefits to plan members. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems. That report may be obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, New York 12224.

Funding Policy - The Systems are non-contributory with respect to those employees in tier 1 and tier 2. Those employees in tier 3 and tier 4 having less than ten years of service, must contribute 3% of their salary. Those employees in tier 5 contribute 3% of their salary without regard to their years of service. Tier 6 members are required to contribute from 3% to 6% of their salaries based on a sliding scale toward pension costs as long as they accumulate additional pension credits. Contributions are certified by the State Comptroller and expressed as a plan. Contribution rates for the plan year ended March 31, 2017 are as follows:

**TABLE 23**

	<u>Tier</u>	<u>Rates</u>
ERS	1	21.8%
	2	19.8% - 24.5%
	3	16.0% - 16.1%
	4	16.0% - 25.2%
	5	13.1% - 22.8%
	6	9.3% -13.3%
PFRS	1	29.2%
	2	24.1%
	3	23.8%
	5	19.5%
	6	14.5%

The County's expense in connection with the Systems is funded on an actuarial basis provided by the State and the billing is on a fiscal year basis of April 1 to March 31. The County's cost for the last five years is scheduled in Table 24:

**TABLE 24**Payments to Employees' Retirement System

	<u>Years Ended December 31</u>				
	<u>2017<sup>(a)</sup></u>	<u>2016<sup>(b)</sup></u>	<u>2015<sup>(c)</sup></u>	<u>2014<sup>(d)</sup></u>	<u>2013<sup>(e)</sup></u>
ERS	\$70,122,171	\$66,986,134	\$60,990,054	\$56,395,201	\$49,555,181
PFRS	<u>11,813,367</u>	<u>11,168,677</u>	<u>8,126,385</u>	<u>11,201,208</u>	<u>7,141,711</u>
Total Payment	<u>\$47,813,800</u>	<u>\$78,154,811</u>	<u>\$69,116,439</u>	<u>\$67,596,409</u>	<u>\$56,696,892</u>

<sup>(a)</sup> In 2017 the County elected to amortize the maximum allowable ERS contribution (2018 Annual invoice due Feb. 1, 2018) of \$3,894,909. Therefore, gross bills for ERS and PFRS were \$74,017,080 and \$11,813,367, respectively.

<sup>(b)</sup> In 2016 the County elected to amortize a portion of the ERS and PFRS contributions (2017 Annual Invoice due February 1, 2017 ) of \$4,295,325 and \$179,223, respectively. Therefore, gross bills for ERS and PFRS are \$71,281,459 and \$11,347,900, respectively.

<sup>(c)</sup> In 2015 the County elected to amortize a portion of the ERS and PFRS contributions (2016 Annual Invoice due February 1, 2016) of \$14,087,528 and \$109,163, respectively. Therefore, gross bills for ERS and PFRS were \$75,077,582 and \$8,235,548, respectively.

<sup>(d)</sup> In 2014 the County elected to amortize a portion of the ERS and PFRS contributions (2015 Annual invoice due Feb. 1, 2015) of \$19,131,233 and \$7,539,106 respectively. Therefore, gross bills for ERS and PFRS were \$75,526,434 and \$18,740,314, respectively.

<sup>(e)</sup> In 2013 the County elected to amortize a portion of the ERS and PFRS contributions (2014 Annual invoice due Feb. 1, 2014) of \$40,877,835 and \$2,741,892 respectively. Therefore, gross bills for ERS and PFRS were \$90,433,016 and \$9,883,603, respectively.

### *Defined Contribution Plan*

The New York State Voluntary Defined Contribution Program (VDC) is a defined contribution Retirement Plan and is an alternative option to the defined benefit plans described above. The VDC Program includes an employee and employer contribution. The employee contribution is required for the duration of employment. The employer contribution rate currently is 8% of gross salary. Retirement benefits will depend on the value of individually owned retirement contracts purchased and issued by one or more of the authorized investment providers.

Eligibility for the NYS VDC Program is limited to unrepresented employees hired on or after July 1, 2013 with an estimated annual salary rate of \$75,000 or greater. Vesting occurs after 366 days of active service. All contributions will become the property of, and all investments will be directed by, the participant upon vesting.

### **GASB 45 and Other Post-employment Benefits (OPEB)**

The County provides post-retirement employment 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 now required to report the estimated cost of the accrued liability for such post-employment benefits. Governments, including the County, with budgeted revenues in excess of \$100 million, must report that liability on an annual basis.

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 the 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. The County contracted with SG Risk to perform the OPEB study and actuarial calculation. The County's total actuarial accrued liability reported in the 2016 audited financial report was determined to be \$2.198 billion. The County's ARC was \$197.55 million for 2016.

Actuarial valuations are required every two years since the County's OPEB plan has more than 200 members.

### **LITIGATION**

The County, its officers, and its employees are the defendants in a number of lawsuits. The County Department of Law, headed by the County Attorney, has determined that there are no pending lawsuits which will have the potential for an expenditure of more than \$5,000,000 in excess of any amounts not provided for in the self insurance reserves, except as noted below.

With regard to the other pending litigation, it is the opinion of the County Attorney that the final determination of such litigation, either individually or in the aggregate, would not materially affect the County's financial position.

The County also receives numerous notices of claim each year. These notices, however, are usually not explicit enough for the County Attorney to accurately ascertain their potential for liability to the County.

*Certiorari Proceedings.* The various towns and cities within the County are defendants in numerous certiorari proceedings, the results of which generally require tax refunds on the part of the County. The dollar value of the actions currently pending is not available. General Fund refunds of \$8,871,967 and \$6,446,322 were expended in 2015 and 2016, respectively. For 2017, the County has budgeted \$7,000,000 for expected certiorari claims. For 2018, the County has budgeted \$7,400,000 for expected certiorari claims.

In 2006, a lawsuit was filed against the County of Westchester entitled United States of America ex rel. Anti-Discrimination Center of Metro New York, Inc. v. Westchester County, New York, concerning the use of federal funds for affordable housing and community development projects. The parties reached an agreement and on August 10, 2009, a Stipulation and Order of Settlement of Dismissal was filed whereby the County is required to, among other things, expend a total of \$62,500,000. Initial payments totaling \$32,500,000 were made by the County as follows: \$30,000,000 was paid to the United States in full settlement of all claims and \$2,500,000 was paid to the opposing counsel. The United States will credit \$21,600,000 of the initial payment to the County's Housing and Urban Development (HUD) account for use by the County to affirmatively further fair housing pursuant to Community Development Block Grant (CDBG) regulations. The remaining \$30,000,000 will be spent on specific affordable housing projects as they are identified and subject to legislative approval of each such expenditure. There have been no material changes in the terms of the Stipulation and Order of Settlement and Dismissal.

On August 6, 2013, the United States Attorney for the Southern District of New York on behalf of the United States Environmental Protection Agency filed a complaint against the County of Westchester in the United States District Court for the Southern District of New York (United States of America v. The County of Westchester, New York 13 CV 5475). The complaint alleges non-compliance with the Safe Drinking Water Act and Enhanced Surface Water Treatment Rule by Westchester County Water District No. 1 and seeks injunctive relief and monetary fines. The action has been resolved pursuant to a Consent decree entered and filed on September 2, 2015.

On August 11, 2015, Connecticut Fund for the Environment, Inc. d/b/a Save the Sound filed a complaint against the County of Westchester in the United States District Court for the Southern District of New York (Connecticut Fund for the Environment, Inc. d/b/a Save the Sound v. Westchester County, New York 15 CV 6323). The complaint alleges non-compliance with the Clean Water Act by Westchester County and seeks declaratory and injunctive relief and civil penalties. Subsequent to the filing of this action, plaintiff Connecticut Fund for the Environment, Inc. served a "Notice of Violation and Intent to File Suit under the Clean Water Act" ("August Notice") on the County and the eleven local municipalities named in the lawsuit. As a result of the August Notice, Plaintiff and the County entered into a stipulation, with the Court's approval, that extended the County's time to respond until the date that the eleven municipalities were required to respond to a lawsuit filed pursuant to that notice. On November 4, 2015, Connecticut Fund For the Environment, Inc., d/b/a Save the Sound, joined by Soundkeeper, Inc. and Atlantic Clam Farms of Connecticut, Inc. filed an Amended Complaint, which named the County and added eleven local municipalities as defendants. After service of the Amended Complaint, the date to file an answer or pre-motion letter had been set as November 27, 2015 ("Response Date") for each of the local municipalities, and for the County in accordance with the previous stipulation. Defendants jointly requested, and the Court consented, to extending the Response Date to January 26, 2016, and then further extended to April 25, 2016. At a conference held prior to April 25, 2016, the District Court indefinitely adjourned the Response Date while the parties discuss potential resolution. At a conference held on April 18, 2017, the District Court continued this adjournment.

Yonkers Contracting Company, Inc. v. The County of Westchester, et al. (Supreme Court: Westchester County Index No.: 63929/2015). On August 26, 2015, Yonkers Contracting Company, Inc. ("Yonkers") filed and served a civil complaint against the County of Westchester and nine (9) other defendants claiming monetary damages for delays and inefficiencies occurring during the construction of the Composite Performance Implementation and Expansion to the New Rochelle Wastewater Treatment Plant under County Contract No. 08-540 and the construction of the Biological Nutrient Removal Facilities at the New Rochelle Wastewater Treatment Plant under County Contract No. 09-514. The complaint alleges monetary damages in the amount of \$37,760,000. The time for all defendants to formally answer the complaint has been extended to May 23, 2016. Answers have been served/filed by all defendants. A motion for dismissal of plaintiff's complaint served by several of the defendants is returnable on January 19, 2017. All dismissal motions were denied by the Court. A preliminary conference for all



parties has been scheduled for November 13, 2017. The matter is in the discovery stage. The court imposed an expedited discovery schedule and a compliance conference has been set for March 1, 2018.

105 Mt. Kisco Assoc., et. al v. Carozza, Westchester County Department of Health, et. al. 105 Mt. Kisco Associates filed suit under CERCLA claiming, inter alia, that the County Department of Health was involved in activities that caused contamination to its real property. The County submitted a motion to dismiss, and successfully argued that only one remediation action could occur on the site and the statute of limitations found in the CERCLA statute applied to remediation activities that previously occurred on the site. Plaintiffs filed an amended complaint and a further motion to dismiss is now pending.

## **Self Insurance**

The County, in 1986, pursuant to the authority granted under New York General Municipal Law (“GML”) Section 6-n, is self-funding its casualty and liability exposures, including exposure for general, automobile, professional, and public officials, with certain exceptions where insurance coverage applies, as well as medical malpractice exposures deriving from the activities of the Westchester County Medical Center (the “6-n Fund”). The County’s medical malpractice exposures from the Westchester County Medical Center were limited after 1998 when the Westchester County Health Care Corporation took over those responsibilities. In 1989, pursuant to the authority granted under GML Section 6-j, the County began self-funding the administration and payment of its worker’s compensation claims (the “6-j Fund”). (The 6-n Fund and the 6-j Fund are collectively referred to as “Self-Insurance Funds.”)

The Laws of Westchester County section 295.21 provides that payment into the 6-n Fund during any fiscal year “shall not exceed \$33,000.00 or 1 2/3 per centum of the total budget for such fiscal year, whichever is the greater amount”.

Accordingly, the County has retained the services of an independent actuary to evaluate its loss history and provide recommendations in establishing the County’s liabilities for all past claims and its funding for future claims.

The actuary has certified as to the adequacy of the amount accrued as of December 31, 2014 for claims arising from 1986 through 2014 exposures, including a provision for incurred but not reported claims.

Of those cases instituted after the December 31, 2014 actuarial estimates which are covered by the County’s Self-Insurance Funds, none is expected to result in exposure in excess of \$5,000,000. The 6-n Fund retains an adequate and sufficient unallocated reserve to pay for claims exceeding that amount, as a contingency, in lieu of purchasing commercial insurance policies.

See “WESTCHESTER COUNTY - Utility Services” herein for a discussion of certain administrative proceedings involving the County and State and federal environmental regulatory agencies, relating to the County’s obligations to provide certain sewage treatment and sludge disposal facilities.

## **TAX MATTERS**

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the County for the Notes (“Bond Counsel”), under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes 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 Notes is not treated as a preference item in calculating the alternative minimum tax imposed on individuals under the Code. The Tax Certificate of the County (the “Tax Certificate”) which will be delivered concurrently with delivery of the Notes 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 and others in connection with the Notes, and Bond Counsel has assumed compliance by the County with certain provisions and procedures set forth in the Tax Certificate relating to compliance with certain applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

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

Bond Counsel expresses no opinion regarding any other Federal or state tax consequences with respect to the Notes. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update its opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. Bond Counsel expresses no opinion on the effect of any action hereinafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Notes or on the exemption from state and local tax law of interest on the Notes.

### **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 Notes in order that interest on such Notes 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 Notes, 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 Notes 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 Notes 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 Notes. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of a Note. 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 Notes.

Prospective owners of the Notes 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 Notes 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 Note (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 Notes. In general, the issue price for each maturity of Notes 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 Notes having OID (a “Discount Note”), OID that has accrued and is properly allocable to the owners of interests in the Discount Notes 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 Notes.

In general, under Section 1288 of the Code, OID on a Discount Note 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 Note. An owner's adjusted basis in a Discount Note is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of interests in such Note. 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 interests in a Discount Note even though there will not be a corresponding cash payment.

Owners of Discount Notes 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 interests in Discount Notes.

### **Note Premium**

In general, if an owner acquires a Note 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 Note 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 Note (a "Premium Note"). In general, under Section 171 of the Code, an owner of a Premium Note must amortize the note premium over the remaining term of the Premium Note, based on the owner's yield over the remaining term of the Premium Note, determined based on constant yield principles (in certain cases involving a Premium Note 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 Note must amortize the note 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 Premium Note, if the note 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 Note may realize a taxable gain upon disposition of the Premium Note 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 Notes should consult their own tax advisors regarding the treatment of note 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 note premium on, sale, exchange, or other disposition of Premium Obligations.

### **Information Reporting and Backup Withholding**

Information reporting requirements apply to interest on tax-exempt obligations, including the Notes. 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 Note 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 Notes 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, could adversely affect the tax-exempt status of interest on the Notes under Federal or state law or

otherwise prevent beneficial owners of the Notes 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) or such decisions could affect the market price or marketability of the Notes.

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

## **RATINGS**

The County did not apply for a rating on the Notes.

Bonds of the County issued on December 14, 2017, were assigned a ratings of “Aa1” (stable outlook) by Moody’s Investors Service (“Moody’s”), “AAA” (negative outlook) by Standard and Poor’s Corporation (“S&P”) and “AAA” (stable outlook) by Fitch Ratings (“Fitch”).

An explanation of the significances of such ratings may be obtained from Moody’s, S&P, and Fitch. The ratings reflect the views of such rating agencies, based on information and materials furnished to them and on investigations, studies and assumptions made by such rating agencies, and the County makes no representation as to the appropriateness of the ratings. Further, there is no assurance that such ratings will continue for any given period of time or that they will not be revised downward, suspended or withdrawn entirely if, in the sole judgment of such rating agencies, circumstances so warrant. Any such downward revision, suspension or withdrawal of a rating may have an adverse effect on the trading value and the market price of the Notes.

A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

## **DOCUMENTS ACCOMPANYING DELIVERY OF THE NOTES**

### **Absence of Litigation**

Upon delivery of the Notes, the County shall furnish a certificate of the County Attorney, dated the date of delivery of the Notes, to the effect that said County Attorney has no record or knowledge of any litigation of any nature now pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Notes, or in any way contesting or affecting the validity of the Notes or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Notes; and further stating that, except as disclosed in this Official Statement, said County Attorney has no record or knowledge of any litigation of any nature now pending or threatened by or against the County wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the County or adversely affect the power of the County to levy, collect and enforce the collection of taxes or other revenues for the payment of the Notes.

### **Legal Matters**

The legality of the authorization and issuance of the Notes will be covered by the unqualified legal opinion of Hawkins Delafield & Wood LLP, Bond Counsel, New York, New York. Such legal opinion will be delivered in substantially the form attached hereto as “APPENDIX E”.

### **Chief Fiscal Officer Certificate**

The original purchaser(s) of the Notes shall receive a certificate, dated the date of delivery of the Notes, signed by the Commissioner of Finance, the chief fiscal officer of the County, certifying that this Official Statement, as of its date, does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they were made are not misleading. In providing such certificate, said Officer will state that insofar as any statements made in said Official Statement involve matters of opinion, estimates or statements as to matters not contained in or derived from the official records of the County, whether or not expressly stated, they are set forth as such and not as representations of fact by the County, and no representation is made that any of the estimates or anticipated events will be realized. Such

certificate shall contain a further statement to the effect that since the date of the Official Statement up to and including the date of delivery of the Notes there has been no material adverse change (not in the ordinary course of the operations of the County) in the condition, financial or otherwise, of the County from that set forth in or contemplated by the Official Statement.

### **Closing Certificates**

Upon the delivery of each series of the Notes, the purchaser(s) will be furnished with the following additional items: (i) a Certificate signed by the Commissioner of Finance, the chief fiscal officer of the County, evidencing payment for the Notes; (ii) a Signature Certificate or such other certificates evidencing the due execution of the Notes, including statements that no authority or proceedings for the issuance of the Notes have been repealed, revoked or rescinded; and (iii) a Tax Certificate signed by the Commissioner of Finance, as described under "Tax Matters".

### **ADDITIONAL INFORMATION**

Periodic public reports relating to the financial condition of the County, its operations and the balances, receipts and disbursements of the various funds of the County are prepared by the Department of Finance, Department of Budget and independent certified public accountants of the County. In addition, the County regularly receives reports from consultants, commissions and special task forces relating to various aspects of the County's financial affairs, including capital projects, County services, taxation, revenue estimates, pensions and other matters. Additional copies may be obtained upon request from the office of the Commissioner of Finance, Ann Marie Berg, at (914) 995-2757.

**Any questions on any financial aspect of the County may be directed to the Commissioner of Finance, Ann Marie Berg, at (914) 995-2757.**

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

This Official Statement is submitted only in connection with the sale of the Notes by the County and may not be reproduced or used in whole or in part for any other purpose.

**COUNTY OF WESTCHESTER, NEW YORK**

By: /s/ Ann Marie Berg  
Commissioner of Finance and Chief Fiscal Officer

Dated: February \_\_\_\_, 2018

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*Note: Appendixes A and C have been extracted from Westchester County's Comprehensive Annual Financial Report (CAFR) for the Year Ending December 31, 2016. As such, some references are made to specific page numbers or exhibits that do not correspond to this Official Statement. A complete copy of the County's 2016 CAFR can be accessed at [www.westchestergov.com/finance](http://www.westchestergov.com/finance) (Finance Department). Alternately, you may contact the Office of the Commissioner of Finance (see Additional Information, herein).*





## **Independent Auditors' Report**

**The Honorable Board of Legislators  
of the County of Westchester, 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 Westchester, New York ("County") as of and for the year ended December 31, 2016, 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 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, 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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General, Combined Sewer Districts and Refuse Disposal District funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matter***

As more fully disclosed in Note 5, the only significant resource of the Westchester Tobacco Asset Securitization Corporation ("WTASC"), a blended component unit, is the right to receive tobacco revenues. A reduction in these revenues would affect debt service coverage on the bonds. If the reduction were material, it could impair the ability of the WTASC to make Turbo Redemption payments or even its ability to pay required bond structuring amounts as they are due. As a result, actual payments may not conform to the required bond structuring amounts or allow the WTASC to make advance Turbo Redemption payments prior to the Subordinate Bonds maturity dates. Our opinion is not modified with respect to this matter.

## ***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, 2016 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, 2016 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, 2016 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, 2016.

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, 2015 (not presented herein), and have issued our report thereon dated June 24, 2016, 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, 2015 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 2015 financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2015 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, 2015.

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, 2016 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 27, 2017 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 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 27, 2017

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

The County's management team offers the 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, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-6 of this report.

For the year ended December 31, 2016, the County implemented 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, and also GASB Statement No. 77 "Tax Abatement Disclosures" which requires disclosure of sales, mortgage, and real estate taxes abatements for the year.

### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the County's governmental activities exceeded its liabilities and deferred inflows of resources at the years ended December 31, 2016 and 2015 by \$645,358,492 and \$739,565,369, respectively, a decrease in total net position of \$94,206,877. The unrestricted net deficit portion at December 31, 2016 was \$1,170,056,203. The net unrestricted assets decreased from the year 2015 by \$187,412,940. The decrease was primarily due to the recording in accordance with GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" (GASB 45) an estimated post-retirement health insurance liability of \$116,148,519 for 2016 (this excludes the reduction in the amount charged to the restricted Special Revenue Funds of \$7,078,520), GASB 68 and 71 long-term pension obligation of \$216,935,752 (exclusive of amount allocated to the restricted Special Revenue Funds of \$11,913,405) less the related unrestricted net pension deferred outflows and inflows of \$195,149,320 (exclusive of restricted Special Revenue Funds amount of \$10,709,584), the decrease in available bond and ban proceeds of \$37,970,534, and the net increase in other working capital and other non-debt long term liabilities of \$16,625,311, partially offset by the net decrease in the New York Retirement Stabilization liability of \$5,117,856. Future additions to the post-retirement health insurance liability and pension obligations will have a negative effect on the County's governmental activities net position.
- Sales Tax revenue increased by \$6,803,491 to \$507,445,900 in 2016 from \$500,642,409 in 2015, Mortgage Tax revenue increased by \$1,321,822 to \$19,718,700 in 2016 from \$18,396,878 in 2015, and tobacco settlement revenues (TSR's) residual payment from Westchester Tobacco Asset Securitization Corporation (WTASC) for 2016 and 2015 were \$8,707,915 and \$3,641,209, respectively, an increase of \$5,066,706. The 2016 WTASC transfer included an additional residual payment of \$7,105,996 related to the 2016 WTASC bond refunding and a \$1,601,919 residual payment on the current year's TSR.
- For 2016 the County's governmental funds reported combined ending fund balances of \$183,257,237, a decrease of \$118,492,972 in comparison with the 2015 balance of \$301,750,209. The governmental funds decrease is composed of decreases in the Capital Projects Fund of \$104,442,390, Grants Fund of \$6,866,568, Refuse Disposal Fund of \$4,602,524 and Combined Sewer Districts Fund of \$4,555,243, partially offset by the increases in the General Fund of \$1,471,336 and the Nonmajor governmental funds of \$502,417.
- The General Fund's unrestricted fund balance (as defined by the NYS Office of the State Comptroller as the "total of committed, assigned, and unassigned fund balance classifications" as set forth by GASB Statement No. 54) was \$140,027,367 or 7.85% of the total General Fund expenditures for 2016 and \$139,255,727 or 7.8% of the total General Fund expenditures for 2015.

- The County maintains an AAA credit bond rating from Standard and Poor's Corporation and Fitch Ratings and an Aa1 credit bond rating from Moody's Investors Service.
- The County's total long-term bond debt decreased \$83,018,005 (7.5%) during 2016. The major factor contributing to this decrease was net debt payments of \$109,512,005, partially offset by issuance of \$26,494,000 long term debt (exclusive of refunding bond activity). Bond anticipation notes of \$72,410,000 were sold on December 15, 2016. It is anticipated that these notes will be part of the long term debt financing in 2017.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components:

- 1) Government-wide financial statements;
- 2) Fund financial statements;
- 3) Notes to the financial statements

This report also contains other supplementary information in addition to the basic financial statements.

### **Government-Wide Financial Statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the County's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of 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 not result in cash flows until future fiscal periods (for example, earned but unused vacation leave, net pension liabilities and other postemployment benefits).

The government-wide financial statements distinguish functions of the County that are *governmental activities* (those principally supported by taxes and revenues from other governments) and functions of the County that are *business-type activities* (those that are intended to recover all or a significant portion of their costs through user fees and charges). The governmental activities of the County include general government, education, public safety, health services, transportation, economic assistance, culture and recreation, home and community services and interest. The business-type activities of the County reflect the operations of the Westchester Tobacco Asset Securitization Corporation (WTASC).

The government-wide financial statements include not only the County itself (the primary government) and a business-type activity WTASC, a blended component unit, but also legally separate discretely presented component units for which the County is financially accountable.

The discretely presented component units are comprised of the following:

- 1) County of Westchester Industrial Development Agency
- 2) Westchester County Community College
- 3) Westchester County Local Development Agency

The Combining Statement of Net Position for these component units is reported separately from the financial information presented for the primary government itself, on page 52.

The government-wide financial statements can be found on pages 32-35 of this report.

### **Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

### **Governmental Funds**

*Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term 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 maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Combined Sewer Districts, Refuse Disposal District, Grants, and Capital Projects funds all of which are considered to be major funds. Data from the other two governmental funds (Airport and Combined Water Districts) are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its General, Sewer Districts, Refuse Disposal District (major funds), Airport, and Water Districts funds (nonmajor funds). Budgetary comparison statements have been provided for the major funds to demonstrate compliance with their budgets.

The basic governmental fund financial statements can be found on pages 36-45 of this report.

### **Proprietary Funds**

The blended component unit and the internal service funds are the proprietary funds maintained by the County. Management reviews the need for Internal Service Funds which are used to accumulate and allocate costs internally among the County's various functions. In 2016, the County used internal service funds to account for the health benefits of its employees and retirees, to provide for claims made against the County by third parties and to provide workers' compensation coverage for the employees of the County. All three of the internal service funds (individual fund data for the internal service funds are provided in the form of combining statements shown in Exhibits N-1 through N-3) benefit governmental activities and have been included within governmental activities in the government-wide financial statements.

The proprietary fund financial financials statements can be found on pages 46-49 of this report.

### **Fiduciary Funds**

*Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's own programs. The County maintains only one type of fiduciary fund that is known as an agency fund. The County holds resources in this fund purely in a custodial capacity. The activity in this fund is limited to the receipt, temporary investment, and remittance of resources to the appropriate individual, organization or government.

The fiduciary fund financial statement can be found on page 50 of this report.

### **Notes to the Financial Statements**

The notes 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 the financial statements can be found on pages 55-106 of this report.

### **Other Information**

Additional statements and schedules can be found immediately following the notes to the financial statements. These include the required supplementary information schedules for the County's OPEB obligations and net pension liabilities, schedules of budget to actual comparisons, combining statements for the non-major governmental funds and proprietary funds, and the statistical tables.



## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The government-wide financial statements are being provided using the full accrual basis of accounting and a comparative analysis in accordance with GASB Statement No. 34. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Primary Governmental Activities (County), assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$645,358,492 for 2016 and \$739,565,369 for 2015.

The County's investment in capital assets (e.g., land, buildings, construction-in-progress, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding is 272% of the County's net position at December 31, 2016. The County uses these capital assets to provide services to citizens. 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 repay these liabilities.

### COUNTY OF WESTCHESTER NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 658,018,889	\$ 746,261,287	\$ 25,915,303	\$ 41,254,212	\$ 683,934,192	\$ 787,515,499
Capital assets, net	3,001,263,813	2,926,715,900	—	—	3,001,263,813	2,926,715,900
Total assets	3,659,282,702	3,672,977,187	25,915,303	41,254,212	3,685,198,005	3,714,231,399
Deferred outflows of resources	323,442,496	71,088,682	4,610,472	28,001,214	328,052,968	99,089,896
Current liabilities	541,641,005	510,861,443	3,941,910	4,502,832	545,582,915	515,364,275
Long-term liabilities	2,724,650,283	2,457,009,156	183,278,041	186,296,193	2,907,928,324	2,643,305,349
Total liabilities	3,266,291,288	2,967,870,599	187,219,951	190,799,025	3,453,511,239	3,158,669,624
Deferred inflows of resources	71,075,418	36,629,901	—	—	71,075,418	36,629,901
Net position:						
Net investment in capital assets	1,753,165,275	1,658,285,180	—	—	1,753,165,275	1,658,285,180
Restricted	62,249,420	63,923,451	—	—	62,249,420	63,923,451
Unrestricted	(1,170,056,203)	(982,643,262)	(156,694,176)	(121,543,599)	(1,326,750,379)	(1,104,186,861)
Total net position	\$ 645,358,492	\$ 739,565,369	\$ (156,694,176)	\$ (121,543,599)	\$ 488,664,316	\$ 618,021,770

The 2015 Restricted and Unrestricted amounts were reclassified to conform to the current year presentation.

A portion of the County's 2016 net position of \$62,249,420 (9.6%) represents resources that are subject to external restrictions on how they may be used. The 2016 unrestricted deficit is \$1,170,056,203.

The activities of the WTASC are reflected as a business-type blended component unit. The County has no obligation for the debt of the WTASC.

The business-type activity reflected a deficit balance of \$156,694,176, an increase of \$35,150,577 from the 2015 deficit balance of \$121,543,599.

## Governmental Activities

Governmental activities decreased the County's total net position for 2016 by \$94,206,877. The 2015 cumulative effect of a change in accounting principle of \$28,635,045 was due to the adoption of GASB Statements No. 68 and No. 71 for pension reporting. A comparative analysis of the changes in net position follows:

### COUNTY OF WESTCHESTER CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 237,764,199	\$ 232,197,839	\$ —	\$ —	\$ 237,764,199	\$ 232,197,839
Operating Grants and Contributions	512,995,512	541,546,592	—	—	512,995,512	541,546,592
Capital Grants and Contributions	21,366,320	22,719,429	—	—	21,366,320	22,719,429
Total Program Revenues	772,126,031	796,463,860	—	—	772,126,031	796,463,860
General Revenues:						
Taxes on Real Property	694,597,306	694,597,306	—	—	694,597,306	694,597,306
Sales Tax	507,445,900	500,642,409	—	—	507,445,900	500,642,409
Auto Use Tax	15,855,777	15,905,840	—	—	15,855,777	15,905,840
Hotel Tax	6,325,138	6,115,422	—	—	6,325,138	6,115,422
Mortgage Tax	19,718,700	18,396,878	—	—	19,718,700	18,396,878
Payments in Lieu of Taxes	10,601,482	10,532,518	—	—	10,601,482	10,532,518
Intergovernmental Transfer	77,937,600	77,993,600	—	—	77,937,600	77,993,600
Earnings on Investments	11,097,588	11,298,055	587,886	579,283	11,685,474	11,877,338
Tobacco Revenues	—	—	11,566,206	26,415,321	11,566,206	26,415,321
Miscellaneous	54,776,614	39,174,834	—	—	54,776,614	39,174,834
Total General Revenues	1,398,356,105	1,374,656,862	12,154,092	26,994,604	1,410,510,197	1,401,651,466
Total Revenues	2,170,482,136	2,171,120,722	12,154,092	26,994,604	2,182,636,228	2,198,115,326
<b>Expenses:</b>						
General Government	311,773,179	292,920,535	133,003	135,330	311,906,182	293,055,865
Education	171,190,010	170,212,825	—	—	171,190,010	170,212,825
Public Safety	448,688,871	419,202,353	—	—	448,688,871	419,202,353
Health Services	116,543,351	118,684,365	—	—	116,543,351	118,684,365
Transportation	223,791,919	219,412,656	—	—	223,791,919	219,412,656
Economic Assistance	700,290,920	694,617,403	—	—	700,290,920	694,617,403
Culture and Recreation	73,889,592	79,044,899	—	—	73,889,592	79,044,899
Home and Community Services	189,701,196	184,666,295	—	—	189,701,196	184,666,295
Interest	37,527,890	38,447,875	9,787,960	10,785,002	47,315,850	49,232,877
Loss on refunding	—	—	27,075,411	—	27,075,411	—
Cost of Issuance	—	—	1,600,380	—	1,600,380	—
Total Expenses	2,273,396,928	2,217,209,206	38,596,754	10,920,332	2,311,993,682	2,228,129,538
Increase/(Decrease)						
in Net Position Before Transfers	(102,914,792)	(46,088,484)	(26,442,662)	16,074,272	(129,357,454)	(30,014,212)
Transfers	8,707,915	3,641,209	(8,707,915)	(3,641,209)	—	—
Increase/ (Decrease) in Net Position	(94,206,877)	(42,447,275)	(35,150,577)	12,433,063	(129,357,454)	(30,014,212)
Net Position at Beginning of Year	739,565,369	810,647,689	(121,543,599)	(133,976,662)	618,021,770	676,671,027
Cumulative effect of change						
in accounting principle	—	(28,635,045)	—	—	—	(28,635,045)
Net Position at End of Year	\$ 645,358,492	\$ 739,565,369	\$ (156,694,176)	\$ (121,543,599)	\$ 488,664,316	\$ 618,021,770

The 2015 expenses for General Government and Public Safety were reclassified to conform to the current year presentation.

## For the Year 2016—Governmental Activities

### Revenues:

*Program Revenues* include charges to customers or applicants who purchase, use or directly benefit from goods and services, or privileges provided by a given function or segment; grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment; and interest earned on grants that is required to be used to support a particular program.

*Program revenues* were \$24.3 million lower in 2016 than in 2015 due to increases or (decreases) in the following governmental activities:

- **General Government:** (\$1.0) million decrease is due to decreases in operating grants and contributions of \$1.1 million and capital grants and contributions of \$.5 million, partially offset by charges for services increase of \$.6 million.

	2016	2015	Increase/ (Decrease)
Charges for Services	\$ 37,364,775	\$ 36,716,580	\$ 648,195
Operating Grants and Contributions	3,023,959	4,147,199	(1,123,240)
Capital Grants and Contributions	2,156,588	2,653,143	(496,555)
Total	\$ 42,545,322	\$ 43,516,922	\$ (971,600)

- **Education:** (\$2.1) million decrease is due to decrease of (\$3.0) million in capital grants and contribution, partially offset by operating grants and contributions increase of \$.9 million.

	2016	2015	Increase/ (Decrease)
Operating Grants and Contributions	\$ 69,216,393	\$ 68,326,311	\$ 890,082
Capital Grants and Contributions	1,540,322	4,581,389	(3,041,067)
Total	70,756,715	72,907,700	\$ (2,150,985)

- **Public Safety:** \$3.4 million increase is attributed to increases in the charges for services of \$.7 million and operating grants and contributions of \$2.7 million.

	2016	2015	Increase/ (Decrease)
Charges for Services	\$ 25,390,895	\$ 24,695,441	\$ 695,454
Operating Grants and Contributions	29,360,501	26,624,056	2,736,445
Total	\$ 54,751,396	\$ 51,319,497	\$ 3,431,899

- **Health Services:** (\$3.9) million decrease is due to decreases of \$.7 million in charges for services and \$3.2 million in operating grants and contributions.

	2016	2015	Increase/ (Decrease)
Charges for Services	\$ 10,096,264	\$ 10,800,507	\$ (704,243)
Operating Grants and Contributions	62,813,061	65,994,236	(3,181,175)
Total	\$ 72,909,325	\$ 76,794,743	\$ (3,885,418)

- *Transportation*: \$5.3 million increase is due to increases of \$1.4 million in transit service fees, \$1.0 in operating grants and contributions and \$2.9 million in capital grants and contributions.

	2016	2015	Increase/ (Decrease)
Charges for Services	\$ 82,500,014	\$ 81,130,688	\$ 1,369,326
Operating Grants and Contributions	71,177,707	70,188,241	989,466
Capital Grants and Contributions	14,950,215	12,001,293	2,948,922
Total	\$ 168,627,936	\$ 163,320,222	\$ 5,307,714

- *Economic Assistance*: (\$16.9) million decrease is attributed to a decrease in operating grants and contributions of (\$17.7) million primarily due to reduced Federal and State Aid for social service programs, partially offset by an increase in charges for services of \$.8 million.

	2016	2015	Increase/ (Decrease)
Charges for Services	\$ 4,298,336	\$ 3,532,042	\$ 766,294
Operating Grants and Contributions	265,063,068	282,718,186	(17,655,118)
Total	\$ 269,361,404	\$ 286,250,228	\$ (16,888,824)

- *Cultural and Recreation*: (\$11.8) million decrease is due to decreases in operating grants and contributions of (\$11.8) million, primarily due to storm relief received in 2015, and capital grants and contributions of (\$1.8) million, partially offset by charges for services of \$1.8 million.

	2016	2015	Increase/ (Decrease)
Charges for Services	\$ 35,225,385	\$ 33,459,718	\$ 1,765,667
Operating Grants and Contributions	41,993	11,835,389	(11,793,396)
Capital Grants and Contributions	1,628,814	3,370,657	(1,741,843)
Total	\$ 36,896,192	\$ 48,665,764	\$ (11,769,572)

- *Home and Community Services*: \$2.6 million increase is due to increases in charges for services of \$1.0 million, operating grants and contributions of \$.6 million and capital grants and contributions of \$1.0 million.

	2016	2015	Increase/ (Decrease)
Charges for Services	\$ 42,888,530	\$ 41,862,863	\$ 1,025,667
Operating Grants and Contributions	12,298,830	11,712,974	585,856
Capital Grants and Contributions	1,090,381	112,947	977,434
Total	\$ 56,277,741	\$ 53,688,784	\$ 2,588,957

*General Revenues* are taxes and other items not identified as program revenues above. General revenues were \$23.7 million higher in 2016 than in 2015 due to increases or (decreases) as indicated in the following table:

	2016	2015	Increase/ (Decrease)
Taxes on Real Property	\$ 694,597,306	\$ 694,597,306	\$ -
Sales Tax	507,445,900	500,642,409	6,803,491
Auto Use Tax	15,855,777	15,905,840	(50,063)
Hotel Tax	6,325,138	6,115,422	209,716
Mortgage Tax	19,718,700	18,396,878	1,321,822
Payments in Lieu of Taxes	10,601,482	10,532,518	68,964
Intergovernmental Transfer	77,937,600	77,993,600	(56,000)
Earnings on Investments	11,097,588	11,298,055	(200,467)
Miscellaneous	54,776,614	39,174,834	15,601,780
Total	\$ 1,398,356,105	\$ 1,374,656,862	\$ 23,699,243

Sales tax (before distribution to municipalities) increased \$6.8 million, which was a 1.4% increase from the prior year. Included in general government expense below is an increase of \$1.5 million in sales tax distribution to municipalities within the County. The net sales tax increase after distribution to municipalities was \$5.3 million.

Mortgage tax increased \$1.3 million, which was a 7% increase over the prior year.

Miscellaneous revenues increased by \$15.6 million primarily due to the pass through of \$15.0 million to the County for proceeds from the sale of land held by the County of Westchester Industrial Development Agency, the \$1.3 million gain on the sale of an excess facility, the recognition of \$4.4 million of passenger facility charges (PFC's) in 2016, the change of \$.4 million for the value of investments held by the Internal Service Funds (decreases in fair value of \$1.2 million for 2016 versus \$1.6 million for 2015) and other net revenue of \$.8 million, partially offset by \$4.5 million in the reduced 2016 level of excess program reserves and the 2015 transfer of the dissolved County of Westchester Utility Service Agency's fund balance of \$1.8 million.

*Ex. enses:*

Major categories of expenses include cost of services, administrative expenses and benefit costs. Some of the other notable categories/adjustments the governmental activities presented also include are the post-retirement health insurance, the reversal of capital outlays as expenditures recorded at the governmental fund level, the recording of depreciation expense, the reversal of issuance of long term debt and related costs as well as the principal paid at the governmental fund level, accrual for the unpaid pension obligation being amortized over future years, the proportionate share of the net pension liability of the New York State and Local Employees Retirement System and New York State Police and Fire Retirement System, and expenses for the Internal Service Funds.

Expenses were \$56.2 million higher in 2016 than they were in 2015 due to increases or (decreases) as indicated in the table below:

	2016	2015	Increase/ (Decrease)
General Government	\$ 311,773,179	\$ 292,920,535	\$ 18,852,644
Education	171,190,010	170,212,825	977,185
Public Safety	448,688,871	419,202,353	29,486,518
Health Services	116,543,351	118,684,365	(2,141,014)
Transportation	223,791,919	219,412,656	4,379,263
Economic Assistance	700,290,920	694,617,403	5,673,517
Culture and Recreation	73,889,592	79,044,899	(5,155,307)
Home and Community Services	189,701,196	184,666,295	5,034,901
Interest	37,527,890	38,447,875	(919,985)
Total	<u>\$ 2,273,396,928</u>	<u>\$ 2,217,209,206</u>	<u>\$ 56,187,722</u>

As stated in the financial highlights, the County recorded in accordance with GASB Statement No. 45, an increase in the estimated post-retirement health insurance liability of \$109.1 million in 2016, an increase of \$7.0 million over the prior year's \$102.1. This was largely due to increased covered lives and increased medical premium rates, partially offset by employee health insurance contributions. Both amounts are included in the governmental activities expenses in the Statement of Changes in Net Position above. Post-employment benefits are part of an exchange of current salaries and benefits for services rendered by employees. Prior to GASB Statement No. 45 being implemented in 2007, the County's post-retirement health insurance was reported on a pay-as-you-go basis. GASB Statement No. 45 requires the financial reports of governments to provide the annual other post-employment benefits (OPEB) cost on an accrual basis. Also stated in the financial highlights is a current year net increase of \$23.0 million for pension obligations in accordance with GASB Statement Nos. 68 and 71, net of the related inflow and outflow of resources, which is also included in the governmental activities expenses in the Statement of Changes in Net Position above.

*General Government* expenses increased by \$18.9 million primarily due to increases in net personal services costs and other employee fringe benefits of \$10.0 million (of which \$7.6 million pertains to GASB Statement Nos. 68 and 71 costs), casualty and workers' compensation insurance costs of \$4.8 million, contract costs of \$4.7 million, distribution of sales tax to municipalities of \$1.5 million (see sales tax above) and materials, supplies and equipment costs of \$1.0 million, partially offset by a decrease in certiorari expense of \$2.8 million and net decrease in other expenses of \$.3 million.

*Education* expenses increased by \$1.0 million primarily due to an increase in children with special needs programs of \$1.8 million, additional support to community colleges within the County of \$.5 million and an increase in depreciation expense of \$.9 million, partially offset by decreased equipment costs of \$2.2 million.

*Public Safety* expenses increased by \$29.5 million primarily due to increases for personal service and other employee fringe benefit costs of \$33.0 million (of which \$27.6 million pertains to GASB Statement Nos. 68 and 71 costs) and net other expenses of \$1.3 million, partially offset by a decrease in contract costs of \$4.8 million.

*Health Services* expenses decreased by \$2.1 million primarily due to decreases in health services grants expenditures of \$2.6 million and contract costs of \$1.3 million, partially offset by an increase in personal services and other fringe benefit costs of \$1.7 million (of which \$2.7 million pertains to GASB Statement Nos. 68 and 71 costs), and net other expense increase of \$.1 million.

*Transportation* expenses increased by \$4.4 million due to the reduced equipment costs of \$5.2 million occurring in 2015, partially offset by decreases in materials and supplies of \$.7 million and other net expenses of \$.1 million.

*Economic Assistance* expenses increased by \$5.7 million due to increases in personal service and other employee fringe benefits costs of \$9.1 million (of which \$7.5 million pertains to GASB Statement Nos. 68 and 71 costs), partially offset by decreases in aid program costs of \$3.0 million and net other expenses of \$.4 million.

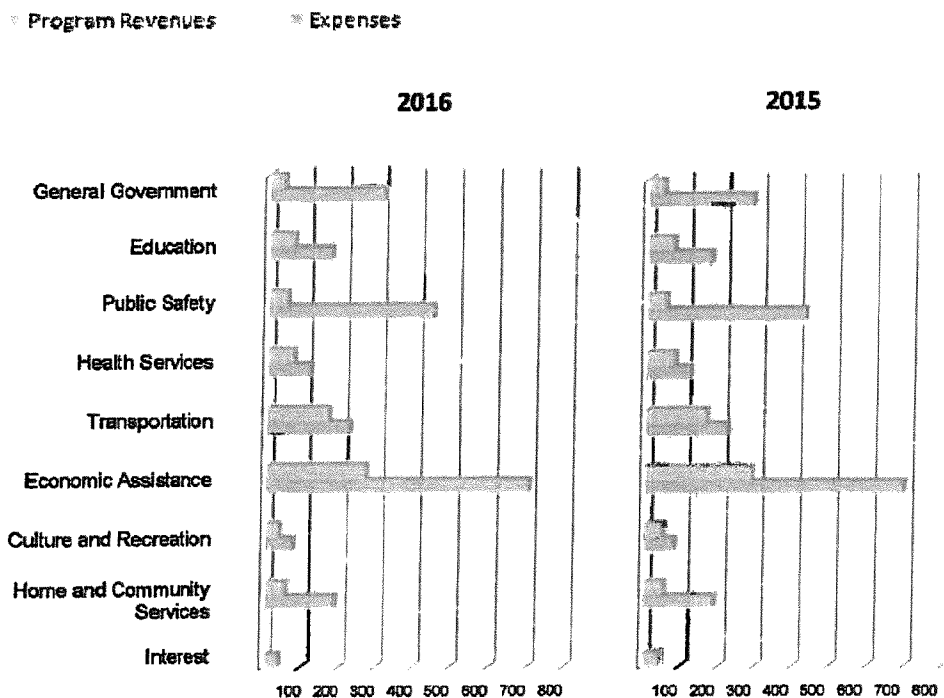
*Culture and Recreation* expenses decreased by \$5.2 million primarily due to the decreases in personal service and other employee fringe benefit costs of \$2.3 million (net of \$2.6 million of GASB Statement Nos. 68 and 71 costs), aid program costs of \$1.9 million, and net other expenses of \$1.0 million.

*Home and Community Services* expenses increased by \$5.0 million due to the increases in personal service and other employee fringe benefit costs of \$2.9 million (of which \$2.5 million pertains to GASB Statement Nos. 68 and 71 costs) and reduced equipment costs of \$5.3 million occurring in 2015, partially offset by decreases in materials and supplies of \$2.3 million and contract costs of \$.9 million.

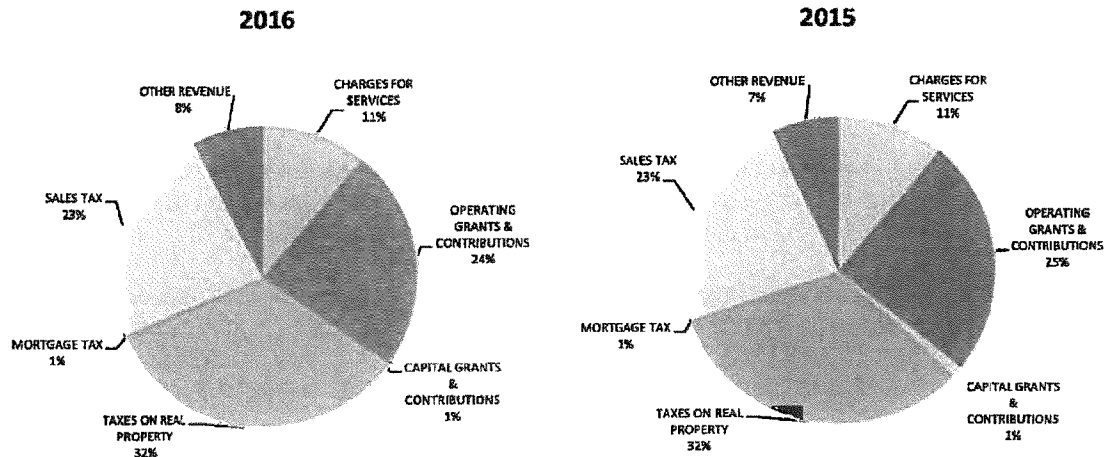
*Interest expense* decreased by \$.9 million in 2016 due to savings on bond refundings in 2016, partially offset by debt service on higher levels of average debt.

The following graphs and charts were derived from the current and prior year governmental activities.

Program Revenues and Expenses – Governmental Activities  
(in millions)



## Revenue by Source – Governmental Activities



### 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.

#### 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 spending at the end of the fiscal year.

As of December 31, 2016, the County's governmental funds reported a combined ending fund balance of \$183.3 million, a decrease of \$118.4 million in comparison with \$301.7 million of the prior year. The *non-spendable* fund balance component is \$27.0 million primarily for the collection of Federal and State receivables and prepaid retirement costs of \$26.1 million. The *restricted* fund balance component of \$6.1 million is for unspent bond proceeds restricted for debt service in the capital projects fund. The *assigned* fund balance aggregates \$231.9 million and is composed of \$83.1 million in the General Fund, \$58.0 million in the Combined Sewer Districts Fund, \$49.5 million in the Refuse Disposal District Fund, \$9.9 million in the Grants Fund and \$31.4 million in the other governmental funds. The General Fund *assigned* items are composed of \$8.2 million for encumbrances, \$15.0 million for subsequent year's expenditures, \$14.8 million for NYS retirement stabilization, \$41.0 million for future OPEB funding, and \$4.1 million for Medicaid. Since the unassigned classification is reported only in the General Fund, the assigned items for the aforementioned other funds amounting to \$148.8 million are by definition "assigned" for the purposes of these funds. The remaining negative fund balance of \$81.8 million is *unassigned* and is composed of the deficit in the Capital Projects Fund of \$138.7 million, partially offset by \$56.9 million in the General Fund that are available for any purpose.



The General Fund is the primary operating fund of the County. At the end of the 2016 and 2015 fiscal years, the total fund balance of the General Fund was \$166.2 million (composed of non-spendable \$26.2 million, assigned \$83.1 million and unassigned \$56.9 million) and \$164.7 million (composed of non-spendable \$25.5 million, assigned \$84.6 million and unassigned \$54.6 million), respectively. The General Fund's change in 2016 fund balance, an increase of \$1.5 million, was greater than the 2015 change in fund balance, a decrease of \$4.9 million, by \$6.4 million. This increase of \$6.4 million was primarily due to the 2016 sales proceeds of real property in the amount of \$20.4 million, increased net transfers in of \$2.8 million, partially offset by increased operating expenditures of \$8.5 million (net of a \$20.2 million increase in employee benefits), reduced revenues of \$2.5 million and net decrease in bond revenue of \$5.8 million.

The Combined Sewer Districts Fund (a major fund) 2016 change in fund balance, a decrease of \$4.6 million, was less than the 2015 change in fund balance, a decrease of \$8.6 million, by \$4.0 million. This \$4.0 million increase was primarily due to an increase in sewer taxes on real property of \$1.4 million, and decreases in net operating expenditures of \$2.1 million (net of a \$1.0 million increase in employee benefits) and increases in net transfers in of \$.6 million partially offset by reduced other revenue of \$.1 million.

The Refuse Disposal District Fund (a major fund) 2016 change in fund balance, a decrease of \$4.6 million, was more than the 2015 change in fund balance, a decrease of \$3.8 million, by \$.8 million. This \$.8 million decrease was primarily due to a decrease in taxes on real property of \$1.1 million and an increase in operating expenditures of \$.2 million, partially offset by an increase in other net revenues of \$.5 million.

The Grants Fund (a major fund) 2016 change in fund balance, a decrease of \$6.9 million, was less than the 2015 change in fund balance, an increase of \$7.5 million, by \$14.4 million. This \$14.4 million decrease was primarily due to decreases in Federal and State aid of \$12.2 million, other net revenue of \$1.3 million, net transfers in of \$.2 million and increased expenditures of \$.7 million.

The Capital Projects Fund (a major fund) is used to account for capital project activity throughout the County. Major capital project activity for 2016 were the improvements to the County's waste water treatment plants of \$18.9 million, County water system upgrades of \$7.7 million, fair and affordable housing of \$18.0 million, County airport inline baggage screening and terminal system upgrade of \$18.4 million, the Ashford Avenue Bridge and Ramp rehabilitation project of \$5.1 million and building improvements to Westchester Community College facilities of \$6.3 million. The Capital Projects Fund 2016 change in fund balance, a decrease of \$104.5 million, was less than the 2015 change in fund balance, an increase of \$26.0 million, by \$130.5 million. This \$130.5 million decrease was primarily due to the increases in payment to refunded bond escrow agent of \$108.6 million, capital outlays of \$49.9 million, a net decrease in Federal and State aid of \$1.3 million, bond issuance costs increase of \$.6 million, partially offset by the increase in new debt of \$14.3 million, an increase in bond premium of \$8.5 million and an increase in net transfers in of \$7.1 million.

Nonmajor Governmental Funds consist of the Special Revenue Funds. The Special Revenue Funds are composed of the following individual funds: Airport Fund and Water Districts Fund. The 2016 change in fund balance, an increase of \$.5 million was more than the 2015 change in fund balance, a decrease of \$.7 million, by \$1.2 million. This \$1.2 million increase was due to an increase in revenue of \$4.0 million and a decrease in expenses of \$2.5 million, partially offset by the increase in net transfers out of \$5.3 million. The increase in revenue of \$4.0 million was primarily due to the Airport Fund's recognition of \$4.4 million of passenger facility charges offset slightly by decreases in the Water Districts Fund's taxes on real property of \$.3 million and the Non major Governmental Funds' other revenues of \$.1 million.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

When the fiscal 2016 budget was adopted, it anticipated the use of \$11.2 million of fund balance, primarily for the carry forward of 2015's encumbrances and amounts assigned for subsequent year's expenditures. General Fund expenditures were \$1,784.6 million, which was \$27.2 million fewer than the final budget. The favorable variances are primarily the result of decreases for personal service costs of \$7.5 million, materials and supplies of \$6.0 million, contractual costs of approximately \$26.7 million, partially offset by reduced services to other departments of \$14.5 million.

The functions where spending was less than budget are general government \$5.2 million, public safety \$8.9 million, health services \$1.0 million, transportation \$1.8 million, economic assistance \$7.5 million, culture and recreation \$1.0 million, and home and community services \$1.3 million. The General Fund final budget was increased over the original budget in the amount of \$.1 million for legal services.

During the year, the General Fund's actual revenues were less than the final budget in the amount of \$24.9 million primarily due to decreases of \$17.6 million in Federal and State Aid for social services and other, \$4.2 million in departmental income, \$17.1 million in sales tax and \$3.2 million in service revenue to WCHCC, partially offset by increases in intergovernmental transfers of \$12.9 million and \$.6 million in mortgage tax, other-miscellaneous revenues of \$3.5 million and earnings on investments of \$.2 million. Other-miscellaneous revenues were more than final budget primarily due to the release of 2015 excess program reserves of \$3.4 million.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Asset**

The County's investment in capital assets for its governmental activities as of December 31, 2016, amounts to \$3,001,263,813 (net of accumulated depreciation) as compared to \$2,926,715,900 in 2015, an increase of \$74,547,913. This investment in capital assets includes land, buildings, equipment, infrastructure and construction-in-progress. The total increase in the County's investment in capital assets for the current fiscal year was 2.55%.

### **COUNTY OF WESTCHESTER CAPITAL ASSETS (NET OF DEPRECIATION)**

	<b>Total Governmental Activities</b>	
	<b>2016</b>	<b>2015</b>
Land	\$ 311,449,182	\$ 311,140,932
Buildings	957,232,749	956,414,312
Equipment	504,129,736	492,471,086
Construction-in-Progress	967,022,256	847,997,051
Infrastructure	1,629,234,119	1,610,486,821
Total	4,369,068,042	4,218,510,202
Less Accumulated Depreciation	1,367,804,229	1,291,794,302
Net Capital Assets	<u>\$ 3,001,263,813</u>	<u>\$ 2,926,715,900</u>

Additional information on the County's capital assets can be found in Note 3 on page 71 of this report.

Major capital asset expenditures during 2016 included the following:

- Building Improvements increased by \$.8 million primarily for the Westchester Community College facilities in the amount of \$6.3 million, partially offset by the sale of a County facility with a gross value of \$5.5 million.
- Equipment additions of \$11.7 million is largely due to \$2.6 million in airport deicing system upgrades, \$4.6 million in information technology network upgrades and \$1.9 million of various general equipment purchases.
- Construction-in-Progress increased by a net \$119.0 million largely due to \$18.9 million for continued improvements to the County's waste water treatment plants, \$5.1 million for the Ashford Avenue Bridge and Ramp rehabilitation project, \$18.0 million for fair and affordable housing throughout Westchester County, and \$18.4 million for airport inline baggage screening and terminal system upgrade.
- Infrastructure additions of \$18.7 million included water system upgrades in the amount of \$7.7 million with the balance of the additions being mainly to the County's parks, roads and bridges as well as sewage and waste water treatment facilities.

#### Long-Term Debt

At the end of 2016, the County had a total bonded long-term debt outstanding of \$1,020,539,000 and a capital lease liability of \$68,532,567 for governmental activities.

General Obligation Bonds Total Governmental Activities	
2016	2015
<u>\$ 1,020,539,000</u>	<u>\$ 1,103,557,005</u>

The County's total long-term bond debt decreased \$83,018,005 (7.5%) during 2016. The major factor contributing to this decrease was net debt payments (exclusive of the refunding bond transaction) of \$109,512,005, partially offset by issuance of \$26,494,000 long term debt.

State statutes limit the amount of general obligation debt a County may issue to 7% of its five year average full valuation of taxable real property. For 2016 the five year average full valuation is \$157,944,893,640. The current debt limitation for the County is therefore \$11,056,142,555, which is significantly in excess of the County's outstanding debt. The percentage of debt contracting power exhausted as of December 31, 2016 is 5.01%.

Additional information on the County's long-term debt can be found in Note 3 beginning on page 84 of the report.

## **BUSINESS TYPE ACTIVITY**

The WTASC is a special purpose corporation and a subsidiary corporation of the WCHCC. The WTASC was organized under the New York State Not-for-Profit Corporation Law and pursuant to the Public Authorities Law of the State of New York. The By-Laws of WTASC specify that the Board of Directors of WTASC consists of three members; one director designated by WCHCC to be the Commissioner of Finance of the County, one director designated by WCHCC to be the WCHCC board representative selected by the Majority Leader of the County Board of Legislators, and a third director who meets certain requirements of independence and shall be designated by the other two members.

An agreement among the attorney generals of 46 states and various territories (Settling States) and the four largest United States tobacco manufacturers was entered into on November 23, 1998. The agreement, known as the Master Settlement Agreement (MSA), resolved cigarette smoking-related litigation between the Settling States and U.S. Tobacco manufacturers. Pursuant to the MSA, the Settling States and the participating manufacturers agreed to settle all past, present and future smoking related claims in exchange for an agreement by the participating manufacturers to make certain payments. Under the MSA, the State of New York is entitled to receive approximately 12.76% of the initial and annual payments. The New York Consent Decree, which was entered into in the Supreme Court of the State of New York for the County of New York in December 1998, allocated 1.926% of this State-wide share of the initial and annual payments to the County and the remainder among the State, the City of New York and all other counties within the State.

The County and its Blended Component unit (WTASC) follow the guidance provided by GASB Technical Bulletin 2004-1 as amended and/or superseded by GASB Statement No.48. GASB Statement No.48 provided for prospective, rather than retrospective treatment, of the intra-entity sale of future revenues. The original sale of the WTASC's future revenue stream was consummated several years prior to the effective date of GASB Statement No.48, and no additional sale of future revenues has occurred since that time. The revenue from the sale was recognized at that time based on existing guidance. Therefore, there is no deferred inflow of resources to be reported for this purpose on the County's financial statements or a deferred outflow of resources to be reported on the WTASC financial statements. The deferred outflows of resources reflected in the County's business-type activity relate to the refunding of the debt of the WTASC and not to any new monies that would fall under the guidance promulgated in GASB Statement No.48.

WTASC's accounting principles are consistent with those applicable to proprietary funds; consequently, the activities of WTASC are reflected as a business type blended component unit. The County has no obligation for the debt of WTASC.

Additional information on the WTASC debt can be found in Note 3 on pages 69 and 86 of the report.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the County of Westchester'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 the Commissioner of Finance, County of Westchester, 148 Martine Avenue, Room 720, White Plains, New York 10601.

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**Westchester County**  
**Statement of Net Position**  
**December 31, 2016**

EXHIBIT 1

	Primary Government		Component Units
	Governmental Activities	Business Type Activities	
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	\$ 126,400,058	\$ 77,893	\$ 126,477,749
Investments	34,822,813	—	34,822,813
Accounts Receivable, Net	137,704,933	11,685,985	149,390,918
Due From Federal and State Governments	232,755,355	—	232,755,355
Inventory	50,000	—	50,000
Due from Component Unit	7,458,343	—	7,458,343
Prepaid Expenses	16,987,109	—	16,987,109
<b>Total Current Assets</b>	<b>558,178,609</b>	<b>11,763,678</b>	<b>569,942,287</b>
<b>Non current assets</b>			
Restricted Cash	101,840,280	18,000	101,858,280
Assets Limited as to Use	—	14,133,825	14,133,825
Promissory Note Receivable	—	—	7,000,000
Land	311,449,182	—	311,449,182
Buildings	957,232,749	—	957,232,749
Equipment	504,129,738	—	504,129,738
Construction in Progress	967,022,256	—	967,022,256
Infrastructure	1,629,234,119	—	1,629,234,119
Accumulated Depreciation	(1,367,804,229)	—	(1,367,804,229)
Other Assets	—	—	1,513,210
<b>Total Non Current Assets</b>	<b>3,103,104,093</b>	<b>14,151,625</b>	<b>3,117,255,718</b>
<b>Total Assets</b>	<b>3,659,282,702</b>	<b>25,915,303</b>	<b>3,685,198,005</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amounts on Refunding Bonds	17,011,977	4,610,472	21,622,449
Deferred Amounts on Pension Obligations	306,430,519	—	306,430,519
<b>Total Deferred Outflows of Resources</b>	<b>323,442,496</b>	<b>4,610,472</b>	<b>328,052,968</b>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts Payable and Accrued Liabilities	276,660,918	249,981	276,910,909
Internal Balances	(1,601,919)	1,601,919	—
Accrued Interest Payable	11,898,780	—	11,898,780
Due to Other Governments	—	—	299,257
Bond Anticipation Notes Payable	125,262,800	—	125,262,800
Deposits in Escrow	314,807	—	314,807

	Governmental Activities	Business Type Activities	Total	Component Units
<b>LIABILITIES (Continued)</b>				
<b>Current liabilities (continued):</b>				
Due Within One Year:				
Bonds Payable	95,385,000	2,080,000	97,475,000	—
Compensated Absences	4,900,000	—	4,900,000	896,000
Landfill Post-Closure Costs	1,104,278	—	1,104,278	—
Capital Lease Payable	7,183,750	—	7,183,750	—
Judgments and Claims	9,688,883	—	9,688,883	—
Pollution Remediation	74,603	—	74,603	—
NYS Retirement Stabilization Program	10,769,005	—	10,769,005	—
Total Current Liabilities	541,641,005	3,941,910	545,582,915	103,116,614
<b>Non Current liabilities:</b>				
Due in More Than One Year:				
Due to Other Governments	—	—	—	7,000,000
Bonds Payable	989,781,947	183,278,041	1,173,059,988	—
Compensated Absences	43,981,355	—	43,981,355	8,060,132
Landfill Post-Closure Costs	27,825,187	—	27,825,187	—
Capital Lease Payable	81,348,817	—	81,348,817	—
Judgments and Claims	103,751,613	—	103,751,613	—
Pollution Remediation	425,934	—	425,934	—
Net Pension Liability	285,365,934	—	285,365,934	13,934,389
NYS Retirement Stabilization Program	77,239,496	—	77,239,496	—
Estimated Post Retirement Health Insurance Liability	1,134,930,000	—	1,134,930,000	74,249,043
Other-Custodial Funds	—	—	—	1,513,210
Total Non Current Liabilities	2,724,650,283	183,278,041	2,907,928,324	104,756,774
Total Liabilities	3,266,291,288	187,219,951	3,453,511,239	207,873,388
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Amounts from Service Concession Arrangements	26,298,295	—	26,298,295	—
Deferred Amounts on Pension Obligations	44,777,123	—	44,777,123	4,980,445
Total Deferred Inflows of Resources	71,075,418	—	71,075,418	4,980,445
<b>NET POSITION</b>				
Net Investment in Capital Assets	1,753,165,275	—	1,753,165,275	1,680,384
Restricted For:				
Special Revenue Funds:				
Water Districts	7,147,928	—	7,147,928	—
Refuse Disposal District	14,907,931	—	14,907,931	—
Airport	7,353,487	—	7,353,487	—
Grants	8,916,772	—	8,916,772	—
Casualty Claims	16,784,460	—	16,784,460	—
Debt Service	6,138,844	—	6,138,844	—
Component Unit - Westchester Community College	—	—	—	252,776
Unrestricted	(1,170,056,203)	(156,694,176)	(1,326,750,379)	(55,914,745)
Total Net Position	\$ 645,358,492	\$ (156,694,176)	\$ 488,664,316	\$ (53,981,575)

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

# Westchester County

## Statement of Activities

### Year Ended December 31, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General Government	\$ 311,773,179	\$ 37,364,775	\$ 3,023,959	\$ 2,156,568
Education	171,190,010	—	69,216,393	1,540,322
Public Safety	448,688,871	25,390,895	29,360,501	—
Health Services	116,543,351	10,096,264	62,813,061	—
Transportation	223,791,919	82,500,014	71,177,707	14,950,215
Economic Assistance	700,290,920	4,298,336	265,063,068	—
Culture and Recreation	73,889,592	35,225,385	41,993	1,628,814
Home and Community Services	188,701,186	42,888,530	12,298,830	1,090,381
Interest	37,527,890	—	—	—
	2,273,396,928	237,764,199	512,995,512	21,366,320
Business type activities-				
Tobacco Securitization	38,596,754	—	—	—
<b>Total Primary Government</b>	<b>\$ 2,311,993,682</b>	<b>\$ 237,764,199</b>	<b>\$ 512,995,512</b>	<b>\$ 21,366,320</b>
<b>Component units:</b>				
Industrial Development Agency	\$ 1,157,349	\$ 878,945	\$ —	\$ —
Westchester Community College	152,132,796	35,171,811	105,751,715	—
Local Development Corporation	211,669	609,710	—	—
<b>Total Component Units</b>	<b>\$ 153,501,814</b>	<b>\$ 36,660,466</b>	<b>\$ 105,751,715</b>	<b>\$ —</b>

#### General revenues:

Taxes on Real Property  
 Sales Tax  
 Auto Use Tax  
 Harness Racing Admissions Tax  
 Hotel Tax  
 Mortgage Tax  
 Payments in Lieu of Taxes  
 Intergovernmental Transfer  
 Earnings on Investments  
 Tobacco Revenues  
 Miscellaneous  
 Service Concession Arrangements  
 Transfers  
 Gain on Sale of Real Property  
 Distribution of Proceeds from Sale of Real Property

Total General Revenues and Transfers

Change in Net Position

Net Position - beginning

Net Position - ending



Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business Type Activities	Total	Component Units
\$ (269,227,857)	\$ —	\$ (269,227,857)	\$ —
(100,433,295)	—	(100,433,295)	—
(393,937,475)	—	(393,937,475)	—
(43,634,026)	—	(43,634,026)	—
(55,163,983)	—	(55,163,983)	—
(430,929,516)	—	(430,929,516)	—
(36,993,400)	—	(36,993,400)	—
(133,423,455)	—	(133,423,455)	—
(37,527,890)	—	(37,527,890)	—
(1,501,270,897)	—	(1,501,270,897)	—
—	(38,596,754)	(38,596,754)	—
(1,501,270,897)	(38,596,754)	(1,539,867,651)	—
—	—	—	(278,404)
—	—	—	(11,209,270)
—	—	—	398,041
—	—	—	(11,089,633)
694,597,306	—	694,597,306	—
507,445,900	—	507,445,900	—
15,855,777	—	15,855,777	—
4,153	—	4,153	—
6,325,138	—	6,325,138	—
19,718,700	—	19,718,700	—
10,601,482	—	10,601,482	—
77,937,600	—	77,937,600	—
11,097,588	587,886	11,685,474	239,616
—	11,566,206	11,566,206	—
36,983,553	—	36,983,553	—
1,535,589	—	1,535,589	—
6,707,915	(8,707,915)	—	—
16,253,319	—	16,253,319	31,025,000
—	—	—	(32,000,000)
1,407,064,020	3,446,177	1,410,510,197	(735,384)
(94,206,877)	(35,150,577)	(129,357,454)	(11,825,017)
739,565,369	(121,543,599)	618,021,770	(42,156,558)
\$ 645,358,492	\$ (156,694,176)	\$ 488,664,316	\$ (53,981,575)

**Westchester County  
Governmental Funds—  
Balance Sheet  
December 31, 2016**

	<b>General Fund</b>	<b>Combined Sewer Districts Fund</b>	<b>Refuse Disposal District Fund</b>	<b>Grants Fund</b>
<b>ASSETS</b>				
Cash	\$ 29,808,967	\$ 4,000,400	\$ 8,000,000	\$ 238,119
Accounts Receivable, Net	100,223,902	765,167	4,739,502	31,762
Due from Federal and State Governments	212,687,039	—	—	17,530,434
Inventory	50,000	—	—	—
Due from Other Funds	108,942,640	56,730,389	41,732,070	45,755,461
Due from Component Unit	7,458,343	—	—	—
Prepaid Expenditures	16,137,109	850,000	—	—
Restricted Cash	—	—	—	—
<b>Total Assets</b>	<b>\$ 476,308,000</b>	<b>\$ 62,345,956</b>	<b>\$ 54,471,572</b>	<b>\$ 63,553,776</b>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>				
<b>Liabilities:</b>				
Accounts Payable and Accrued Liabilities	\$ 150,204,285	\$ 3,496,441	\$ 4,955,826	\$ 53,637,004
Bond Anticipation Notes Payable	—	—	—	—
Due to Other Funds	159,574,332	—	—	—
Unearned Revenue	—	—	—	—
Deposits in Escrow	314,907	—	—	—
<b>Total Liabilities</b>	<b>310,093,524</b>	<b>3,496,441</b>	<b>4,955,826</b>	<b>53,637,004</b>
<b>Fund Balances (Deficits):</b>				
Non-spendable	26,187,109	850,000	—	—
Restricted	—	—	—	—
Assigned	83,083,190	57,999,515	49,515,746	9,916,772
Unassigned	56,944,177	—	—	—
<b>Total Fund Balances (Deficits)</b>	<b>166,214,476</b>	<b>58,849,515</b>	<b>49,515,746</b>	<b>9,916,772</b>
<b>Total Liabilities and Fund Balances (Deficits)</b>	<b>\$ 476,308,000</b>	<b>\$ 62,345,956</b>	<b>\$ 54,471,572</b>	<b>\$ 63,553,776</b>

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

# Exhibit A-1

Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 15,218,024	\$ 40,133,627	\$ 97,397,137
—	15,976,098	121,736,431
2,537,882	—	232,755,355
—	—	50,000
—	283,131	254,443,691
—	—	7,458,343
—	—	16,987,109
101,840,280	—	101,840,280
<u>\$ 119,596,186</u>	<u>\$ 56,392,856</u>	<u>\$ 832,668,346</u>

\$ 19,909,392	\$ 6,526,325	\$ 238,729,273
125,262,800	—	125,262,800
107,020,403	—	266,594,735
—	18,509,394	18,509,394
—	—	314,907
<u>252,192,595</u>	<u>25,035,719</u>	<u>649,411,109</u>
—	—	27,037,109
6,138,844	—	6,138,844
—	31,357,137	231,872,360
(138,735,253)	—	(81,791,076)
<u>(132,596,409)</u>	<u>31,357,137</u>	<u>183,257,237</u>
<u>\$ 119,596,186</u>	<u>\$ 56,392,856</u>	<u>\$ 832,668,346</u>

# Westchester County

## Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

### December 31, 2016

Amounts reported for governmental activities in the statement of net position are different because:

Fund Balances of Governmental Funds		\$ 183,257,237
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		3,001,263,813
Other long-term assets that are not available to pay for current period expenditures and, therefore, are either unearned or not reported in the funds.		
Receivables Related to Service Concession Arrangements	10,516,280	
Receivables Related to Parking Garage Settlement	947,917	11,464,197
Deferred Outflows of Resources are a consumption of net position that applies to a future period and so will not be recognized as an expenditure in the funds-		
Deferred Amounts on Net Pension Assets (Liabilities)		306,430,519
Long term liabilities that are not due and payable in the current period and therefore are not reported in the funds:		
Bonds Payable	(1,020,539,000)	
Pension Obligation	(88,008,501)	
Capital Leases Payable	(68,532,567)	(1,177,080,068)
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:		
Bond Premium	(64,627,947)	
Loss on Refunding Bonds	17,011,977	(47,615,970)
Other liabilities that are not due and payable in the current period and, therefore, are not reported in the funds:		
Accrued Interest Payable	(11,898,780)	
Compensated Absences Payable	(48,881,355)	
Certiorari Claims Payable	(720,515)	
Landfill Post Closing Costs	(28,929,465)	
Net Pension Liability	(285,365,934)	
Judgments and Claims	(31,445,000)	
Estimated Post Retirement Health Insurance Liability	(1,134,930,000)	(1,542,171,049)
Deferred Inflows of Resources are an acquisition of net position that applies to a future period and so will not be recognized as revenue in the funds-		
Deferred Amounts from Service Concession Arrangements	(26,298,295)	
Deferred Amounts on Net Pension Assets (Liabilities)	(44,777,123)	(71,075,418)
Internal Service funds are used by management to charge the costs of health benefits, workers' compensation claims and general liability claims to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statements of net position.		(19,114,769)
Net Position of Governmental Activities		\$ 645,368,492

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

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# Westchester County

## Governmental Funds—

### Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended December 31, 2016

	General Fund	Combined Sewer Districts Fund	Refuse Disposal District Fund	Grants Fund
<b>REVENUES</b>				
Taxes on Real Property	\$ 548,423,468	\$ 100,198,741	\$ 43,926,058	\$ —
Sales Tax	507,445,900	—	—	—
Federal Aid	177,454,947	—	—	44,858,859
State Aid	228,892,806	—	99,607	56,730,435
Departmental Income	148,813,543	4,415,166	2,151	9,615,192
Earnings on Investments	77,005	8,657,337	387,945	—
Miscellaneous Revenues	150,582,727	573,400	95,015	11,301,329
<b>Total Revenues</b>	<b>1,761,690,396</b>	<b>113,844,644</b>	<b>44,510,776</b>	<b>122,505,815</b>
<b>EXPENDITURES</b>				
Current:				
General Government	204,368,392	1,479,621	4,198,017	6,481,106
Education	161,350,743	—	—	—
Public Safety	241,086,403	—	—	20,219,903
Health Services	35,130,819	—	—	55,210,756
Transportation	158,108,514	—	—	2,224,845
Economic Assistance	589,546,918	—	—	40,049,715
Culture and Recreation	44,071,235	—	—	997,185
Home and Community Services	4,284,697	56,323,145	58,156,916	7,551,483
Employee Benefits	243,326,536	15,447,497	1,297,140	—
Debt Service:				
Principal	80,776,461	26,567,983	1,754,332	—
Interest	22,260,110	19,051,230	523,928	—
Costs of Issuance	303,314	—	—	—
Capital Outlay	—	538,287	—	—
<b>Total Expenditures</b>	<b>1,784,614,142</b>	<b>119,407,763</b>	<b>65,930,333</b>	<b>132,734,973</b>
Excess (Deficiency) of Revenues Over Expenditures	(22,923,746)	(5,563,119)	(21,419,557)	(10,229,158)
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Real Property	20,400,000	—	—	—
Bonds Issued	—	—	—	—
Refunding Bonds Issued	—	—	—	—
Bond Premium	—	—	—	—
Tax Anticipation Note Premium	388,500	—	—	—
Transfers In	9,742,652	1,059,478	32,000	3,362,590
Transfers Out	(6,136,070)	(51,600)	(1,000,000)	—
Payment to Refunded Bond Escrow Agent	—	—	—	—
<b>Total Other Financing Sources (Uses)</b>	<b>24,395,082</b>	<b>1,007,876</b>	<b>(968,000)</b>	<b>3,362,590</b>
<b>Net Change in Fund Balances</b>	<b>1,471,336</b>	<b>(4,555,243)</b>	<b>(22,387,557)</b>	<b>(6,866,568)</b>
Fund Balances (Deficits) - Beginning of year	164,743,140	63,404,758	54,118,270	16,783,340
Fund Balances (Deficits) - End of year	\$ 166,214,476	\$ 58,849,515	\$ 31,730,713	\$ 9,916,772

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

# Exhibit A-2

Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ —	\$ 2,049,039	\$ 694,597,306
—	—	507,445,900
19,312,029	17,257	241,643,092
2,054,291	—	287,777,139
—	62,390,348	225,236,400
21,028	80,452	9,223,767
189,695	4,773,280	167,515,426
<u>21,577,043</u>	<u>69,310,356</u>	<u>2,133,439,030</u>
—	—	216,527,136
—	—	161,350,743
—	—	261,306,306
—	—	90,341,575
—	37,789,612	198,122,971
—	—	629,598,633
—	—	45,068,400
—	18,631,561	144,947,782
—	3,273,635	263,344,808
—	1,026,210	110,126,986
—	526,304	42,361,572
1,112,223	—	1,415,537
<u>160,640,041</u>	<u>1,320,942</u>	<u>162,499,270</u>
<u>161,752,264</u>	<u>62,570,254</u>	<u>2,327,009,729</u>
<u>(140,175,221)</u>	<u>6,740,102</u>	<u>(193,570,699)</u>
—	—	20,400,000
26,494,000	—	26,494,000
109,980,000	—	109,980,000
22,802,961	—	22,802,961
—	—	388,600
11,574,259	1,622,084	27,393,071
(3,637,707)	(7,859,779)	(18,685,156)
<u>(131,480,682)</u>	<u>—</u>	<u>(131,480,682)</u>
<u>35,732,831</u>	<u>(6,237,685)</u>	<u>57,202,694</u>
<u>(104,442,390)</u>	<u>502,417</u>	<u>(136,278,005)</u>
<u>(26,154,019)</u>	<u>30,854,720</u>	<u>301,750,209</u>
<u>\$ (132,596,409)</u>	<u>\$ 31,357,137</u>	<u>\$ 165,472,204</u>

# Westchester County

## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

### Year Ended December 31, 2016

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balances—Total Governmental Funds		\$ (136,278,005)
--	--	------------------

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.

Capital Outlay Expenditures	156,092,100	
Depreciation Expense	(77,397,506)	78,694,594

The net effect of various miscellaneous transactions involving capital assets (i.e. sales and donations) is to decrease net position.		(4,146,681)
---	--	-------------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Service Concession Arrangement	1,535,589	
Parking Garage Settlement	(125,000)	1,410,589

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Deferred Charge Related to Pension Obligation	(15,220)	
Bonds Issued	(26,494,000)	
Refunding Bonds Issued	(109,980,000)	
Bond Premium	(22,231,628)	
Payment to Refunded Bond Escrow Agent	131,480,682	
Principal Paid on Bonds	99,602,005	
Pension Obligation	(4,474,546)	
Payment on Pension Obligation	9,991,689	
Amortization of loss on refunding and issuance premium	7,032,456	
Net Principal Paid on Capital Lease	8,419,996	93,331,434

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.

Accrued Interest	(133,770)	
Compensated Absences	(2,681,190)	
Pension assets (obligations)	(22,990,253)	
Certiorari Claims	347,248	
Landfill Post Closure Costs	1,890,579	
Estimated Post Retirement Health Insurance	(109,070,000)	(132,637,386)

Internal Service Funds are used by management to charge the cost of risk to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.

(12,366,455)

Change in Net Position of Governmental Activities.		\$ (111,991,910)
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The notes to the financial statements are an integral part of this statement.



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**Westchester County**  
**General, Sewer and Refuse Disposal District Funds—**  
**Statement of Revenues, Expenditures and Changes in Fund**  
**Year Ended December 31, 2016**

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Taxes on Real Property	\$ 548,423,468	\$ 548,423,468	\$ 548,423,468	\$ —
Sales Tax	524,507,733	524,507,733	507,445,900	(17,061,833)
Federal Aid	182,725,912	182,725,912	177,454,947	(5,270,965)
State Aid	241,177,884	241,177,884	228,892,806	(12,285,078)
Departmental Income	152,968,810	153,032,695	148,813,643	(4,219,152)
Earnings on Investments	—	—	77,005	77,005
Miscellaneous Revenues	136,755,731	136,755,731	150,562,727	13,826,996
<b>Total Revenues</b>	<b>1,788,549,538</b>	<b>1,788,623,423</b>	<b>1,761,690,396</b>	<b>(24,933,027)</b>
<b>EXPENDITURES</b>				
Current:				
General Government	222,387,336	209,528,172	204,366,392	5,159,780
Education	158,381,706	161,354,445	161,350,743	3,702
Public Safety	263,139,388	249,945,409	241,066,403	8,859,006
Health Services	38,124,630	38,098,139	35,130,819	967,320
Transportation	159,952,835	159,943,951	158,106,514	1,835,437
Economic Assistance	597,228,626	597,031,908	589,548,918	7,484,988
Culture and Recreation	45,214,417	45,137,417	44,071,235	1,066,182
Home and Community Services	5,598,794	5,598,794	4,284,687	1,314,097
Employee Benefits	233,204,078	243,333,742	243,326,536	7,206
Debt Service:				
Principal	67,220,583	81,246,388	80,778,481	469,927
Interest	20,840,202	22,304,067	22,280,110	43,957
Costs of Issuance	459,266	303,314	303,314	—
Capital Outlay	—	—	—	—
<b>Total Expenditures</b>	<b>1,811,751,659</b>	<b>1,811,825,744</b>	<b>1,784,614,142</b>	<b>27,211,602</b>
Deficiency of Revenues				
Over Expenditures	(26,202,321)	(26,202,321)	(22,923,746)	2,278,575
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Real Property	5,400,000	5,400,000	20,400,000	15,000,000
Bonds Issued	11,500,000	11,500,000	—	(11,500,000)
Tax Anticipation Note Premium	100,000	100,000	388,500	288,500
Transfers In	3,303,000	3,303,000	9,742,652	6,439,652
Transfers Out	(6,291,237)	(6,291,237)	(6,136,070)	155,167
<b>Total Other Financing Sources (Uses)</b>	<b>14,011,763</b>	<b>14,011,763</b>	<b>24,395,082</b>	<b>10,383,319</b>
<b>Net Change in Fund Balances</b>	<b>(11,190,558)</b>	<b>(11,190,558)</b>	<b>1,471,336</b>	<b>12,661,894</b>
<b>Fund Balances—Beginning of year</b>	<b>11,190,558</b>	<b>11,190,558</b>	<b>164,743,140</b>	<b>153,552,582</b>
<b>Fund Balances—End of year</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 166,214,476</b>	<b>\$ 166,214,476</b>

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

Exhibit A-3

Combined Sewer Districts Fund				Refuse Disposal District Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
\$ 100,188,741	\$ 100,188,741	\$ 100,188,741	\$ —	\$ 43,926,058	\$ 43,926,058	\$ 43,926,058	\$ —
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	99,807	99,807
3,874,882	3,874,882	4,415,166	540,284	19,426,800	19,426,800	17,787,184	(1,639,616)
8,888,783	8,888,783	8,857,337	(31,446)	438,843	436,843	387,845	(48,898)
514,943	514,943	573,400	58,457	90,000	90,000	95,015	5,015
113,277,349	113,277,349	113,844,844	567,295	63,879,701	63,879,701	62,295,809	(1,583,892)
2,854,000	2,854,000	1,478,621	1,374,379	5,389,173	5,392,173	4,188,017	1,194,156
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
65,167,838	64,154,038	58,323,145	7,830,893	63,585,960	63,582,960	58,156,816	5,406,044
15,504,383	15,848,783	15,447,497	399,286	1,322,829	1,342,829	1,297,140	45,689
28,301,765	26,738,265	28,587,983	170,282	1,750,087	1,756,087	1,754,332	755
19,103,013	19,338,013	19,051,230	286,783	534,497	529,497	523,828	5,669
—	—	—	—	—	—	—	—
1,390,289	1,390,289	538,287	852,002	130,231	130,231	—	130,231
130,321,388	130,321,388	118,407,783	10,913,625	72,712,777	72,712,777	65,830,333	6,782,444
(17,044,039)	(17,044,039)	(5,563,119)	11,480,920	(8,833,076)	(8,833,076)	(3,634,624)	5,198,552
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
1,059,476	1,059,476	1,059,476	—	32,000	32,000	32,000	—
(51,600)	(51,600)	(51,600)	—	(1,000,000)	(1,000,000)	(1,000,000)	—
1,007,876	1,007,876	1,007,876	—	(968,000)	(968,000)	(968,000)	—
(16,036,163)	(16,036,163)	(4,555,243)	11,480,920	(9,801,076)	(9,801,076)	(4,902,524)	5,198,552
16,036,163	16,036,163	63,404,758	47,368,595	9,801,076	9,801,076	54,118,270	44,317,194
\$ —	\$ —	\$ 58,849,515	\$ 58,849,515	\$ —	\$ —	\$ 49,515,746	\$ 49,515,746

**Westchester County  
Proprietary Funds—  
Statement of Net Position  
December 31, 2016**

**Exhibit B-1**

	Business Type Activities - Enterprise Fund Westchester Tobacco Asset Securitization Corporation	Governmental Activities - Internal Service Funds
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 77,693	\$ 29,002,919
Investments	—	34,822,813
Accounts receivable	11,685,985	5,452,222
Due from other funds	—	14,864,038
Total Current Assets	11,763,678	84,141,992
Non Current Assets:		
Restricted cash	18,000	—
Assets limited as to use	14,133,625	—
Total Non Current Assets	14,151,625	—
Total Assets	25,915,303	84,141,992
<b>DEFERRED OUTLOWS OF RESOURCES</b>		
Deferred amounts on refunding bonds	4,610,472	—
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable and accrued liabilities	249,991	28,529,830
Bonds payable	2,090,000	—
Due to other funds	1,601,919	1,320,318
Total Current Liabilities	3,941,910	29,850,148
Noncurrent Liabilities:		
Accrued liabilities	—	73,406,613
Bonds payable	183,278,041	—
Total Liabilities	187,219,951	103,256,761
<b>NET POSITION</b>		
Unrestricted	\$ (156,694,176)	\$ (19,114,769)

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

**Westchester County  
Proprietary Funds—  
Statement of Revenues, Expenses and  
Changes in Net Position  
Year Ended December 31, 2016**

**Exhibit B-2**

	Business Type Activities - Enterprise Fund Westchester Tobacco Asset Securitization Corporation	Governmental Activities - Internal Service Funds
Operating Revenues:		
Charges for services	\$ —	\$ 202,249,708
Tobacco settlement revenues	11,566,206	—
Total Operating Revenues	11,566,206	202,249,708
Operating Expenses:		
Professional fees	76,170	—
Insurance expense	56,833	—
Claims	—	15,571,080
Claim adjustments	—	9,085,000
Employee benefits	—	190,594,396
Total Operating Expenses	133,003	215,250,476
Income (Loss) from Operations	11,433,203	(13,000,768)
Nonoperating Revenues (Expenses):		
Loss on refunded 2005 bonds	(27,075,411)	—
Cost of issuance	(1,600,380)	—
Earnings on Investments	587,886	1,873,821
Interest expense	(9,787,960)	—
Net change in fair value of investments	—	(1,239,508)
Total Nonoperating Revenues (Expenses)	(37,875,865)	634,313
Loss Before Transfers	(26,442,662)	(12,366,455)
Transfers Out	(8,707,915)	—
Change in Net Position	(35,150,577)	(12,366,455)
Net position -- beginning	(121,543,599)	(6,748,314)
Net position -- ending	\$ (156,694,176)	\$ (19,114,769)

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

**Westchester County  
Proprietary Funds—  
Statement of Cash Flows  
Year Ended December 31, 2016**

**Exhibit B-**

	<b>Business Type Activities - Enterprise Fund Westchester Tobacco Asset Securitization Corporation</b>	<b>Governmental Activities - Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	\$ —	\$ 202,738,041
Cash received from tobacco settlement revenues	26,415,365	—
Payments to providers and claimants	(155,843)	(207,034,721)
<b>Net Cash from Operating Activities</b>	<b>26,259,522</b>	<b>(4,296,680)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Repayment of bonds payable	(14,045,000)	—
Payment to refunded bond escrow agent	(176,977,345)	—
Proceeds from bonds	180,990,000	—
Premium on bonds	4,378,041	—
Payment of issuance costs	(1,600,380)	—
Interest paid	(9,335,263)	—
Transfer to County of Westchester	(10,747,210)	—
Advances from other funds	—	2,894,171
Payments to other funds	—	(458,341)
<b>Net Cash from Noncapital Financing Activities</b>	<b>(27,337,157)</b>	<b>2,435,830</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Earnings on investments	590,440	1,940,221
Purchase of investments	—	(1,356,871)
Sale of investments	—	6,363,221
<b>Net Cash from Investing Activities</b>	<b>590,440</b>	<b>6,946,571</b>
<b>Net Change in Cash</b>	<b>(487,195)</b>	<b>5,085,701</b>
Cash - beginning of year	582,888	23,917,211
Cash - end of year	\$ 95,693	\$ 29,002,911
Cash	\$ 77,693	\$ 29,002,911
Restricted cash	18,000	—
<b>Total Cash</b>	<b>\$ 95,693</b>	<b>\$ 29,002,911</b>

continue

**Westchester County  
Proprietary Funds—  
Statement of Cash Flows (cont'd)  
Year Ended December 31, 2016**

**Exhibit B-**

	<b>Business Type Activities - Enterprise Fund Westchester Tobacco Asset Securitization Corporation</b>	<b>Governmental Activities - Internal Service Funds</b>
<b>RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES:</b>		
Income (loss) from operations	\$ 11,433,203	\$ (13,000,76
Adjustments to reconcile income (loss) from operations to net cash from operating activities:		
Changes in assets and liabilities:		
Accounts receivable	14,849,159	488,33
Deferred charge	—	43,33
Accounts payable and accrued liabilities	(22,840)	8,172,40
<b>Net Cash from Operating Activities</b>	<b>\$ 26,259,522</b>	<b>\$ (4,296,68</b>
<b>Noncash Noncapital Financing Activities:</b>		
Increase in bonds payable from amortization of original issue discount	\$ 115,680	\$ —
Decrease in deferred outflows of resources from amortization of loss on refunding	925,803	—
<b>Noncash Investing Activities-</b>		
Change in fair value of investments	—	(1,239,50

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

# Westchester County

Exhibit C-1

## Statement of Fiduciary Assets and Liabilities

December 31, 2016

	<u>Agency</u>
<b>ASSETS</b>	
Cash	\$ 94,834,599
Accounts Receivable	20,413,413
Restricted Investments	5,788,340
Due from Other Funds	<u>209,243</u>
Total Assets	<u>\$ 121,245,595</u>
<b>LIABILITIES</b>	
Accounts Payable	\$ 37,015,894
Securities and Deposits Payable	<u>84,229,701</u>
Total Liabilities	<u>\$ 121,245,595</u>

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



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# Westchester County

## Component Units—

### Combining Statement of Net Position

December 31, 2016

	Industrial Development Agency	Westchester Community College
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 3,530,901	\$ 121,875,665
Accounts Receivable, Net	160,006	3,824,898
Prepaid Expenses	—	—
<b>Total Current Assets</b>	<b>3,690,907</b>	<b>125,700,563</b>
<b>Non current assets</b>		
Promissory Note Receivable	7,000,000	—
Land	125,000	—
Equipment	—	24,200,325
Accumulated Depreciation	—	(22,644,931)
Other Assets	1,513,210	—
<b>Total Non Current Assets</b>	<b>8,638,210</b>	<b>1,555,394</b>
<b>Total Assets</b>	<b>12,329,117</b>	<b>127,255,957</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred amounts on pension obligations	—	18,500,455
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts Payable and Accrued Expenses	122,469	101,732,103
Due to Other Governments	263,361	—
<b>Total Current Liabilities</b>	<b>385,830</b>	<b>101,732,103</b>
<b>Non current liabilities</b>		
Due Within One Year-		
Compensated Absences	—	896,000
Due in More Than One Year:		
Due to Other Governments	7,000,000	—
Compensated Absences	—	8,060,132
Net Pension Liability	—	13,934,389
Estimated Post Retirement Health Insurance Liability	—	74,249,043
Other-custodial funds	1,513,210	—
<b>Total Non Current Liabilities</b>	<b>8,513,210</b>	<b>97,139,564</b>
<b>Total Liabilities</b>	<b>8,899,040</b>	<b>198,871,667</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred amounts on pension obligations	—	4,980,445
<b>NET POSITION</b>		
Net Investment in Capital Assets	125,000	1,555,394
Restricted	—	252,776
Unrestricted	3,305,077	(59,903,870)
<b>Total Net Position</b>	<b>\$ 3,430,077</b>	<b>\$ (58,095,700)</b>

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

# Exhibit D-1

Westchester County Local Development Corporation	Totals
\$ 781,225	\$ 126,187,791
250	3,985,154
5,254	5,254
786,729	130,178,199
	7,000,000
—	125,000
—	24,200,325
—	(22,644,931)
—	1,513,210
—	10,193,604
786,729	140,371,803
—	18,500,455
68,785	101,921,357
35,896	299,257
102,681	102,220,614
—	896,000
—	7,000,000
—	8,080,132
—	13,934,389
—	74,249,043
—	1,513,210
—	105,652,774
102,681	207,873,388
—	4,980,445
—	1,680,394
—	252,776
684,048	(55,914,745)
\$ 684,048	\$ (53,981,575)

**Westchester County  
Component Units—  
Combining Statement of Activities  
Year Ended December 31, 2016**

**Exhibit D-2**

	<b>Industrial Development Agency</b>	<b>Westchester Community College</b>	<b>Westchester County Local Development Corporation</b>	<b>Totals</b>
<b>Expenses-</b>				
Program operations	\$ 1,157,349	\$ 152,132,796	\$ 211,669	\$ 153,501,814
<b>Program revenues:</b>				
Charges for services	878,945	35,171,811	609,710	36,660,466
Operating grants and contributions	—	105,751,715	—	105,751,715
<b>Total Program Revenues</b>	<b>878,945</b>	<b>140,923,526</b>	<b>609,710</b>	<b>142,412,181</b>
<b>Net Program Expenses</b>	<b>(278,404)</b>	<b>(11,209,270)</b>	<b>398,041</b>	<b>(11,089,633)</b>
<b>General revenues:</b>				
Earnings on investments	9,788	229,830	—	239,616
Gain on sale of real property	31,025,000	—	—	31,025,000
Distribution of proceeds from sale of real property	(32,000,000)	—	—	(32,000,000)
<b>Total General Revenues</b>	<b>(965,214)</b>	<b>229,830</b>	<b>—</b>	<b>(735,384)</b>
<b>Change in Net Position</b>	<b>(1,243,618)</b>	<b>(10,979,440)</b>	<b>398,041</b>	<b>(11,825,017)</b>
<b>Net Position—beginning</b>	<b>4,673,695</b>	<b>(47,116,260)</b>	<b>286,007</b>	<b>(42,156,558)</b>
<b>Net Position—ending</b>	<b>\$ 3,430,077</b>	<b>\$ (58,095,700)</b>	<b>\$ 684,048</b>	<b>\$ (53,981,575)</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

## NOTE 1

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

---

The County of Westchester, New York (hereinafter referred to as the County) was incorporated in 1683 and operates in accordance with its charter, adopted in 1937, its administrative code, enacted into State Law in 1948, the State Constitution and the various other applicable laws of the State of New York. The County functions under a County Executive/Board of Legislators form of government. The Board of Legislators is the legislative body responsible for overall operation of the County. 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 services, transportation, economic assistance, 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 Board (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 Statement No. 14, *The Financial Reporting Entity*, as amended by Statement No. 61, *The Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Based upon the application of the above criteria, the following individual component units are included in the County's reporting entity as discretely presented component units because of their operational relationship with the County: Westchester Community College, The Westchester County Industrial Development Agency, and The Westchester County Local Development Corporation.

Westchester Community College (hereinafter referred to as the College) was established in 1953, 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 Board of Legislators and four by the Governor. The College's budget is subject to the approval of the Board of Legislators. The County provides one-half of the capital costs and approximately one-fifth of the operating costs for the College. Title to real property of the College rests with the County, and bonds and notes for the College's capital costs are issued by the County and are County debt. A fiscal year ending August 31<sup>st</sup> is mandated by State Law for the College. The College may also result in a financial burden to the primary government since the County is obligated for the debt of the College. The primary government has financial accountability for the College due to its ability to appoint a majority

of the College's Board of Trustees and also the ability to impose its will as demonstrated by the College budget being subject to approval by the primary government.

The Westchester County Industrial Development Agency (hereinafter referred to as the IDA) is a public benefit corporation created in 1977 by New York State legislation under provisions of Chapter 788 for the purpose of encouraging economic growth in the County. The IDA is a source of financial assistance available to for-profit organizations located and established in the County and for those for-profit organizations relocating to the County. The Westchester County Local Development Corporation (hereinafter referred to as the LDC) is a not-for-profit corporation that was created in 2012 to be an important source of financial assistance to not-for-profit organizations located or established in the County and for those not-for-profit organizations relocating to the County. Both the IDA and LDC boards of directors control the affairs, property and fiscal matters of each respective entity. All of the directors are elected and appointed by the primary government which is an indicator of financial accountability by the primary government. Additional financial accountability is indicated by the primary governments' ability to 1) remove the appointed directors of the IDA and LDC boards at will and 2) to appoint, hire, reassign, or dismiss the County employees responsible for the daily operations of the IDA and LDC, both of which indicates that the primary government has the ability to impose its will on the IDA and LDC.

Financial statements for the component units are included as part of the basic financial statements. Complete financial statements can be obtained from their respective administrative offices at the following addresses:

Westchester Community College  
75 Grasslands Road  
Valhalla, New York 10595

Westchester County Industrial Development Agency  
Michaelian Office Building  
148 Martine Avenue  
White Plains, New York 10601

Westchester County Local Development Corporation  
Michaelian Office Building  
148 Martine Avenue  
White Plains, New York 10601

## **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. Except for interfund services provided and used, the effect of interfund activity has been removed from these statements. 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 is 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 government 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 Internal Service Funds are charges to customers for services. Operating expenses for the Internal Service Funds include the cost of services, administrative expenses, and benefit costs. The principal operating revenues of the blended component unit, Westchester Tobacco Asset Securitization Corporation (hereinafter referred to as WTASC), are settlement revenues (see section D – Measurement Focus/Basis of Accounting), whereas operating expenses include general administrative expenses. 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 statements' governmental activities column, a reconciliation is presented which briefly explains the adjustments 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 the proceeds of specific revenue sources that are restricted or committed to expenditures for certain defined purposes. The following are the County's major governmental funds:

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

**Sewer Districts Fund** - The Sewer Districts Fund is a Special Revenue Fund and is provided to account for and report the operations of the County's sewer districts. The major revenues of this fund are real property taxes, departmental income and earnings on investments.

**Refuse Disposal District Fund** - The Refuse Disposal District Fund is a Special Revenue Fund provided to account for and report the operations of the County's solid waste facilities. The major revenues of this fund are real property taxes and departmental income.

**Grants Fund** - The Grants Fund is a Special Revenue Fund used to account for the assets, liabilities, revenues and expenditures of grant funds received by various County departments.

**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, other than those financed by proprietary funds. The major revenues and other financing sources of this fund are federal aid, state aid and bonds issued.

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

**Airport Fund** - The Airport Fund is a Special Revenue Fund used to account for the operations of the Westchester County Airport.

**Water Districts Fund** - The Water Districts Fund is a Special Revenue Fund used to account for the operations of the County's water districts.

- b. **Proprietary Funds** — Proprietary funds consist of the blended component unit and 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. The County reports its Health Insurance, Casualty Reserve, and Workers' Compensation Reserve funds as internal service funds.

WTASC is a special purpose corporation and a subsidiary corporation of the Westchester County Health Care Corporation (hereinafter referred to as WCHCC). WTASC was organized under the provisions of Section 1411 of the New York State Not-for-Profit Corporation Law and pursuant to Section 3306(7) of the Public Authorities Law of the State of New York. The Board of Directors of WTASC consists of three members; one director designated by WCHCC to be the Commissioner of Finance of the County of Westchester, one director designated by WCHCC to be the WCHCC board representative, selected by the Majority Leader of the County Board of Legislators and a third director who meets certain requirements of independence and shall be designated by the other two members.

- c. **Fiduciary Funds (Not included in Government-wide statements)** — The Fiduciary Funds are used to account for assets held by the County in an agency capacity on behalf of others and consists of the Agency Fund which is used to account for various deposits that are payable to other jurisdictions or individuals.

#### **D. Measurement Focus/Basis of Accounting**

##### **Primary Government**

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 Fiduciary Funds have no measurement focus but utilize the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the 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 accrued when the expenditure is made and recognized as revenue if collected within one year. 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 post-closure costs, certain judgments and claims, pollution remediation, certain retirement costs and post-retirement health insurance 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.

The County and its blended component unit, WTASC, follow the guidance provided by GASB Technical Bulletin 2004-1 as amended and/or superseded by GASB Statement No. 48. GASB Statement No. 48 provided for prospective, rather than retrospective treatment, of the intra-entity sale of future revenues. The original sale of the WTASC's future revenue stream was consummated several years prior to the effective date of GASB Statement No. 48, and no additional sale of future revenues has occurred since that time. The revenue from the sale was recognized at that time based on existing guidance. Therefore, there is no deferred inflow of resources to be reported for this purpose on the County's financial statements or a deferred outflow of resources to be reported on the WTASC financial statements. The deferred outflows of resources reflected in the County's business-type activity relate to a refunding of the original debt of the WTASC and not to any new monies that would fall under the guidance promulgated in GASB Statement No. 48.

### **Component Units**

Component units are presented on the basis of accounting that most accurately reflects their activities. The County's component units are the College, IDA, and LDC and are accounted for on the accrual basis.

#### ***Westchester Community College***

The College does not reflect land and buildings as an asset of the fund and depreciation is not reflected. These assets are owned by the County, and the debt related to these assets are obligations of the County. The College does have furniture and equipment which was purchased through its operating budget, which is capitalized and depreciated.

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

#### **Cash**

Cash consists of funds deposited in demand deposit accounts, time deposit accounts and certificates of deposit with maturities at the time of purchase of three months or less.

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 in the State. The County is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit.

In accordance with the provisions of General Municipal Law Section 10, all deposits of the County, including certificates of deposit and special time deposits in excess of the amount insured under the provision of the Federal

Deposit Insurance Act will be secured at 102%. The County has entered into custodial agreements with the various banks which hold its deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations issued or fully insured or guaranteed by the United States, an agency thereof or a United States government sponsored corporation and obligations issued or fully guaranteed by the State of New York.

### **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 authorities, 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 the 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.

***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 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, 2016.

***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 of 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.

### **Real Property Taxes**

Real property taxes attach as an enforceable lien on real property and are levied on January 1st. Real property taxes are generally payable to the collecting agents in April. The County-wide real property tax levy is collected by the cities and towns within the County. Payment of each city and town's share must be made to the County's Commissioner of Finance as collected and, in any event, not less than sixty percent must be paid by May 25th and the balance of the warrant by October 15th of the year for which such taxes are levied. The various cities and towns within the County are responsible for the billing and collection of taxes and foreclosure proceedings.

### **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, 2016, balances of interfund amounts receivable or payable have been recorded in the fund financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

### **Inventory**

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies, and are reported in both the government-wide and fund financial statements. The cost of such inventories is recorded as expenditures when consumed rather than when purchased (the consumption method). Amounts reported as inventories in the fund financial statements are offset by the same amount in the component of nonspendable fund balance – not in spendable form to indicate that these amounts do not constitute available spendable resources, even though they are a component of current assets.

### **Due From Component Unit**

The County advanced 25% of its 2017 sponsor contribution to the College (component unit) in October 2016. Since this advance occurred after the close of the College's August 31, 2016 fiscal year, the financial statements of the College do not reflect a corresponding liability to the County.

### **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 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.

### **Restricted Cash**

Restricted cash in the Capital Projects Fund consists of funds held by a state agency. These funds are to be used for various sewer district upgrades.

### **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 \$18,509,394 for passenger facility charges, rent and remediation revenue received in advance in the Airport special revenue fund. 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 that time.

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 has reported deferred outflows of resources of \$17,011,977 and \$4,610,472 for a deferred loss on refunding bonds in the government-wide Statement of Net Position for governmental activities and business-type activities, 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 has reported deferred inflows of resources of \$26,298,295 resulting from service concession arrangements to operate a parking garage and four hangars at the Westchester County Airport. This amount results from the difference between the original cost of the buildings and the rent receivable less the accumulated amortization of the cost of the building and rental payments received to date. These amounts are amortized over the shorter of the life of the asset or the term of the rental agreement.

The County also reported deferred outflows of resources 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 3.

#### **Assets Limited as to Use**

##### *Westchester Tobacco Asset Securitization Corporation*

On June 15, 2005, WTASC issued \$216,600,000 Tobacco Settlement Asset-Backed Bonds, Series 2005. These bonds were issued primarily to refund all of WTASC's outstanding Tobacco Settlement Asset-Backed Bonds, Series 1999, which were issued by WTASC to finance its purchase pursuant to a purchase and sale agreement, dated as of December 1, 1999, by and between WTASC and the County of Westchester. The terms of the bond indenture provided for the establishment of a liquidity reserve. The Series 2005 bonds reserve requirement was \$14,133,625, the maximum annual debt service requirement based on planned structured principal payments. In addition, there is \$18,000 of cash restricted to the payment of debt obligations on WTASC bonds.

On December 22, 2016, WTASC issued \$180,990,000 of Tobacco Settlement Asset-Backed Bonds Series 2016 ("Series 2016") composed of Senior Bonds (federally taxable) of \$7,165,000, Senior Bonds of \$91,300,000 and Subordinate Bonds of \$82,525,000, the proceeds of which were used to 1) refund the outstanding Series 2005 bonds, 2) pay certain costs of issuance related to the Series 2016 bonds and 3) distribute to the Residual Certificate Holder the remaining proceeds. As part of the 2016 bond indenture, the same liquidity reserve balance was utilized but separated into two parts; \$7,647,487.50 for the "Senior Liquidity Reserve Account" and \$6,488,137.50 for the "Subordinate Liquidity Reserve Account".

#### **Capital Assets**

Capital assets, which include property, plant, and equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the governmental 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 \$50,000 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 estimated fair market 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 back trending (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 and equipment 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	25-50
Equipment	10-25
Infrastructure	50

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 sheets.

### **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.

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 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 governmental fund expenditures.

### **Compensated Absences**

The various collective bargaining agreements provide for the payment of accumulated vacation and sick leave upon retirement and, for certain bargaining units, upon separation from service. The liability for such accumulated leave is reflected in the government-wide and component unit financial statements. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee termination or retirement. The liability for compensated absences includes salary related payments, where applicable.

### **Net Pension Liability**

The net pension liability represents the County's proportionate share of the net pension liability (asset) of the New York State and Local Employees' Retirement System and the New York State and Local Police and Fire 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"*.

### **Net Position**

Net position represents the difference between assets and deferred outflows of resources and 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 government-wide and proprietary funds includes net investment in capital assets, restricted for special revenue funds, casualty claims, debt service, and component units. The balance is classified as unrestricted.

## **Fund Balance**

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 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, receivables) or they are legally or contractually required to be maintained intact.

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 by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as 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 Board of Legislators (Board) is the decision-making authority that can, by adoption of an Act prior to the end of the year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the Board 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 Board of Legislators.

Assigned fund balance will represent amounts constrained by the Finance Commissioner, who is authorized by the laws of the County contained in the County Charter, to assign amounts for a specific purpose. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance. Assignments generally only exist temporarily, that is, no additional action needs to be taken for removal of an assignment.

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. In 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 utilized as an extension of formal budgetary integration in the General and certain Special Revenue Funds. Encumbrances outstanding at year end are generally reported as assigned fund balance since they do not constitute expenditures or liabilities.

#### **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 these 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 27, 2017.

## NOTE 2

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### STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### A. Budgetary Data

The Department of Budget is responsible by County Charter for the internal formulation of the budget and for its execution. The Department also assists the County Executive in duties relating to formulation of the budget and presentation to the Board of Legislators.

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

- a) Budget formulation commences in August of each year with the submission of expenditure requirements for the next fiscal year by the administrative head of each department in the County.
- b) The departmental estimates are reviewed and modified by the Department of Budget and the County Executive. The County Executive's Capital Projects Fund budget is presented to the Board of Legislators no later than October 15<sup>th</sup> while the proposed operating budget (General, Sewer, Refuse, Airport and Water Funds) are published and is then presented to the Board of Legislators by November 10th.
- c) Subsequent to November 10th, the Board's Committee on Budget and Appropriations holds various public hearings and makes recommendations to amend the budget. The budget is adopted no later than December 27th.
- d) Formal budgetary integration is employed during the year as a management control device for General, Sewer, Airport, Water and Refuse funds.
- e) Budgets for General, Sewer, Airport, Water and Refuse 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 Internal Service or Grants funds.
- f) Legal budgetary control is maintained at the departmental level. Transfers between appropriation accounts, at the department level, require approval by the Board of Legislators. Any modification to appropriations resulting from increases in revenue estimates or appropriations also requires a majority vote by the Board.
- g) Appropriations in General, Sewer, Airport, Water and Refuse funds lapse at the end of the fiscal year, except that outstanding encumbrances are re-appropriated 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 Board of Legislators. An amendment to the General Fund appropriation budget in the amount of \$73,885 was passed for Legal Services, and was recorded in the contractual expenditure line of the general government function. An amendment to the Sewer Districts Fund appropriation budget in the amount of \$9,132 was passed for Debt Service, and was recorded in the bond principal expenditure line of the debt service function.

#### B. Property Tax Limitation

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, beginning with the 2012 fiscal year. It was to expire on June 16, 2016, but was renewed. The new expiration date is June 15, 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 Board of Legislators may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the Board of Legislators first enacts, by a vote of at least sixty percent of the total voting power of the Board of Legislators, a local law to override such limit for such coming fiscal year.

The amount that may be raised by the Primary Government tax levy on real estate in any fiscal year for purposes other than for debt service on County indebtedness is limited to one and one-half per centum (subject to increase up to two per centum by State legislative enactment) of the average full valuation of taxable real estate of the County. In accordance with this definition, the maximum which could have been raised in 2016 was \$2,327,279,824 which exceeded the actual levy by \$1,760,638,834.

#### C. Expenditure in Excess of Budget

The following category of expenditure exceeded its budgetary provision by the amount indicated:

Airport Fund-	
Other Financing Uses-	
Transfers Out	\$ 4,356,779

#### D. Fund Deficits

The following have unassigned/unrestricted deficits at December 31, 2016:

	Unassigned/ Unrestricted Deficits December 31, 2016
Capital Projects Fund	\$ 138,735,253
Water District No. 2	223
WTASC	156,694,176
Workers' Compensation Reserve Fund	36,618,280
College (Component Unit)	59,903,870

The deficit in the Capital Projects Fund arises because of the application of generally accepted accounting principles to the financial reporting of such funds. The proceeds of Bond Anticipation Notes (BANS) issued to finance construction of capital projects are not recognized as an "other financing source". Liabilities for BANS payable are accounted for in the Capital Projects Fund. BANS are recognized as revenue only to the extent that they are redeemed. The Capital Projects Fund deficit will be reduced and eliminated as the BANS are redeemed from interfund transfers from other governmental funds or converted to permanent financing.

The deficit in the Workers' Compensation Reserve Fund is attributable to the accrual of claims including incurred but not reported claims which will be satisfied in subsequent years. This deficit will be addressed in future periods.

The deficit in the WTASC will be reduced annually with the receipt of tobacco revenues.

**NOTE 3****DETAILED NOTES ON ALL FUNDS****A. Investments**

Details of the County's investment portfolio by fund as of December 31, 2016 were:

<b>Investments</b>	<b>Total</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Other Unobservable Inputs (Level 3)</b>	<b>Other (Cost)</b>
Internal Service Fund-					
US Treasuries	\$ 34,822,813	\$ 34,822,813	\$ —	\$ —	\$ —
Fiduciary Fund:					
Equity Securities	2,145,745	2,145,745	—	—	—
Bond Mutual Funds	660,501	660,501	—	—	—
Certificates of Deposit	2,982,094	-	—	—	2,982,094
Total Fiduciary Fund	5,788,340	2,806,246	—	—	2,982,094
	<u>\$ 40,611,153</u>	<u>\$ 37,629,059</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,982,094</u>

The Fiduciary Fund restricted investments of \$5,788,340 consist of certificates of deposit, stocks, real estate investment trusts, mutual funds, and bond mutual funds. Of the total restricted investments, \$1,596,328 is held in an agency capacity for the East of Hudson Watershed Corporation.

The certificates of deposit are fixed rate investments that have maturities greater than three months and are secured by FDIC coverage and collateral posted by the respective depository.

The fair values of the stocks and mutual funds fluctuate in response to changes in market rates. Since these investments constitute a small portion of the County's overall investments, the risk to the County is not significant.

**B. Assets Limited As To Use****WTASC**

WTASC assets limited as to use at December 31, 2016 consisted of the following:

Security Benefit Life Insurance Company	
Fixed Annuity due April 2045;	
Interest at 4.1%	\$ 14,133,625
Restricted cash	18,000
	<u>\$ 14,151,625</u>

### C. Due From/To Other Funds

The balances reflected as due from/to other funds at December 31, 2016 were as follows:

	<b>Due From</b>	<b>Due To</b>
General Fund	\$ 109,942,640	\$ 159,574,332
Combined Sewer Districts Fund	56,730,389	—
Refuse Disposal District Fund	41,732,070	—
Grants Fund	45,755,461	—
Capital Projects Fund	—	107,020,403
Water Districts Fund	283,131	—
WTASC	—	1,601,919
Health Insurance Fund	14,703,394	—
Casualty Reserve Fund	—	1,320,318
Workers' Compensation Reserve Fund	160,644	—
Agency Fund	209,243	—
	<u>\$ 269,516,972</u>	<u>\$ 269,516,972</u>

The outstanding balances between funds result mainly from the time lag between the dates that; 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments between funds are made.

## D. Capital Assets

Changes in the primary government's capital assets are as follows:

Class	Balance January 1, 2016	Additions (Transfers)	Deletions	Balance December 31, 2016
<b>Governmental Activities:</b>				
Capital Assets, not being depreciated:				
Land	\$ 311,140,932	\$ 308,250	\$ —	\$ 311,449,182
Construction-in-progress	847,997,051	130,326,168	11,300,963	967,022,256
Total Capital Assets, not being depreciated	1,159,137,983	130,634,418	11,300,963	1,278,471,438
Capital Assets, being depreciated:				
Buildings	956,414,312	6,352,697	5,534,260	957,232,749
Equipment	492,471,086	11,658,650	—	504,129,736
Infrastructure	1,610,486,821	18,747,298	—	1,629,234,119
Total Capital Assets, being depreciated	3,059,372,219	36,758,645	5,534,260	3,090,596,604
Less Accumulated Depreciation for:				
Buildings	340,671,997	23,968,917	1,387,579	363,253,335
Equipment	329,357,500	22,390,773	—	351,748,273
Infrastructure	621,764,805	31,037,816	—	652,802,621
Total Accumulated Depreciation	1,291,794,302	77,397,506	1,387,579	1,367,804,229
Total Capital Assets, being depreciated, net	1,767,577,917	(40,638,861)	4,146,681	1,722,792,375
Governmental Activities Capital Assets, net	<u>\$ 2,926,715,900</u>	<u>\$ 89,995,557</u>	<u>\$ 15,447,644</u>	<u>\$ 3,001,263,813</u>

Depreciation expense was charged to the primary government's functions and programs as follows for the year ended December 31, 2016:

<b>Governmental Activities:</b>	
General Government	\$ 8,370,804
Education	6,205,100
Public Safety	14,255,428
Health Services	1,289,739
Transportation	19,517,015
Economic Assistance	863,511
Culture and Recreation	6,012,785
Home and Community Services	20,883,124
Total Depreciation Expense—Governmental Activities	<u>\$ 77,397,506</u>

## E. Capital Assets — Component Units

### College

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

Class	Balance September 1, 2015	Additions	Balance August 31, 2016
Capital Assets, being depreciated:			
Furniture and Equipment	\$ 23,444,721	\$ 755,604	\$ 24,200,325
Total Accumulated Depreciation	21,822,619	822,312	22,644,931
Capital Assets, net	<u>\$ 1,622,102</u>	<u>\$ (66,708)</u>	<u>\$ 1,555,394</u>

### IDA

The IDA has land as its only capital asset, which is carried at \$125,000.

## F. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at December 31, 2016 were as follows:

	Governmental Activities	Business-Type Activities	Component Units
Payroll and employee benefits	\$ 23,365,430	\$ —	\$ 10,776,463
Unpaid Claims	253,295,488	32,160	65,546,973
Other	—	217,831	25,597,921
Total Accounts Payable and Accrued Expenses	<u>\$ 276,660,918</u>	<u>\$ 249,991</u>	<u>\$ 101,921,357</u>

## G. Short-Term Financing

### Tax Anticipation Notes Payable (Non-Capital Financing)

The schedule below details short-term non-capital borrowings. The tax anticipation note (TAN) was issued to provide cash flow leading up to the collection of the County's property tax levy of which 60% was collected on May 25, 2016. The County received the balance (40%) of the property tax levy on October 17, 2016.

Type	Date Issued	Maturity Date	Net Interest Rate	Balance January 1, 2016	New Issue	Redemptions	Balance December 31, 2016
TAN	2/16/2016	5/26/2016	0.167%	\$ —	\$ 105,000,000	\$ 105,000,000	\$ —

Interest expenditure/expense of \$437,500 and premium revenue of \$388,500 were recorded in the General Fund in the fund financial statements and in the government-wide financial statements for governmental activities relative to this TAN in 2016.

### Bond Anticipation Notes Payable

The following table summarizes the changes in the County's short-term capital financing for the year ended December 31, 2016. The bond anticipation notes (BANS) for the financing of sewer improvements were issued by the New York State Environmental Facilities Corporation (EFC) for accepted, eligible sewer projects.

Purpose	Original Issue	Maturity	Interest Rate	Balance January 1, 2016	New Issues	Redemptions	Balance December 31, 2016
<i>Capital Projects Fund</i>							
Sewer Improvements *	2014	2017	0.35%	\$ 2,350,000	\$ —	\$ (1,350,000)	\$ 1,000,000
Sewer Improvements *	2014	2017	—	2,350,000	—	(1,350,000)	1,000,000
Sewer Improvements *	2014	2017	0.34%	14,600,000	—	(12,250,000)	2,350,000
Sewer Improvements *	2014	2017	—	14,600,000	—	(12,250,000)	2,350,000
Sewer Improvements *	2015	2020	—	357,200	—	—	357,200
Sewer Improvements *	2015	2018	0.47%	38,779,600	—	—	38,779,600
Sewer Improvements *	2016	2019	0.90%	—	3,508,000	—	3,508,000
Sewer Improvements *	2016	2019	—	—	3,508,000	—	3,508,000
Various Capital Proj.	2016	2017	1.534%	—	64,660,000	—	64,660,000
Various Capital Proj.	2016	2017	1.691%	—	7,750,000	—	7,750,000
				<u>\$ 73,036,800</u>	<u>\$ 79,426,000</u>	<u>\$ (27,200,000)</u>	<u>\$ 125,262,800</u>

\*\$3,185,000 of the Sewer Improvements has been drawn at December 31, 2016. The County has a liability to repay only the amount drawn from the EFC.

Liabilities for BANS are generally accounted for in the Capital Projects Fund. Principal payments on BANS must be made periodically. Principal payments of \$40,000 were required in 2016 for the sewer improvement items. The redeemed sewer improvement items were refinanced to long term with EFC as a part of the County's Series 2016B issue. State law requires that BANS issued for capital purposes be converted to long-term obligations generally within five years after the original issue date.

On December 15, 2016 the County issued \$72,410,000 (\$64,660,000-tax exempt; \$7,750,000-taxable) in BANS to fund various capital projects. These notes mature on December 15, 2017. It is anticipated that these notes will be refinanced to long term debt in 2017.

Interest expenditure/expense of \$209 was paid and recorded in the Sewer Districts Fund in the fund financial statements and in the government-wide financial statements for governmental activities relative to these BANS in 2016.

#### **H. Pension Plan – Primary Government**

The County and College (component unit) participate in the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS) which are collectively referred to as the New York State and Local Retirement System (System). These are cost-sharing, multiple-employer defined benefit pension plans. The System provides retirement benefits as well as death and disability benefits. The net position of the System 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 State of New York serves as the trustee of the Fund and is the administrative head of the System. 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 System, 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 and College (component unit) also participate in the Public Employees' Group Life Insurance Plan, which provides death benefits in the form of life insurance. The System 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](http://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 System 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% of their salary 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 System's fiscal year ending March 31. The employer contribution rates for the plan's year ending in 2017 are as follows:

	<b>Tier</b>	<b>Rates</b>
<b>ERS</b>	1	21.8%
	2	19.8-24.5%
	3	16.0-16.1%
	4	16.0-25.2%
	5	13.1-22.8%
	6	9.3-13.3%
<b>PFRS</b>	1	29.2%
	2	24.1%
	3	23.8%
	5	19.5%
	6	14.5%



At December 31, 2016, the County and the College (component unit) reported liabilities as follows for their proportionate share of the net pension liability:

	ERS	PFRS
Primary Government-		
Governmental Activities	\$ 253,384,265	\$ 31,981,669
Component Unit-		
College	13,251,813	-

The net pension liability was measured as of March 31, 2016, 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, 2016 and 2015, the County and College's (component unit) proportions were as follows:

	ERS		PFRS	
	2016	2015	2016	2015
Primary Government-				
Governmental Activities	1.5786907 %	1.5655805 %	1.0801746 %	1.3178962 %
Component Unit-				
College	0.0825644	0.0912938	-	-

For the year ended December 31, 2016, the County and College (component unit) recognized pension expense in the government-wide financial statements of \$81,044,955 for ERS and \$12,685,433 for PFRS. Pension expenditures of \$56,090,371 for ERS and \$9,858,149 for PFRS were recorded in the primary government's fund financial statements. \$4,791,615 was recognized as pension expense in the College's (component unit) financial statements.

At December 31, 2016, the County and the College (component unit) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government			
	ERS		PFRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,280,413	\$ 30,034,478	\$ 286,847	\$ 4,835,244
Changes in assumptions	67,569,943	—	13,787,192	—
Net differences between projected and actual earnings on pension plan investments	150,321,449	—	17,923,140	—
Changes in proportion and differences between County contributions and proportionate share of contributions	89,368	8,137,807	4,175,142	1,769,594
County contributions subsequent to the measurement date	43,710,873	—	7,286,152	—
	<u>\$ 262,972,046</u>	<u>\$ 38,172,285</u>	<u>\$ 43,458,473</u>	<u>\$ 6,604,838</u>

	Primary Government		College (Component Unit)	
	Totals		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,567,260	\$ 34,869,722	\$ 66,965	\$ 1,570,781
Changes in assumptions	81,357,135	—	3,533,859	—
Net differences between projected and actual earnings on pension plan investments	168,244,589	—	7,861,703	—
Changes in proportion and differences between County contributions and proportionate share of contributions	4,264,510	9,907,401	4,674	425,601
County contributions subsequent to the measurement date	50,997,025	—	1,392,738	—
	<u>\$ 306,430,519</u>	<u>\$ 44,777,123</u>	<u>\$ 12,859,939</u>	<u>\$ 1,996,382</u>

The amounts reported as deferred outflows of resources related to ERS and PFRS, respectively, resulting from the County's accrued contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS and PFRS will be recognized in pension expense as follows:

Years Ended March 31,	ERS		PFRS
	Primary Government	College (Component Unit)	Primary Government
2017	\$ 45,472,333	\$ 2,378,170	\$ 7,095,143
2018	45,472,333	2,378,170	7,095,143
2019	45,472,333	2,378,170	7,095,143
2020	44,671,889	2,336,309	6,845,585
2021	—	—	1,436,469

The total pension liability for the March 31, 2016 measurement date was determined by using an actuarial valuation as of April 1, 2015, with update procedures used to roll forward the total pension liabilities to March 31, 2016. Significant actuarial assumptions used in the April 1, 2015 valuation were as follows:

Inflation	2.5%
Salary scale	3.8% in ERS, 4.5% in PFRS, 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 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014.

The actuarial assumptions used in the April 1, 2015 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 of investment expenses 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.

Asset Type	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	38 %	7.30 %
International Equity	13	8.55
Private Equity	10	11.00
Real Estate	8	8.25
Absolute Return Strategies	3	6.75
Opportunistic Portfolio	3	8.60
Real Assets	3	8.65
Bond and Mortgages	18	4.00
Cash	2	2.25
Inflation Indexed Bonds	2	4.00
	<u>100 %</u>	

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 System'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 primary government's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the primary government's 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:

	<b>1% Decrease (6.0%)</b>	<b>Current Assumption (7.0%)</b>	<b>1% Increase (8.0%)</b>
Primary Government's proportionate share of the ERS net pension liability (asset)	<u>\$ 571,363,117</u>	<u>\$ 253,384,265</u>	<u>\$ (15,294,273)</u>
Primary Government's proportionate share of the PFRS net pension liability (asset)	<u>\$ 71,434,423</u>	<u>\$ 31,981,669</u>	<u>\$ (1,088,288)</u>
College's (component unit) proportionate share of the ERS net pension liability (asset)	<u>\$ 29,881,876</u>	<u>\$ 13,251,813</u>	<u>\$ (799,879)</u>

The components of the collective net pension liability as of the March 31, 2016 measurement date were as follows:

	<b>ERS</b>	<b>PFRS</b>	<b>Total</b>
Total pension liability	<u>\$ 172,303,544,000</u>	<u>\$ 30,347,727,000</u>	<u>\$ 202,651,271,000</u>
Fiduciary net position	<u>156,253,265,000</u>	<u>27,386,940,000</u>	<u>183,640,205,000</u>
Employers' net position liability	<u>\$ 16,050,279,000</u>	<u>\$ 2,960,787,000</u>	<u>\$ 19,011,066,000</u>
Fiduciary net position as a percentage of total pension liability	<u>90.7%</u>	<u>90.2%</u>	<u>90.6%</u>

Employer contributions to ERS and PFRS are paid annually and cover the period through the end of the System's fiscal year, which is March 31<sup>st</sup>. Retirement contributions as of December 31, 2016 represent the employer contribution for the period of April 1, 2016 through December 31, 2016 based on prior year ERS and PFRS wages multiplied by the employers' contribution rate, by tier. Retirement contributions for the primary government to ERS and PFRS for the nine months ended December 31, 2016 were \$43,710,873 and \$7,286,152, respectively. Retirement contributions for the College (component unit) to ERS for the five months ended August 31, 2016 were \$1,392,738.

#### **Voluntary Defined Contribution Plan**

The primary government also offers 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.

#### **NYS Retirement Stabilization Program**

The State Legislature enacted Chapter 57 of the Laws of 2010. This chapter authorized local governments, at their option, to amortize a portion of their respective ERS and PFRS contributions beginning in 2010. The maximum amortization amount each year going forward will be determined by the difference between each employer's effective contribution rate, as compared to the System's overall graded rate. The amortized amounts are to be paid in equal

annual installments over a ten-year period, although amounts may be prepaid at any time. Interest will be charged at rates which approximate a market rate of return on fixed rate securities of a comparable duration and will be adjusted annually.

The County has elected to amortize the maximum allowable ERS and PFRS contribution in each of the fiscal years outlined in the table below:

	Original Amount Amortized	Current Year Installment Payments	Balance Due	Due Within One Year*
2012-2013 ERS	\$ 23,578,507	\$ 2,247,483	\$ 14,973,768	\$ 2,314,907
2012-2013 PFRS	1,874,083	178,636	1,190,155	183,995
2013-2014 ERS	41,062,415	3,732,390	30,256,955	3,869,369
2013-2014 PFRS	2,754,268	250,351	2,029,490	259,539
2014-2015 ERS	19,205,535	1,716,178	15,825,587	1,770,238
2014-2015 PFRS	7,568,385	676,299	6,236,440	697,604
2015-2016 ERS	14,087,528	1,221,842	12,921,432	1,261,063
2015-2016 PFRS	109,163	9,468	100,128	9,772
2016-2017 ERS	4,295,325	—	4,295,325	386,396
2016-2017 PFRS	179,221	—	179,221	16,122
	<u>\$ 114,714,430</u>	<u>\$ 10,032,647</u>	<u>\$ 88,008,501</u>	<u>\$ 10,769,005</u>

\*Amount included in 2017 Adopted Budget.

The current year payments were charged to retirement expenditures in the General, Sewer District, and Refuse Disposal District funds and the government-wide financial statements for governmental activities.

## Pension Plans – Component Unit

### College

#### *Teachers' Retirement System*

The College, in addition to ERS, 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.nystsr.org](http://www.nystsr.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 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 2016 was 13.26%.

At August 31, 2016, the College reported a liability of \$682,576 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability was based on the College's contributions to the pension plan relative to the contributions of all participating members. At June 30, 2016, the College's proportion was .06373%, which was an increase of .00393% from its proportion measured as of June 30, 2015.

For the year ended August 31, 2016, the College recognized pension expense of \$2,851,877. At August 31, 2016, the College reported deferred outflows of resources and deferred inflows of resources related to TRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ —	\$ 221,739
Changes of assumptions	3,888,390	—
Net difference between projected and actual earnings on pension plan investments	1,534,791	—
Changes in proportion and differences between College contributions and proportionate share of contributions	—	312,929
College contributions subsequent to the measurement date	217,335	—
	<u>\$ 5,640,516</u>	<u>\$ 534,668</u>

\$217,335 reported as deferred outflows of resources related to TRS resulting from the College's accrued contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2017. 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>Year Ended June 30,</u>		
2017	\$	426,247
2018		426,247
2019		1,618,208
2020		1,247,354
2021		545,816
Thereafter		624,641

The total pension liability for the June 30, 2016 measurement date was determined by using an actuarial valuation as of June 30, 2015, with update procedures used to roll forward the total pension liability to June 30, 2016. The actuarial valuation used the following actuarial assumptions:

Inflation	2.5%										
Projected salary increase	Rates of increase differ based on service. They have been calculated based upon recent NYTRS member experience										
	<table> <tr> <th style="text-align: center;">Service</th><th style="text-align: center;">Rate</th></tr> <tr> <td style="text-align: center;">5.00</td><td style="text-align: center;">4.72%</td></tr> <tr> <td style="text-align: center;">15.00</td><td style="text-align: center;">3.46%</td></tr> <tr> <td style="text-align: center;">25.00</td><td style="text-align: center;">2.37%</td></tr> <tr> <td style="text-align: center;">35.00</td><td style="text-align: center;">1.90%</td></tr> </table>	Service	Rate	5.00	4.72%	15.00	3.46%	25.00	2.37%	35.00	1.90%
Service	Rate										
5.00	4.72%										
15.00	3.46%										
25.00	2.37%										
35.00	1.90%										
Projected COLAs	1.5% compounded annually										
Investment rate of return	7.5% 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, 2015 and 2014 valuations were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014 and July 1, 2005 to June 30, 2010.

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, 2015 and 2014 are summarized in the following table:

	Target Allocation		Long-Term Expected Real Rate of Return*	
	2015	2014	2015	2014
Asset Class:				
Equities:				
Domestic equities	37 %	37 %	6.1 %	6.5 %
International equities	18	18	7.3	7.7
Real estate	10	10	5.4	4.6
Alternative investments	7	7	9.2	9.9
Total equities	72	72		
Fixed Income:				
Domestic fixed income securities	17	17	1.0	2.1
Global income fixed securities	2	2	0.8	1.9
Mortgages	8	8	3.1	3.4
Short-term	1	1	0.1	1.2
Total Fixed income	28	28		
Total	100	100		

\*Real rates of return are net of the long-term inflation assumption of 2.1% and 2.3% for 2015 and 2014.

The discount rate used to measure the total pension liability was 7.5%. 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 liability calculated using the discount rate of 7.5%, 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 (6.5%) or one percentage point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
College's proportionate share of the net pension liability (asset)	\$ 8,905,761	\$ 682,576	\$ (6,214,600)

The components of the collective net pension asset of TRS as of the June 30, 2016 measurement date were as follows:

Total pension liability	\$ 108,577,184,039
TRS fiduciary net position	107,506,142,099
Employers' net pension asset	<u>\$ 1,071,041,940</u>
TRS fiduciary net position as a percentage of total pension liability	<u>99.01%</u>

Employer and employee contributions for the year ended June 30, 2016 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, 2016 represent employee and employer contributions for the fiscal year ended August 31, 2016 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, 2016 were \$217,335.

#### *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. TIAA-CREF provides retirement, disability and death benefits to plan members. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law. TIAA-CREF issues publicly available financial reports that include financial 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% of the first seven years of service, and 10% thereafter
Tier 6	April 1, 2012 and after	8% of the first seven years of service, and 10% thereafter

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, 2016, employee contributions totaled \$195,161 and the College recognized pension expense of \$3,134,723. At August 31, 2016, the College reported payables to the defined contribution pension plan of \$214,277 for legally required employer contributions and \$12,281 for legally required employee contributions which had been withheld from employee wages but not yet remitted to TIAA-CREF.

## I. Long-term Liabilities

The following table summarizes changes in the County's long-term indebtedness for the year ended December 31, 2016.

	Balance January 1, 2016	New Issues/ Additions	Amortization, Defeasance and/or Payments	Balance December 31, 2016	Due Within One Year
<b>Governmental Activities:</b>					
Bonds Payable	\$ 1,103,557,005	\$ 136,474,000	\$ (219,492,005) *	\$ 1,020,539,000	\$ 95,385,000
Add: Unamortized premium on bonds	51,577,282	22,231,628	(9,180,963)	64,627,947	—
	<u>1,155,134,287</u>	<u>158,705,628</u>	<u>(228,672,968)</u>	<u>1,085,166,947</u>	<u>95,385,000</u>
Compensated Absences	46,200,165	5,710,915	(3,029,725)	48,881,355	4,900,000
Landfill Post-Closure Costs	30,820,044	—	(1,890,579)	28,929,465	1,104,278
Capital Lease Payable (see Note 4)	76,952,563	—	(8,419,996)	68,532,567	7,183,750
Judgments and Claims	104,456,957	24,554,619	(15,571,080)	113,440,496	9,688,883
Pollution Remediation	594,454	—	(93,917)	500,537	74,603
Net Pension Liability	56,516,776	228,849,158	—	285,365,934	—
NYS Retirement Stabilization Program (see Note 3H)	93,510,424	4,474,546	(9,976,469)	88,008,501	10,769,005
Estimated Post-Retirement Health Insurance Liability	<u>1,025,860,000</u>	<u>183,490,000</u>	<u>(74,420,000)</u>	<u>1,134,930,000</u>	<u>—</u>
Governmental Activities Long-term Liabilities	<u>\$ 2,590,045,670</u>	<u>\$ 605,784,866</u>	<u>\$ (342,074,734)</u>	<u>\$ 2,853,755,802</u>	<u>\$ 129,105,519</u>
<b>Business-type Activities:</b>					
Bonds Payable	\$ 189,795,000	\$ 180,990,000	\$ (189,795,000)	\$ 180,990,000	\$ 2,090,000
Less: Unamortized original issue discount	(3,498,807)	—	3,498,807	—	—
Add: Unamortized premium on bonds	—	4,378,041	—	4,378,041	—
Business-type Activities Long-term Liabilities	<u>\$ 186,296,193</u>	<u>\$ 185,368,041</u>	<u>\$ (186,296,193)</u>	<u>\$ 185,368,041</u>	<u>\$ 2,090,000</u>
<b>Component Units:</b>					
Compensated Absences	\$ 8,956,132	\$ 753,289	\$ (753,289)	\$ 8,956,132	\$ 896,000
Net Pension Liability	3,084,127	10,850,262	—	13,934,389	—
Estimated Post-Retirement Health Insurance Liability	<u>62,925,248</u>	<u>14,678,107</u>	<u>(3,354,312)</u>	<u>74,249,043</u>	<u>—</u>
Component Units Long-term Liabilities	<u>\$ 74,965,507</u>	<u>\$ 26,281,658</u>	<u>\$ (4,107,601)</u>	<u>\$ 97,139,564</u>	<u>\$ 896,000</u>

\*Includes debt payments related to the College for which the General Fund has been reimbursed

Governmental fund liabilities for bonds are primarily liquidated by the General Fund and the Sewer Districts Fund. The liabilities for landfill post-closure, capital leases and pollution remediation are liquidated by the Refuse Disposal District Fund, General Fund and Airport Fund, respectively.

Each governmental fund's liability for compensated absences, judgments and claims, net pension liability, the retirement stabilization program and estimated post-retirement health insurance is liquidated by the respective fund.

# **Bonds Payable**

The primary government issues general obligation bonds to provide funds for major capital projects. Bonds payable at December 31, 2016 are comprised of the following individual issues:

Year/Name of Issue	EFC Designation (if applicable)	Original Issue	Final Maturity	Range of Interest Rates*		Outstanding December 31, 2016
2002A	EFC 2002A	\$ 2,122,532	October, 2017	4.712%		\$ 75,000
2002B	EFC 2002A	8,900,000	October, 2021	4.712%	4.982%	2,225,000
2003A	EFC 2003F	38,454,487	January, 2033	3.823%	4.612%	21,580,000
2004A	EFC 2004D	43,491,552	August, 2033	4.493%	5.150%	25,325,000
2005A	EFC 2005A	27,033,150	November, 2034	3.888%	4.569%	16,050,000
2005B	EFC 2005B	5,163,580	October, 2023	3.689%	3.939%	1,890,000
2006A	EFC 2006C	223,215	October, 2035	4.396%	4.861%	105,000
2006B	EFC 2006C	4,211,710	October, 2036	4.396%	4.861%	2,740,000
2007A		89,835,000	November, 2027	4.000%		4,780,000
2008A	EFC 2008 DIRECT	15,212,688	April, 2038	4.270%		11,545,000
2009A		108,405,000	January, 2024	3.000%	4.000%	33,460,000
2009B		8,925,000	January, 2029	3.000%	4.500%	2,630,000
2009C		50,880,000	November, 2019	5.000%		16,075,000
2009D	EFC 2009 DIRECT	2,991,715	April, 2034	4.270%		2,150,000
2010A		94,005,000	October, 2022	3.000%	4.000%	41,510,000
2010B		121,885,000	June, 2019	3.000%	5.000%	29,640,000
2010C-1		18,665,000	June, 2019	2.250%	3.000%	3,495,000
2010C-2		23,135,000	June, 2040	4.500%	6.100%	23,135,000
2010D	EFC 2010C	4,293,666	April, 2037	2.412%	4.603%	3,335,000
2010E	EFC 2010C	27,976,578	October, 2039	2.412%	4.603%	21,435,000
2011A		46,780,000	October, 2024	3.000%	5.000%	26,665,000
2011B		126,900,000	July, 2023	2.750%	5.000%	54,455,000
2011C		29,390,000	July, 2031	2.000%	4.000%	24,025,000
2011E	EFC 2011 DIRECT	100,470,000	June, 2040	1.753%	4.746%	83,080,000
2011F	EFC 2011 A	15,445,000	July, 2020	2.996%	3.829%	2,735,000
2011G	EFC 2011 C	17,185,000	October, 2021	2.306%	3.420%	6,565,000
2012A		22,360,000	October 2027	4.000%	5.000%	18,510,000
2012B		55,410,000	July, 2026	2.000%	4.000%	44,900,000
2012C		14,425,000	July, 2030	2.000%	4.000%	12,305,000
2012D	EFC 2012E	8,317,595	May, 2042	0.729%	4.098%	7,170,000
2013A	EFC 2013B	127,039,000	May, 2043	1.393%	4.756%	113,130,000
2013B		5,265,000	July, 2027	3.000%	5.000%	41,655,000
2013C		4,305,000	July, 2024	5.000%		3,600,000
2014A		9,245,000	October, 2015	0.860%	2.690%	3,300,000
2014B	EFC 2014B	85,957,000	May, 2044	0.662%	4.293%	77,795,000
2015A	EFC 2015B	14,525,000	September, 2044	0.590%	4.267%	13,985,000
2015B		81,530,000	November, 2027	2.500%	5.000%	79,385,000
2015C		4,260,000	November, 2020	2.000%		4,260,000
2015D		3,660,000	November, 2032	2.250%	5.000%	3,660,000
2016A		109,980,000	January, 2029	2.000%	5.000%	109,685,000
2016B	EFC 2016B	26,494,000	February, 2044	0.548%	3.532%	26,494,000
						<u>\$ 1,020,539,000</u>
Bonds Sold to EFC						439,409,000
Bonds Sold to Other						581,130,000
						<u>\$ 1,020,539,000</u>

\*The interest rates in the above table are the coupon rates. The coupon rates do not reflect interest subsidies that may be applicable to EFC Bonds and Build America Bonds. Bonds may have been sold at a premium or a discount.

Interest expenditures/expense of \$41,923,863 were recorded in the government-wide financial statements for governmental activities and in the following governmental funds relative to bonds payable:

<u>Fund</u>	<u>Amount</u>
<b>Governmental Fund:</b>	
General	\$ 21,822,610
Combined Sewer Districts	19,051,021
Refuse Disposal District	523,928
Airport Fund	212,111
Combined Water Districts	314,193
	<u>\$ 41,923,863</u>

### Blended Component Unit Debt

#### WTASC

The WTASC debt is an obligation of WTASC and is not County debt. This debt is payable from future tobacco revenues.

A schedule of WTASC planned structured principal maturities is below:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 2,090,000	\$ 8,182,729	\$ 10,272,729
2018	2,100,000	8,641,200	10,741,200
2019	1,975,000	8,582,778	10,557,778
2020	3,155,000	8,479,919	11,634,919
2021	3,295,000	8,325,543	11,620,543
2022-2051	168,375,000	146,291,966	314,666,966
	<u>\$ 180,990,000</u>	<u>\$ 188,504,135</u>	<u>\$ 369,494,135</u>
Unamortized Original Issue Net Premium	4,378,041		
	<u>\$ 185,368,041</u>		

The annual requirements to amortize all issued bond debt outstanding as of December 31, 2016 are as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 95,385,000	\$ 40,761,367	\$ 2,090,000	\$ 8,182,729	\$ 97,475,000	\$ 48,944,096
2018	92,544,000	37,241,782	2,100,000	8,641,200	94,644,000	45,882,982
2019	88,255,000	33,598,970	1,975,000	8,582,778	90,230,000	42,181,748
2020	84,170,000	30,069,152	3,155,000	8,479,919	87,325,000	38,549,071
2021	83,240,000	26,638,268	3,295,000	8,325,544	86,535,000	34,963,812
2022-2026	296,240,000	87,709,388	19,085,000	38,929,969	315,325,000	126,639,357
2027-2031	127,310,000	46,792,231	22,680,000	33,655,344	149,990,000	80,447,575
2032-2036	89,545,000	24,094,611	22,575,000	27,944,600	112,120,000	52,039,211
2037-2041	54,090,000	6,986,404	21,510,000	22,646,156	75,600,000	29,632,560
2042-2046	9,760,000	510,096	45,620,000	14,604,681	55,380,000	15,114,777
2047-2051	—	—	36,905,000	8,511,215	36,905,000	8,511,215
	<u>\$ 1,020,539,000</u>	<u>\$ 334,402,269</u>	<u>\$ 180,990,000</u>	<u>\$ 188,504,135</u>	<u>\$ 1,201,529,000</u>	<u>\$ 522,906,404</u>

### Interest Expenditures/Expense (Bonds, BANS, TANS and Capital Leases)

Interest expenditures/expense for governmental funds on a fund basis and for governmental activities on the Statement of Net Position were as follows:

General Fund	\$ 22,260,110	
Sewer Districts	19,051,230	
Refuse Disposal District	523,928	
Total Major Funds		\$ 41,835,268
Airport Fund	212,112	
Water Districts	314,192	
Total Non-Major Funds		526,304
Total Governmental Funds		42,361,572
Statement of Activities:		
Additional Interest on Capital Lease	2,065,004	
Change in Accrued Interest Payable	133,770	
Amortization of Bond Premium and Loss on Refunding	(7,032,456)	(4,833,682)
Total Statement of Activities		\$ 37,527,890

The above general obligation bonds, bond anticipation notes, tax anticipation notes and capital leases 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.

### Refunding

On April 19, 2016, the County issued \$109,980,000 in General Obligation Refunding Bonds to refund \$119,890,000 of previously issued bonds. The series being refunded were as follows: Series 2007A - \$11,885,000; Series 2009A - \$34,080,000; Series 2009B - \$4,060,000; Series 2010B - \$36,600,000; Series 2011B \$28,285,000 and Series 2013B - \$4,980,000. The refunding plan provided that of the gross proceeds (\$132,211,627 including an original issue premium of \$22,231,627) \$131,480,682 were used to purchase non-callable government obligations. The funds were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. The balance of the funds (\$730,945) funded underwriter fees and other issuance costs. The transaction reduced the County's total debt service payments through 2029 by \$5,480,383 and provided a net present value economic gain of \$4,864,162. As of December 31, 2016, \$118,480,000 of refunded bonds outstanding are considered defeased.

### Prior Years Defeasance of Debt

In prior years, the County had advance refunded various County bonds by placing the proceeds of the refunding bonds in irrevocable trusts to provide for all future debt service payments on the refunded bonds. The County considers these refunded bonds to be defeased. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. As of December 31, 2016, \$10,680,000 of refunded bonds outstanding are considered defeased.

### Unpaid Claim Liabilities

The Internal Service Funds reflect health benefit liabilities, workers' compensation benefit liabilities and general liability claims. The Health Insurance Fund estimates are accrued based on actuarial computations. The Casualty Reserve and Workers' Compensation Reserve funds establish claim liabilities 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 (IBNR's). 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 claims liabilities does not necessarily result in an exact amount. Claim liabilities are recomputed periodically using a variety of actuarial and statistical techniques to 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 appropriate modifiers of past experience. The County accrued pre-1998 open claims, which had been transferred to WCHCC, as part of the transfer of the County's Department of Hospitals to the Corporation.

Claim liabilities, at December 31, 2016 are reported at their present value using an expected future investment rate of return of 4% for the Casualty Reserve Fund and 3% for the Workers' Compensation Reserve Fund. Adjustments to claim liabilities are charged or credited to expense in the periods in which they are made. An analysis of the activity of unpaid claim liabilities is as follows:

	Health Insurance*	Casualty Reserve	Workers' Compensation
<b>Fiscal 2016</b>			
Unpaid claims - Beginning of Year	\$ 20,752,077	\$ 35,405,667	\$ 37,606,290
Incurred claims including IBNR's	190,551,057	10,519,867	14,136,214
Claims paid	(191,362,187)	(4,916,128)	(10,756,414)
Unpaid claims - End of Year	<u>\$ 19,940,947</u>	<u>\$ 41,009,406</u>	<u>\$ 40,986,090</u>
Due within one year	<u>\$ 19,940,947</u>	<u>\$ 4,489,883</u>	<u>\$ 4,099,000</u>
	Health Insurance	Casualty Reserve	Workers' Compensation
<b>Fiscal 2015</b>			
Unpaid claims - Beginning of Year	\$ 22,550,705	\$ 30,450,411	\$ 38,428,171
Incurred claims including IBNR's	171,643,940	10,184,738	9,514,194
Claims paid	(173,442,568)	(5,229,482)	(10,336,075)
Unpaid claims - End of Year	<u>\$ 20,752,077</u>	<u>\$ 35,405,667</u>	<u>\$ 37,606,290</u>
Due within one year	<u>\$ 20,752,077</u>	<u>\$ 3,500,000</u>	<u>\$ 3,760,000</u>

\*Health Insurance is included within accounts payable and accrued liabilities in the Statement of Net Position.

## Pollution Remediation

In accordance with GASB Statement No. 49 "Accounting and Financial Reporting for Pollution Remediation Obligations", the County, in 2012, recorded liabilities totaling \$1,834,036, which have been fully recovered from a prior tenant, in the government-wide financial statements primarily for the remediation and monitoring of soil pollution related to a fuel spill within a hangar at the County Airport. This liability represents an estimated amount based on the professional judgment of an environmental consultant company. The actual scope of the monitoring and associated costs will be determined by the appropriate regulatory agencies, New York State Department of Environmental Conservation, New York State Department of Health or a delegate agency. The actual costs may differ from the estimate due to inflation, changes in technology, or changes in regulation. As of December 31, 2016, as a result of costs incurred in 2016, the balance has been reduced to \$500,537.

## Compensated Absences

As of December 31, 2016, County employees earn sick and vacation leave at various rates subject to certain maximum limitations based upon the terms of the respective collective bargaining agreements. At December 31, 2016, the value of the accumulated sick and vacation leave was \$40,014,992 and \$8,866,363 respectively. These amounts have been reflected in the Statement of Net Position. Accumulated sick and vacation leave of the component units has been recorded as an expense, as the benefits accrue to those employees.

### **Landfill Post-Closure Costs**

State and Federal laws and regulations require the Refuse Disposal District to cover its Sprout Brook Ash Landfill and Croton Point Landfill as both areas have been filled for quite some time. Current estimates for the costs to close and cover all areas at the landfill are \$7,440,404. The County anticipates funding this cost through the issuance of bonds. The revised estimated post-closure maintenance and monitoring functions will cost approximately \$21,489,061 over the years 2017 through 2037. The Refuse Disposal District will fund the post-closure operating costs through tipping fees and tax levies. The current cost of landfill closure and post-closure care is an estimate based on landfill capacity used to date and is subject to changes resulting from inflation, deflation, technology, or changes in applicable laws or regulations.

Croton Point Landfill has estimated capital closure costs of \$5,314,430, with revised estimated post-closure costs of \$10,119,261 for the years 2017 through 2031.

Sprout Brook Ash Landfill has estimated capital closure costs of \$2,125,974, with revised estimated post-closure costs of \$11,369,800 for the years 2017 through 2037.

### **Post-Employment Health Care Benefits**

The primary government and its College component unit provide certain health care benefits for retired employees. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the primary government and its College component unit may vary according to length of service. Substantially all employees may become eligible for those benefits if they reach normal retirement age while working for either of the entities. The cost of retiree health care benefits is recognized as an expenditure/expense as claims are paid at the fund level.

The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, which is an actuarially determined amount. GASB Statement No. 45 established 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 recognized under the "pay-as-you-go" approach. 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. For the calendar year ended December 31, 2016, the County's annual OPEB cost was \$183,490,000 and the Annual Required Contribution was \$197,550,000.

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.

#### *Primary Government*

The County is required to accrue on the government-wide financial statements the amounts necessary to finance the Plan as actuarially determined, which is equal to the balance not paid by plan members.

The number of participants as of January 1, 2016 was as follows:

Active Employees	4,346
Retired Employees	4,465
Total	<u>8,811</u>

Funding for the Plan has been established on a pay-as-you-go basis. The healthcare cost trend rate of increase employed begins at 8% for the first year, and then decreases by 0.5% per year through the 7<sup>th</sup> year to 5%. It then continues at 5% in the years thereafter.

The amortization basis is the level percentage of projected payroll method with an open amortization approach with 22 years remaining in the amortization period. The actuarial assumptions included a 4.5% investment rate of return and a 3% inflation rate. While the County currently has not set aside any assets for the purpose of paying postemployment benefits, an assignment of fund balance has been established. The actuarial cost method utilized was the entry age normal method.

**Amortization Component:**

Actuarial Accrued Liability as of January 1, 2016	\$ 2,198,390,000
Assets at Market Value	—
Unfunded Actuarial Accrued Liability	<u>\$ 2,198,390,000</u>
Funded Ratio	<u>0.00%</u>
Covered Payroll (Active Plan Members)	<u>\$ 416,000,000</u>
UAAL as a Percentage of Covered Payroll	<u>528.46%</u>
Annual Required Contribution	\$ 197,550,000
Interest on Net OPEB Obligation	46,030,000
Adjustment to Annual Required Contribution	<u>(60,090,000)</u>
Annual OPEB Cost	183,490,000
Contributions Made	<u>(74,420,000)</u>
Increase in Net OPEB Obligation	109,070,000
Net OPEB Obligation - January 1, 2016	<u>1,025,860,000</u>
Net OPEB Obligation - December 31, 2016	<u>\$ 1,134,930,000</u>

The County'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 were as follows:

<b>Fiscal Year Ended December 31,</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
2016	\$ 183,490,000	40.6%	\$ 1,134,930,000
2015	169,580,000	39.8%	1,025,860,000
2014	184,400,000	36.3%	923,760,000

The schedule of funding progress for the OPEB plan immediately following the notes to the 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.



### College – Component Unit

The College is required to accrue on the statement of revenues, expenses and changes in net position 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, as this is the only funding plan allowed by the State. GASB does not require funding of OPEB and there is no State statute authorizing the establishment of an OPEB trust so it can be funded. Amounts cannot be accumulated in a reserve fund for OPEB obligations. The pay-as-you-go method will result in annually increasing net OPEB obligations for GASB Statement No. 45 reporting purpose as the ARC will likely exceed the pay-as-you-go amount. The assumed rate of increase in post-retirement benefits is presented below:

#### Assumed pre-65 medical trend rates at August 31

Health care cost trend assumed for next fiscal year	7.500 %
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	3.886
Fiscal year that the rate reaches the ultimate trend rate	2075

#### Assumed post-65 medical trend rates at August 31

Health care cost trend assumed for next fiscal year	6.500 %
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	3.886
Fiscal year that the rate reaches the ultimate trend rate	2075

#### Assumed prescription drug trend rates at August 31

Prescription cost trend assumed for next fiscal year	10.500 %
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	3.886
Fiscal year that the rate reaches the ultimate trend rate	2075

#### Assumed Medicare Part B trend rates at August 31

Health care cost trend assumed for next fiscal year	6.000 %
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	3.886
Fiscal year that the rate reaches the ultimate trend rate	2075

The amortization basis is the level dollar of payroll method with an open amortization approach with 22 years remaining in the amortization period. The actuarial assumptions included a 4.5% investment return and a 2.25% inflation rate. The College currently has no assets set aside for the purpose of paying post-employment benefits. The actuarial cost method utilized was the unit credit method.

The number of participants as of September 1, 2015 was as follows:

Active Employees	517
Retired Employees and spouses	<u>455</u>
Total	<u>972</u>

**Amortization Component:**

Actuarial Accrued Liability as of September 1, 2015	\$ 155,064,299
Assets at Market Value	—
Unfunded Actuarial Accrued Liability ("UAAL")	<u>\$ 155,064,299</u>
Funded Ratio	<u>0.00%</u>
Covered Payroll (Active Plan Members)	<u>\$ 48,745,767</u>
UAAL as a Percentage of Covered Payroll	<u>318.11%</u>
Annual Required Contribution	\$ 15,709,549
Interest on Net OPEB Obligation	2,831,636
Adjustment to Annual Required Contribution	<u>(3,863,078)</u>
Annual OPEB Cost	14,678,107
Contributions Made	<u>(3,354,312)</u>
Increase in Net OPEB Obligation	11,323,795
Net OPEB Obligation - Beginning of Year	<u>62,925,248</u>
Net OPEB Obligation - End of Year	<u>\$ 74,249,043</u>

The College'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:

<b>Fiscal Year Ended August 31,</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
2016	\$ 14,678,107	22.85%	\$ 74,249,043
2015	14,019,403	25.06%	62,925,248
2014	13,863,561	24.81%	52,422,552

**J. 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 following have been reported as interfund transfers:

<b>Transfers Out</b>	<b>Transfers In</b>						<b>Total</b>
	<b>General</b>	<b>Sewer Districts</b>	<b>Refuse Disposal District</b>	<b>Grants Fund</b>	<b>Capital Projects</b>	<b>Non- Major Governmental</b>	
General	\$ —	\$ 27,000	\$ 32,000	\$ 3,362,590	\$ 2,714,480	\$ —	\$ 6,136,070
Sewer Districts	51,600	—	—	—	—	—	51,600
Refuse Disposal District	—	—	—	—	1,000,000	—	1,000,000
Capital Projects	983,137	1,032,476	—	—	—	1,622,094	3,637,707
Non-Major Governmental	—	—	—	—	7,859,779	—	7,859,779
Business-type WTASC	8,707,915	—	—	—	—	—	8,707,915
	<u>\$ 9,742,652</u>	<u>\$ 1,059,476</u>	<u>\$ 32,000</u>	<u>\$ 3,362,590</u>	<u>\$ 11,574,259</u>	<u>\$ 1,622,094</u>	<u>\$ 27,393,071</u>

Transfers are used to: 1) move amounts earmarked in the operating funds to fulfill commitments for the Sewer Districts Fund, the Refuse District Fund, and the Capital Projects Fund expenditures and other fund expenditures, 2) move unexpended Capital Projects Fund balances to the operating funds that originally provided the funding, and 3) move funds due to the General Fund from WTASC.

## K. Encumbrances

As discussed in Note 1 (F) encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General Fund	\$ 8,183,190
Sewer Districts	2,115,619
Refuse Disposal District	209,824
Non-Major Governmental Funds	1,583,614
	<u>\$ 12,092,247</u>

## L. Net Position

*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 Special Revenue Funds:* the component of net position that represents funds restricted for specific purposes under New York State law or by external parties and/or statutes.

*Restricted for Casualty Claims:* the component of net position that has been established to set aside funds to be used for a specific purpose in accordance with Section 6N 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 with constraints placed on their use by the Local Finance Law of the State of New York.

*Restricted for Component Units:* the component of net position of the County's Component Units that are restricted as to their use.

*Unrestricted:* all other amounts of net position that do not meet the definition of "restricted" or "net investment in capital assets."

## M. Fund Balances (Deficit)

Certain elements of fund balance are described in Note 3(L). Those additional elements which are not reflected in the statement of net position but are reported in the governmental funds balance sheet are described on the following pages.

	2016						
	General Fund	Combined Sewer Districts Fund	Refuse Disposal District Fund	Grants Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Nonspendable:							
Inventory	\$ 50,000	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 50,000
Federal and State Receivables	10,000,000	—	—	—	—	—	10,000,000
Advances from other funds -							
Passenger Facility Charges	—	—	—	—	—	—	—
Prepaid Expenditures	16,137,109	850,000	—	—	—	—	16,987,109
Total Nonspendable	26,187,109	850,000	—	—	—	—	27,037,109
Restricted:							
Debt service	—	—	—	—	6,138,844	—	6,138,844
Assigned:							
Purchases on order:							
Information Technology	1,217,284	—	—	—	—	—	1,217,284
Public Works Operations	1,376,104	—	—	—	—	—	1,376,104
Department of Corrections	506,740	—	—	—	—	—	506,740
Department of Public Safety	231,638	—	—	—	—	—	231,638
Social Services Operations	607,703	—	—	—	—	—	607,703
Labs & Research	193,403	—	—	—	—	—	193,403
Sewer Districts Operations	—	2,115,619	—	—	—	—	2,115,619
Other	4,050,318	—	209,824	—	—	1,583,614	5,843,756
	8,183,190	2,115,619	209,824	—	—	1,583,614	12,092,247
NYS Retirement Stabilization	14,800,000	—	—	—	—	—	14,800,000
GASB 45	41,000,000	—	—	—	—	—	41,000,000
Medicaid	4,100,000	—	—	—	—	—	4,100,000
For subsequent year's expenditures, reported in:							
General Fund	15,000,000	—	—	—	—	—	15,000,000
Special Revenue Funds	—	13,171,966	10,180,791	—	—	11,356,899	34,709,656
Major Funds	—	42,711,930	39,125,131	9,916,772	—	—	91,753,833
Non-major Funds:							
Airport	—	—	—	—	—	11,714,233	11,714,233
Water Districts	—	—	—	—	—	6,702,391	6,702,391
Total Assigned	83,083,190	57,999,515	49,515,746	9,916,772	—	31,357,137	231,872,360
Unassigned	56,944,177	—	—	—	(138,735,253)	—	(81,791,076)
Total Fund Balances	\$ 166,214,476	\$ 58,849,515	\$ 49,515,746	\$ 9,916,772	\$ (132,596,409)	\$ 31,357,137	\$ 183,257,237

2015

General Fund	Combined Sewer Districts Fund	Refuse Disposal District Fund	Grants Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
\$ 50,000	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 50,000
10,000,000	—	—	—	—	—	10,000,000
—	—	—	—	—	17,900,048	17,900,048
15,437,413	578,775	—	—	—	—	16,016,188
25,487,413	578,775	—	—	—	17,900,048	43,966,236
—	—	—	—	5,113,371	—	5,113,371
1,637,083	—	—	—	—	—	1,637,083
1,658,456	—	—	—	—	—	1,658,456
740,247	—	—	—	—	—	740,247
247,936	—	—	—	—	—	247,936
478,232	—	—	—	—	—	478,232
147,363	—	—	—	—	—	147,363
—	1,305,668	—	—	—	—	1,305,668
3,284,868	—	225,676	—	—	1,262,527	4,773,071
8,194,185	1,305,668	225,676	—	—	1,262,527	10,988,056
28,000,000	—	—	—	—	—	28,000,000
41,000,000	—	—	—	—	—	41,000,000
4,400,000	—	—	—	—	—	4,400,000
2,996,373	—	—	—	—	—	2,996,373
—	14,730,495	9,575,400	—	—	4,902,251	29,208,146
—	46,789,820	44,317,194	16,783,340	—	—	107,890,354
—	—	—	—	—	—	—
—	—	—	—	—	6,789,894	6,789,894
84,590,558	62,825,983	54,118,270	16,783,340	—	12,954,672	231,272,823
54,665,169	—	—	—	(33,267,390)	—	21,397,779
\$ 164,743,140	\$ 63,404,758	\$ 54,118,270	\$ 16,783,340	\$ (28,154,019)	\$ 30,854,720	\$ 301,750,209

### **Nonspendable fund balances**

*Inventory:* Inventory represents funds authorized by the Board of Legislators to be invested in inventory type items.

*Federal and State Receivables:* represents the Administration's estimate of Federal and State aid amounts which will not be remitted to the County within the period "available" for income recognition by the County in 2016 and other Federal and State aid that may not be remitted within the "available" period. These funds are not "available" for appropriation or expenditure even though they are a component of current assets.

*Prepaid Expenditures:* has been established to account for retirement payments made in advance. The amount is classified as nonspendable to indicate that the funds are not "available" for appropriation or expenditure even though they are a component of current assets.

### **Assigned fund balances**

*Purchases on order:* Represent the County's intention to honor the contracts in process at year-end. The subsequent year's appropriations will be amended to provide authority to complete the transactions.

*NYS Retirement Stabilization:* The County has assigned \$14,800,000 to provide funding for the New York State Retirement System billing to protect the County from market volatility in the New York State Retirement System investment portfolio.

*Other Post-Employment Benefits (GASB 45):* The County has assigned \$41,000,000 to provide funding for post-retirement health care employee benefits effective for the fiscal year 2016.

*Medicaid Claims:* The County has assigned \$4,100,000 of the fund balance of the General Fund to provide future funding on Medicaid expenditures.

*Subsequent Year's Expenditures:* At December 31, 2016, the County has assigned \$15,000,000 of the General Fund, \$13,171,966 of the Sewer Districts Fund, \$10,180,791 of the Refuse Disposal District Fund, \$1,801,705 of the Water Districts Fund and \$9,555,194 of the Airport Fund to be used to fund 2017 operations.

The components of fund balance for the Sewer Districts and Water Districts funds are as follows:

		Assigned				
	Nonspendable	Available	Purchases on Order	Subsequent Year's Expenditures	Total	
SEWER DISTRICTS FUND						
Blind Brook .....	\$ 69,385	\$ 2,858,616	\$ 181,410	\$ 446,451	\$ 3,555,862	
Bronx Valley.....	224,291	10,446,475	553,773	3,729,091	14,953,630	
Central Yonkers.....	12,720	1,276,043	30,550	114,918	1,434,231	
Hutchinson Valley.....	57,952	4,529,375	147,217	975,330	5,709,874	
Mamaroneck Valley .....	141,956	7,008,138	355,515	2,804,848	10,310,457	
New Rochelle .....	68,394	2,394,655	161,066	—	2,624,115	
North Yonkers .....	41,498	1,751,096	102,121	590,173	2,484,888	
Ossining .....	26,461	709,921	65,227	316,841	1,118,450	
Peekskill .....	33,666	920,282	82,116	327,931	1,363,995	
Port Chester .....	15,882	728,141	40,254	370,936	1,155,213	
Saw Mill Valley .....	127,732	8,473,924	322,592	3,282,238	12,206,486	
South Yonkers .....	16,188	953,328	38,496	85,550	1,093,562	
Upper Bronx Valley.....	13,875	661,936	35,282	127,659	838,752	
	<u>\$ 850,000</u>	<u>\$ 42,711,930</u>	<u>\$ 2,115,619</u>	<u>\$ 13,171,966</u>	<u>\$ 58,849,515</u>	
WATER DISTRICTS FUND						
Water District No. 1	\$ —	\$ 2,626,496	\$ 111,131	\$ 937,467	\$ 3,675,094	
Water District No. 2	—	(223)	—	—	(223)	
Water District No. 3	—	3,756,358	106,054	864,238	4,726,650	
Water District No. 4	—	319,761	—	—	319,761	
	<u>\$ —</u>	<u>\$ 6,702,392</u>	<u>\$ 217,185</u>	<u>\$ 1,801,705</u>	<u>\$ 8,721,282</u>	

#### NOTE 4

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#### LEASES

##### Operating Lease Commitments

The County has commitments under various operating leases for equipment and facilities with rentals totaling \$112,366,280 with various expiration dates through December 31, 2036. Annual required payments on existing leases are payable as follows:

2017	\$	10,166,668
2018		7,506,388
2019		7,087,894
2020		6,224,469
2021		5,996,238
2022-2026		25,677,416
2027-2031		25,168,792
2032-2036		24,538,415
	\$	<u>112,366,280</u>

##### Operating Lease Rental Revenue

The County leases to others real property under operating leases which expire at various dates through 2027. The following schedule presents the future minimum lease rentals to be received as of December 31, 2016.

2017	\$	18,486,261
2018		13,042,484
2019		11,458,334
2020		11,912,622
2021		11,067,852
2022-2026		41,623,323
2027		219,394
	\$	<u>107,810,270</u>



### Capital Lease Commitment

In 1998, the County entered into a lease agreement with the New York State Dormitory Authority (hereinafter referred to as DASNY) to rehabilitate the County's Courthouse, replace the Courthouse's façade, and to construct a three story annex. Using DASNY as the conduit issuer, bonds were issued for the Courthouse construction. On April 12, 2006 the County refunded a portion of the 1998 bonds, in conjunction with the issuance of \$21 million of new money to complete the Courthouse project. In October 2016, DASNY issued \$22,485,000 of Refunding Bonds. The proceeds of these bonds, together with other available moneys were used (i) to refund certain DASNY Bonds and (ii) to pay the cost of issuance of the bonds. The issuance of the 2016 bonds will reduce County lease payments by approximately \$3.9 million through 2023.

The terms of the lease provide for annual payments as follows:

2017	\$ 8,154,812
2018	12,255,875
2019	12,406,750
2020	12,406,625
2021	12,405,750
2022-2023	18,610,125
	<u>76,239,937</u>
Less amounts representing interest	<u>(7,707,370)</u>
Present Value of Lease Payments	<u>\$ 68,532,567</u>

Interest expense of \$3,667,440 was recorded in the Statement of Activities.

## NOTE 5

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### SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

#### Litigation

The County, its officers and employees are defendants in a number of lawsuits. The County is self-insured for general negligence, public officials' liability losses and workers' compensation. The Department of Law, headed by the County Attorney, has reviewed the status of pending lawsuits and reports that an adverse decision in the following cases could have the potential for expenditure in excess of any applicable insurance or has not been provided for in the self-insurance reserves.

Management has reviewed the outstanding lawsuits and has determined that all claims, except those noted below, have been reviewed by the various claims administrators and actuary and has indicated that the appropriate reserve has been established within the risk retention program included in the financial statements.

Westchester County Correction Officers Benevolent Association, Inc. v. County of Westchester and Retired Police Officer Caldara, et al. v. County of Westchester. These two related/similar claims were filed on February 7, 2011. Each of these claims consists of retired police and/or correction officers who are receiving disability retirement benefits (some receive 1/3 salary, others receive 3/4 salary). Plaintiffs claim they are entitled to additional Workers' Compensation equivalent benefits pursuant to the collective bargaining agreements that were in effect at the time of their respective retirements. On April 1, 2011, the County filed its responses to each of the complaints and discovery is ongoing. Due to the inherent uncertainty of this type of proceeding, this Office is unable to express an opinion on the probable outcome of the case at this stage. No accruals have been made for an unfavorable outcome, if any, in these financial statements.

United States of America ex rel. Anti-Discrimination Center of Metro New York Inc. v. Westchester County, New York. This action was commenced in 2006 under 31 U.S.C. Section 3729 et seq. ("the False Claims Act"), alleging violations thereof during the period of April 1, 2000 to April 1, 2006 in connection with its receipt of federal funding for housing and community development. In 2009, the federal government intervened. After extensive negotiations, the County and the federal government agreed to settle the litigation as set forth in a Stipulation and Order of Settlement and Dismissal. There has been no material change in the terms of the Stipulation and Order of Settlement and Dismissal. No accruals have been made for an unfavorable outcome, if any, in these financial statements.

United States of America v. County of Westchester. In 2013, Plaintiff, United States of America, on behalf of the Environmental Protection Agency, filed a complaint in this action, alleging that Westchester County Water District No. 1 (District No. 1) is a "public water system and community water system" as defined in the Safe Drinking Water Act (SDWA) and its implementing regulations, and has failed to comply with the Long Term 2 and Enhanced Surface Water Treatment Rule (LT2). After extensive negotiations, the County and the federal government agreed to settle the litigation as set forth in a Consent Decree. There has been no change in the terms of the Consent Decree. No accruals have been made for an unfavorable outcome, if any, in these financial statements.

Connecticut Fund for the Environment et al. v. County of Westchester et al. Plaintiffs commenced this action in 2015 against the County of Westchester and local municipalities, alleging violations of the Clean Water Act with respect to four sanitary sewer districts maintained by the County and the local sewer infrastructure maintained by the municipalities. The District Court has given the parties an adjournment subject to periodic reports while all involved discuss potential settlement. Due to the inherent uncertainty of this proceeding, this Office is unable to express an opinion on the probable outcome of the case at this stage. No accruals have been made for an unfavorable outcome, if any, in these financial statements.

Yonkers Contracting Corp. v. County of Westchester et al. This is a claim for recovery of monetary losses of approximately \$38,000,000 by a County hired contractor who claims alleged construction delays, inefficiencies, non-payment of materials and labor related to the County project identified as the Composite Performance Implementation and Expansion at the New Rochelle Wastewater Treatment Plant (Contract 08-540) and the construction of the Biological Nutrient Removal Facilities at the New Rochelle Wastewater Treatment Plant (Contract 09-514). In August, 2015, plaintiff commenced an action against the County and eight (8) other defendants seeking said alleged construction damages. The parties have been attempting to negotiate a settlement of plaintiff's claims. The County's answer to the complaint was filed on May 23, 2016. Due to the inherent uncertainty of this proceeding, this Office is unable to express an opinion on the probable outcome of the case at this stage. No accruals have been made for an unfavorable outcome, if any, in these financial statements.

NYS Attorney General/Former Construction Staging Area at Airport. The County received notification dated June 19, 2014, from the New York State Attorney General's Division of Social Justice, Environmental Protection Bureau, detailing the results of a site visit to the Airport on May 29, 2013, by representatives of the New York State Department of Environmental Conservation ("NYSDEC") and the New York City Department of Environmental Protection. The notification included the results of the State's preliminary investigation, and concluded that the alleged prior use of an airport site as a landfill may be impacting surface water, groundwater and sediment. The County, without admitting the presence of a historic landfill, cooperated with the State and hired an engineering firm to advise it on groundwater monitoring and performed tests at the site in question. This consultant collected samples of down-gradient surface water and groundwater on April 2, 2015 and shared them with the State. On April 21, 2015, the consultant reported to the County that the samples were analyzed and "No volatile organic parameters (petroleum, solvents, etc.) were detected in either sample." The New York State Attorney General's Office and the NYSDEC reviewed the proposed sampling plan submitted by the County's consultant. The County is developing a capital project that will incorporate a settling basin for the unnamed stream on the downstream side of the Airport Perimeter Road, and when the written description and schedule for that project is completed it will be submitted to the State. The County anticipates that it will notify the State that due to the results of the test pit sampling, no further sampling of water or iron floc is contemplated. No accruals have been made for an unfavorable outcome, if any, in these financial statements.

Airport Deicing and Retention Basins. On or about December 6, 2016, the County received a consent order issued by the NYSDEC with respect to alleged permit violations at the Westchester County Airport. The proposed consent order included a fine, requirements for completion of the already in progress deicing pad, and requirements for restoration of existing storm water retention basins. NYSDEC has agreed to reduce the fine and negotiations are ongoing with respect to the consent order language and terms. No accruals have been made for an unfavorable outcome, if any, in these financial statements. No accruals have been made for an unfavorable outcome, if any, in these financial statements.

White Plains Transfer Station/Brockway Place. On or about December 28, 2016, the United States Environmental Protection Agency ("EPA") issued an order alleging violations of the Clean Water Act and in excess of State Pollutant Discharge Elimination System ("SPDES") permit limits. The order directed the determination and implementation of corrective measures to prevent leachate release. An extension of the original order was obtained and a meeting held with EPA in January 2017. A joint letter of EPA and NYSDEC was received on May 2, 2017, and a revised order setting forth new compliance dates is forthcoming. No accruals have been made for an unfavorable outcome, if any, in these financial statements.

Yonkers Materials Recycling Facility/Transfer Station. On or about May 4, 2017, DEF received a Notice of Violation ("NOV") for the Yonkers Facility, alleging Multi-Sector General ("MSG") permit violations with respect to leachate controls. The NOV further indicates a referral to the General Counsel's Office, indicating a consent order will be forthcoming. No accruals have been made for an unfavorable outcome, if any, in these financial statements.

## **Risk Management**

Since 1986, the County has self-insured its exposure for general negligence, auto and public official's liability losses and in 1989 included workers' compensation as a self-insurance program. The County established self-insurance funds, pursuant to Sections 6n and 6j of General Municipal Law of the State of New York. The provisions of the law provide for unencumbered general liability reserve contributions not to exceed 1-2/3% of the respective operating budgets and a maximum accumulation of not more than 5% of such operating budgets. The County has retained the services of an independent actuary to evaluate its loss history and provide data to be used in establishing ultimate losses to be incurred. The actuary has certified as to the adequacy of the amount accrued as of December 31, 2016 for claims arising from 1986 through 2016 occurrences.

## **Other Contingencies**

a) The County participates in numerous Federal Grant programs, principal of which are programs of the Department of Health and Human Services. These programs are subject to program compliance audits pursuant to the Uniform Grant Guidance. This audit is currently in progress and the report will be issued under separate cover. 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. The County anticipates such amounts, if any, to be immaterial.

b) The primary government has nine labor organizations which represent most of the County work force for collective bargaining purposes. The status of the various union contracts is as follows:

The New York State Nurses Association (NYSNA) settled their contract in 2013. The agreement covers January 1, 2012 through December 31, 2015 effective May 6, 2013;

The Westchester County Correction Officers Benevolent Association (COBA) settled their contract in 2012. The agreement covers January 1, 2009 through December 31, 2015 effective July 9, 2012;

The Westchester County Department of Correction Superior Officers Association (SOA) settled their contract in 2012. The agreement covers January 1, 2009 through December 31, 2015 effective October 29, 2012;

The Westchester County Police Officers Benevolent Association, Inc. (PBA) settled their contract in 2013. The agreement covers January 1, 2009 through December 31, 2014 effective August 12, 2013;

The Westchester County Police Officers Benevolent Association, Superior Officers Unit (SPBA) settled their contract in 2013. The agreement covers January 1, 2009 through December 31, 2014 effective November 23, 2013;

The District Attorney Investigators PBA settled their contract in 2013. The agreement covers January 1, 2009 through December 31, 2015 effective November 25, 2013;

The Civil Service Employees Association (CSEA) had a six-year agreement which expired on December 31, 2011. The parties have completed fact-finding but remain at an impasse in their negotiations;

The Civil Service Employees Association, Local 1000, American Federation of State, County and Municipal Employees Union, AFL-CIO, Westchester County local 860, Westchester H.O.U.R Unit is in mediation;

The International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America, AFL-CIO, Local 456 representing administrators and managers, settled their contract in 2012. The agreement covers January 1, 2009 through December 31, 2015 effective June 4, 2012.

The County's financial statements do not include a provision for any salary increases as of December 31, 2016.

c) The College (component unit) has two labor organizations which represent most of the College's work force for collective bargaining purposes. The status of the union contracts is as follows:

The Westchester Community College Federation of Teachers (WCCFT) contract expired on August 31, 2011. Contract negotiations are currently in progress.

The Civil Service Employees Association (CSEA) unit representing non-faculty administration employees of WCC (excluding non-represented management) expired on December 31, 2009; negotiations for a successor agreement are currently in progress.

d) *Westchester Tobacco Asset Securitization Corporation*

The enforceability of the rights and remedies of the State (and thus the bondholders) and of the obligations of a participating manufacturer under the Master Settlement Agreement (MSA) are subject to the Bankruptcy Code and the other applicable insolvency, moratorium or similar laws relating to or affecting the enforcement of creditors' rights. Some of the risks include risks of delay in or reduction of amounts of payment or of non-payment under the MSA and the risk that the State (and thus the County and/or WTASC) may be stayed for an extended time from enforcing any rights under the MSA and the Consent Decree or with respect to the payments owed by the bankrupt participating manufacturer or from commencing legal proceedings against the bankrupt participating manufacturer. As a result, if a participating manufacturer becomes a debtor in a bankruptcy case and defaults in making payment, funds available to WTASC to pay bondholders may be reduced or eliminated.

The bonds are payable only from the assets of WTASC. The bonds are neither legal nor moral obligations of WCHCC, the County or the State of New York, and no recourse may be had thereto for payment of amounts owing on the bonds. WTASC's only source of funds for payments on the bonds is the collections and amounts on deposit in pledged accounts pursuant to the indenture. WTASC has no taxing power and no significant assets other than the rights to receive tobacco settlement revenues.

e) *Wastewater Services*

On December 9, 2008, the Westchester County Board of Legislators (the Board) by Act No. 240-2008, authorized the County to enter into a new Order on Consent (the 2008 Consent Order) with the NYSDEC, which was fully executed on December 30, 2008. The 2008 Consent Order is in place of and in order to adjust the County's obligations under an existing Order on Consent, which was entered into on December 24, 2004 (2004 Consent Order). The 2004 Consent Order was executed in settlement of the administrative claims of the NYSDEC relating to, among other things, the County's anticipated noncompliance with state and federally mandated nitrogen removal standards to be imposed in the SPDES permits for the four County-owned wastewater treatment plants (WWTPs) which discharge into the Long Island Sound (LIS), namely: (1) the New Rochelle WWTP; (2) the Mamaroneck Valley WWTP; (3) the Blind Brook WWTP; and (4) the Port Chester WWTP. The 2004 Consent Order was the result of a multi-year study of nitrogen-based pollution in the Long Island Sound, known as the Long Island Sound Study ("LISS") which began in 1985, and the subsequent agreement of the USEPA, and the States of New York and Connecticut to impose mandatory nitrogen reductions on all municipal WWTPs which discharge into the Long Island Sound and require them to reduce nitrogen discharges. The 2008 Consent Order requires improvements be undertaken at only two of the four LIS WWTPs, namely the Mamaroneck Valley and New Rochelle WWTPs (the BNR Project) to meet nitrogen discharge standards set forth in the NYSDEC-issued SPDES permits for all four Long Island Sound WWTPs, in the aggregate, by 2017. This substantially reduces the overall cost of compliance, because it is more efficient to reduce aggregate nitrogen discharges by making more comprehensive improvements at the two selected WWTPs than it would be to achieve the same reductions by making improvements at all four WWTPs. It further requires the equitable apportionment of all the costs associated with the BNR Project among the four (4) Long Island Sound Sanitary Sewer Districts (SSDs), namely: (1) the New Rochelle SSD; (2) the Mamaroneck Valley SSD; (3) the Blind Brook SSD; and (4) the Port Chester SSD, as the Board has determined that all of the properties in the four LIS SSDs are benefited thereby. This is anticipated to have a substantial financial impact on those SSDs. The 2008 Consent Order extends the date for compliance from 2014 to 2017. It should be noted that, during construction to upgrade the Mamaroneck Valley WWTP (the Plant) there were unintended releases of plastic media disks from the Plant into the Long Island Sound, which constituted violations of Environmental Conservation Law Section 17-0803. As a consequence of the

violations, and subsequent work to prevent future occurrences, the Plant suffered setbacks with respect to implementation of its plan to upgrade the treatment facilities in accordance with the 2008 Consent Order. In October 2012, the 2008 Consent Order was modified to extend interim deadlines to "Complete construction at the Mamaroneck WWTP" and to "Operate to Meet the 12 M[onth] R[olling] A[verage]" in addition to a "Green Beaches, Clean Beaches Media Disk Recovery Program" (the 2004 Consent Order and 2008 Consent Order, as modified are collectively referred to as the "Consent Order"), noting that said amendment does not change the December 31, 2017 termination date of the Consent Order.

The County had originally authorized approximately \$407.7 million in Bond Acts in order to meet its obligations under the 2008 Consent Order. Pursuant to the American Recovery and Reinvestment Act of 2009, Westchester County applied for and was chosen to receive an award of \$29,944,000. As such, the New York State Environmental Facilities Corporation which administered and financed the subject debt has now forgiven the outstanding debt in this amount. Due to this forgiveness of debt the authorized amount was reduced by \$22.9 million to \$384.8 million on November 6, 2014. To date the County has issued \$343.7 million of which \$22.9 million was forgiven as described above.

On May 28, 2013, the Board, by Act No. 113-2013, authorized the County to enter into an Order on Consent with the NYSDEC regarding force main breaks in 2010 and 2012 on the Tarrytown Pumping Station Force Main, which resulted in discharge of sewage into the Hudson River. The Consent Order, executed on August 22, 2013, included a Schedule of Compliance, which required submission of an approvable schedule for upgrade of the Tarrytown Pumping Station and construction of a new Force Main (the "Force Main Project"). Said schedule was delivered in a timely manner and subsequently approved by the NYSDEC. On March 10, 2014, the Board, by Act No. 18-2014, authorized the County to issue \$14,600,000 in bonds to finance the Force Main Project and by Act No. 19-2014, authorized the County to acquire all property rights necessary to construct the Force Main Project. The entire \$14,600,000 was sold to the New York State Environmental Facilities Corporation as a Bond Anticipation Note on July 10, 2014. On March 13, 2015, all necessary property rights in connection with the Force Main Project were obtained and the construction of the Project has commenced. In 2016, this note was refinanced to long term with the New York State Environmental Facilities Corporation in the amount of \$14,146,528 (the expected cost).

On August 10, 2015, the Board, by Act No. 142-2015, authorized the County to enter into an Order on Consent with the NYSDEC to settle administrative claims concerning alleged violations of SPDES Permit No. NY 0026697 (the "Permit") for the New Rochelle WWTP. The Permit, in relevant part, required the County to eliminate discharges from Overflow Retention Facilities (ORF) or to comply with the effluent limitation specified in 40 CFR Part 133 by August 1, 2014. The NYSDEC alleged that, from August 1, 2014 on, the County did not eliminate discharges from the ORFs, nor did it comply with the effluent limitation, in violation of the Permit. The Order on Consent contains a Compliance Schedule which was agreed to between the County and NYSDEC. Further, on August 10, 2015, the Board, by Act No. 141-2015, authorized the County to enter into intermunicipal agreements with the four municipalities that discharge wastewater to the New Rochelle WWTP for the development and implementation of studies and plans so that the County can comply with the Compliance Schedule contained in the Order on Consent. On September 3, 2015, the County Board of Acquisition and Contract authorized the County to enter into the inter-municipal agreements and all four of these inter-municipal agreements have been fully executed.

The Consent Order requires the County to operate the New Rochelle, Mamaroneck, Blind Brook, and Port Chester WWTPs so as to meet the Aggregate 12-Month Rolling Average (12-MRA) nitrogen discharge limit of 1,781 lbs./d by August 1, 2017. The County has operated the 4 WWTPs below the Aggregate 12 MRA for nitrogen since June 2015.

Pursuant to the Consent Order the County developed a Flow Reduction Strategy Plan to reduce sanitary sewage flows from the 11 municipal sewage collection systems tributary to its WWTPs to the maximum flows permitted by County law. The County is continuing its efforts to obtain municipal compliance with County flow limits in its Long Island Sound sewer districts. This program will extend beyond the December 31, 2017 termination date, and may therefore result in an extension of the Consent Order.

## NOTE 6

### TAX ABATEMENTS

The County, through its IDA and LDC programs, to attract and/or maintain companies in the County, has the ability to induce developers with a sales tax and/or mortgage tax abatement as part of a payment in lieu of taxes (PILOT). These programs stimulate economic growth and are seen as a benefit to all the residents and business owners of the County. Some of the factors considered are the jobs created during the development of the project, the permanent jobs that will remain after the completion of the project, the cost of the improvements to the property and the amount of sales tax that is expected to be abated.

Each PILOT agreement entered into by the IDA and LDC contains very detailed sections of the remedies in the event of a default and the recapture provisions of benefits given to the developer. The recapture provisions include annual reporting of the number of jobs created and the cost of materials that would be subject to sales tax. The recapture provision also includes an interest component.

#### *Mortgage Tax Abatement*

In 2016 there were four projects that received mortgage tax abatements. The tax is specific to the local municipality where the property is located. The breakdown of the abatement is as follows:

County share	\$	199,288
New York State share		438,435
Local municipality share		398,577
	\$	<u>1,036,300</u>

#### *Sales Tax Abatement*

In 2016 there were twelve projects that received sales tax abatements. Sales tax is shared by the County with the local municipalities and school districts except those that are in the Cities of Yonkers, New Rochelle, Mount Vernon and White Plains. The breakdown of the abatement is as follows:

County share	\$	2,819,319
New York State share		5,178,931
Metropolitan Transit Authority share		485,525
Local municipality share		770,279
Local school district share		278,199
City of White Plains share		27,335
	\$	<u>9,559,588</u>

## NOTE 7

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### SUBSEQUENT EVENTS

On February 3, 2017 the County issued a \$140 million Tax Anticipation Note. The TAN was issued at a premium of \$331,200 and yields an interest rate of .75%. The TAN was issued to provide cash flow assistance to the County leading up to the May 25, 2017 property tax collection. It matured on May 26, 2017 and was paid in full.



**Westchester County**  
**Required Supplementary Information—**  
**Schedule of Funding Progress**  
**Other Post Employment Benefits**  
**Last Three Fiscal Years**

Exhibit E-1

Valuation Date	Actuarial		Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
December 31, 2014	\$ -	\$ 2,095,540,000	\$ 2,095,540,000	- %	\$ 415,000,000	504.95 %
December 31, 2015	-	1,988,880,000	1,988,880,000	-	425,000,000	467.97
December 31, 2016	-	2,198,390,000	2,198,390,000	-	416,000,000	528.46

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**Westchester County**  
**Required Supplementary Information—**  
**Schedule of the Primary Government's Share**  
**of the Net Pension Liability**  
**New York State and Local Employees'**  
**Retirement System**  
**Last Ten Fiscal Years(1)**

**Exhibit E-2**

	<u>2016</u>	<u>2015</u>
Primary Government's proportion of the net pension liability (asset)	<u>1.5786907%</u>	<u>1.5655805%</u>
Primary Government's proportionate share of the net pension liability (asset)	<u>\$ 253,384,265</u>	<u>\$ 52,889,142</u>
Primary Government's covered payroll	<u>\$ 362,391,153</u>	<u>\$ 363,416,006</u>
Primary Government's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	<u>69.92%</u>	<u>14.55%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>90.70%</u>	<u>97.90%</u>

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*.

See independent auditors' report

**Westchester County**  
**Required Supplementary Information—**  
**Schedule of Contributions**  
**New York State and Local Employees'**  
**Retirement System**  
**Last Ten Fiscal Years(1)**

**Exhibit E-3**

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 59,688,972	\$ 66,823,668
Contributions in relation to the contractually required contribution	<u>59,688,972</u>	<u>66,823,668</u>
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>
Primary Government's covered payroll	<u>344,378,841</u>	<u>358,728,744</u>
Contributions as a percentage of covered payroll	<u>17.33%</u>	<u>18.63%</u>

(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

**Westchester County**  
**Required Supplementary Information—**  
**Schedule of the Primary Government's Share**  
**of the Net Pension Liability**  
**New York State and Local Police and Fire**  
**Retirement System**  
**Last Ten Fiscal Years(1)**

**Exhibit E-4**

	<u>2016</u>	<u>2015</u>
Primary Government's proportion of the net pension liability (asset)	<u>1.0801746%</u>	<u>1.3178962%</u>
Primary Government's proportionate share of the net pension liability (asset)	<u>\$ 31,981,669</u>	<u>\$ 3,627,635</u>
Primary Government's covered payroll	<u>\$ 41,675,301</u>	<u>\$ 40,231,598</u>
Primary Government's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	<u>76.74%</u>	<u>9.02%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>90.20%</u>	<u>99.00%</u>

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*.

See independent auditors' report

**Westchester County**  
**Required Supplementary Information—**  
**Schedule of Contributions**  
**New York State and Local Police and Fire**  
**Retirement System**  
**Last Ten Fiscal Years(1)**

**Exhibit E-5**

	<u>2016</u>	<u>2015</u>
) Contractually required contribution	\$ 9,892,964	\$ 9,753,005
) Contributions in relation to the contractually required contribution	<u>9,892,964</u>	<u>9,753,005</u>
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>
Primary Government's covered payroll	<u>41,919,453</u>	<u>40,996,837</u>
Contributions as a percentage of covered payroll	<u>23.60%</u>	<u>23.79%</u>

(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 WESTCHESTER**

**Adopted Current Operating Budget Comparative Analysis  
General Fund - Revenues**

	<b>For the Years Ended December 31,</b>		
	<b>2018</b>	<b>2017</b>	<b>Change</b>
<b>REVENUES:</b>			
Tax Levy on Real Property.....	\$ 559,391,937	\$ 548,423,468	\$ 10,968,469
Sales Tax.....	544,506,000	517,559,000	26,947,000
Mortgage Tax.....	20,711,000	19,014,000	1,697,000
Appropriated Fund Balance.....	19,880,516	-	19,880,516
Hotel Tax.....	6,824,000	6,681,000	143,000
Auto Use Tax.....	16,427,000	16,452,000	(25,000)
	<u>1,167,740,453</u>	<u>1,108,129,468</u>	<u>59,610,985</u>
 Federal Aid:			
Social Services .....	161,351,000	167,523,000	(6,172,000)
Other.....	14,488,072	16,281,222	(1,793,150)
	<u>175,839,072</u>	<u>183,804,222</u>	<u>(7,965,150)</u>
 State Aid:			
Social Services.....	96,205,766	100,090,658	(3,884,892)
Other.....	150,419,633	149,283,981	1,135,652
	<u>246,625,399</u>	<u>249,374,639</u>	<u>(2,749,240)</u>
 Charges for Services:			
Departmental Income.....	151,925,914	151,305,650	620,264
 Earnings on Investments.....	77,000	-	77,000
 Miscellaneous Revenues:			
Harness Racing Admissions Tax.....	5,000	6,000	(1,000)
Services to WCHCC.....	8,589,827	7,933,480	656,347
Other.....	82,392,807	82,129,625	263,182
	<u>90,987,634</u>	<u>90,069,105</u>	<u>918,529</u>
 Total Revenues.....	<u>1,833,195,472</u>	<u>1,782,683,084</u>	<u>50,512,388</u>
 Other Financing Sources:			
Operating Transfers In.....	2,599,214	18,728,698	(16,129,484)
Bond Proceeds.....	9,071,000	8,500,000	571,000
 Total Revenues and Other Financing Sources.....	<u>\$ 1,844,865,686</u>	<u>\$ 1,809,911,782</u>	<u>\$ 34,953,904</u>

**COUNTY OF WESTCHESTER**

**Adopted Current Operating Budget Comparative Analysis  
General Fund - Expenditures**

<b>EXPENDITURES:</b>	<b>For the Years Ended December 31,</b>		<b>Change</b>
	<b>2018</b>	<b>2017</b>	
Current:			
General Government.....	\$ 212,552,719	\$ 218,769,136	\$ (6,216,417)
Education.....	151,836,451	146,895,268	4,941,183
Public Safety.....	268,416,152	259,755,264	8,660,888
Health.....	37,381,533	37,321,568	59,965
Transportation.....	168,178,404	161,554,014	6,624,390
Economic Assistance and Opportunity.....	601,090,291	605,476,553	(4,386,262)
Culture and Recreation.....	46,199,564	45,728,482	471,082
Home and Community Services.....	3,669,370	4,006,222	(336,852)
Employee Benefits.....	259,919,748	253,026,244	6,893,504
Capital Outlay.....	773,000	750,000	23,000
Debt Service.....	91,512,496	87,770,323	3,742,173
Total Expenditures.....	1,841,529,728	1,821,053,074	20,476,654
Other Financing Uses-			
Operating Transfers Out.....	3,365,958	3,858,708	(492,750)
Total Expenditures and Other Financing Uses.....	<u>\$ 1,844,895,686</u>	<u>\$ 1,824,911,782</u>	<u>\$ 19,983,904</u>

**COUNTY OF WESTCHESTER**

**Statement of Budgeted Revenues and Expenditures  
Combined Sewer Districts Fund**

	<b>For the Years Ended December 31,</b>		
	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>REVENUES:</b>			
Tax Levy on Real Property.....	\$ 100,513,074	\$ 100,405,391	\$ 100,198,741
Departmental Income.....	3,845,673	4,431,032	4,389,825
Earnings on Investments.....	8,777,958	9,265,809	8,688,783
Total Revenues.....	113,136,705	114,102,232	113,277,349
Other Financing Sources:			
Operating Transfers In.....	324,953	659,341	1,059,476
Total Revenues and Other Financing Sources.....	113,461,658	114,761,573	114,336,825
<b>EXPENDITURES:</b>			
Current:			
General Government.....	2,090,000	2,380,000	2,854,000
Home and Community Services.....	60,606,031	63,164,193	64,154,038
Employee Benefits.....	16,899,458	16,369,330	15,846,783
Capital Outlay.....	500,000	800,000	1,390,289
Debt Service.....	45,655,497	45,133,066	46,076,278
Total Expenditures.....	125,750,986	127,846,589	130,321,388
Other Financing Uses:			
Operating Transfers Out.....	148,100	86,950	51,600
Total Expenditures and Other Financing Uses.....	125,899,086	127,933,539	130,372,988
Deficiency of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses .....	(12,437,428)	(13,171,966)	(16,036,163)
Appropriated Fund Balance.....	12,437,428	13,171,966	16,036,163
Net Budgeted Revenues and Expenditures.....	\$ —	\$ —	\$ —



**COUNTY OF WESTCHESTER**

**Statement of Budgeted Revenues and Expenditures  
Combined Water Districts**

	<b>For the Years Ended December 31,</b>		
	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>REVENUES:</b>			
Tax Levy on Real Property.....	\$ 2,279,971	\$ 2,212,184	\$ 2,049,039
Departmental Income.....	18,960,000	17,920,000	19,160,000
Earnings on Investments.....	26,000	18,516	18,516
Miscellaneous.....	145,143	207,232	217,503
Total Revenues.....	<u>21,411,114</u>	<u>20,357,932</u>	<u>21,445,058</u>
Other Financing Sources:			
Operating Transfers In.....	<u>—</u>	<u>—</u>	\$ 8,317
Total Revenues and Other Financing Sources.....	<u>21,411,114</u>	<u>20,357,932</u>	<u>21,453,375</u>
<b>EXPENDITURES:</b>			
Current:			
Home and Community Services.....	21,249,371	20,203,164	21,753,099
Employee Benefits.....	496,886	362,341	378,278
Capital Outlay.....	500,000	625,000	811,023
Debt Service.....	<u>1,099,692</u>	<u>969,132</u>	<u>923,716</u>
Total Expenditures.....	23,345,949	22,159,637	23,866,116
Other Financing Uses:			
Operating Transfers Out.....	<u>—</u>	<u>—</u>	1,438,000
Total Expenditures and Other Financing Uses.....	<u>23,345,949</u>	<u>22,159,637</u>	<u>25,304,116</u>
Deficiency of Revenues Over Expenditures and Other Financing Uses.....	(1,934,835)	(1,801,705)	(3,850,741)
Appropriated Fund Balance.....	<u>1,934,835</u>	<u>1,801,705</u>	<u>3,850,741</u>
Net Budgeted Revenues and Expenditures.....	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>—</u></u>

# COUNTY OF WESTCHESTER

## Statement of Budgeted Revenues and Expenditures Refuse Disposal District No. 1

	For the Years Ended December 31,		
	2018	2017	2016
<b>REVENUES:</b>			
Tax Levy on Real Property.....	\$ 43,380,793	\$ 43,556,263	\$ 43,926,058
Departmental Income.....	19,442,085	18,764,616	19,426,800
Earnings on Investments.....	373,543	462,127	436,843
Miscellaneous.....	90,000	90,000	90,000
Total Revenues.....	63,286,421	62,873,006	63,879,701
Other Financing Sources:			
Operating Transfers In.....	40,000	35,000	32,000
Total Revenues and Other Financing Sources	63,326,421	62,908,006	63,911,701
<b>EXPENDITURES:</b>			
Current:			
General Government.....	4,634,545	5,019,842	5,392,173
Home and Community Services.....	65,605,143	64,536,472	63,693,191
Employee Benefits.....	1,445,396	1,427,433	1,342,829
Debt Service.....	2,094,545	2,105,050	2,284,584
Total Expenditures.....	73,779,629	73,088,797	72,712,777
Other Financing Uses:			
Operating Transfers Out.....	-	-	1,000,000
Total Expenditures and Other Financing Uses.....	73,779,629	73,088,797	73,712,777
Deficiency of Revenues Over Expenditures and Other Financing Uses.....	(10,453,208)	(10,180,791)	(9,801,076)
Appropriated Fund Balance.....	10,453,208	10,180,791	9,801,076
Net Budgeted Revenues and Expenditures.....	\$ -	\$ -	\$ -

**COUNTY OF WESTCHESTER**  
**Statement of Budgeted Revenues and Expenditures**  
**Westchester Community College**

	For the Fiscal Years Ended		
	August 31, 2017	August 31, 2016	August 31, 2015
<b>REVENUES:</b>			
State Aid.....	\$ 27,968,000	\$ 28,764,000	\$ 26,884,000
Charges for Services.....	44,515,000	45,411,000	45,221,000
Earnings on Investments.....	240,000	225,000	245,000
Total Revenues.....	72,723,000	74,400,000	72,350,000
Other Financing Sources:			
Operating Transfers In.....	29,833,371	29,329,234	30,221,388
Total Revenues and Other Financing Sources.....	102,556,371	103,729,234	102,571,388
<b>EXPENDITURES:</b>			
Current:			
Education.....	69,530,353	70,011,690	68,820,000
Employee Benefits.....	27,750,000	28,342,544	28,456,388
Debt Service.....	5,801,018	5,300,000	5,220,000
Total Expenditures.....	103,081,371	103,654,234	102,496,388
Other Financing Uses:			
Operating Transfers Out.....	75,000	75,000	75,000
Total Expenditures and Other Financing Uses.....	103,156,371	103,729,234	102,571,388
Deficiency of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses.....	(600,000)	—	—
Appropriated Fund Balance.....	600,000	—	—
Net Budgeted Revenues and Expenditures.....	\$ —	\$ —	\$ —

**Westchester County**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	2007	2008	2009	2010
<b>Revenues</b>				
Taxes on Real Property	\$ 645,415,420	\$ 665,667,775	\$ 680,567,241	\$ 702,408,897
Sales Tax	467,835,719	462,385,067	413,978,855	443,664,756
Federal Aid	208,570,553	203,358,826	319,253,241	276,785,015
State Aid	325,775,364	351,599,725	336,938,640	302,361,229
Departmental Income	204,928,318	244,382,942	248,750,214	256,622,741
Earnings on Investments	21,516,432	13,349,330	6,443,227	6,399,888
Miscellaneous Revenues	109,434,967	134,563,486	135,859,492	130,283,461
<b>Total Revenues</b>	<b>1,983,476,773</b>	<b>2,075,307,151</b>	<b>2,141,790,910</b>	<b>2,118,525,987</b>
<b>Expenditures</b>				
Current:				
General Government	213,121,998	203,850,268	228,731,268	198,160,034
Education	144,114,934	157,604,843	167,651,729	170,893,914
Public Safety	263,499,869	267,534,296	266,955,246	281,686,467
Health Services	124,771,869	132,614,714	136,359,947	126,026,604
Transportation	134,229,065	165,548,098	173,154,478	168,693,823
Economic Assistance	604,509,815	637,524,166	680,100,078	653,341,074
Culture and Recreation	49,674,740	52,095,428	51,348,783	50,539,143
Home and Community Services	133,884,169	135,587,751	144,764,677	131,251,357
Employee Benefits	162,321,091	168,706,009	171,592,969	210,906,825
Debt Service				
Principal	81,872,578	87,087,784	81,081,243	73,357,213
Interest	28,389,452	30,215,652	28,483,793	31,136,097
Costs of issuance	661,665	637,869	1,209,887	1,761,272
Capital Outlay	140,792,225	156,970,300	261,951,354	188,904,413
<b>Total Expenditures</b>	<b>2,081,833,270</b>	<b>2,195,977,178</b>	<b>2,393,383,452</b>	<b>2,286,658,236</b>
<b>Deficiency of Revenues</b>				
Over Expenditures	(98,356,497)	(120,670,027)	(251,592,542)	(168,132,249)
<b>Other Financing Sources (Uses)</b>				
Sale of Real Property	—	—	—	—
Bonds issued	128,690,000	15,212,688	120,321,715	162,243,978
Refunding Bonds Issued	—	—	50,880,000	94,005,000
Bond Premium	—	—	8,569,117	9,998,678
Bond Anticipation Note Issued	—	—	32,503,358	—
Tax Anticipation Note Premium	—	—	—	—
Transfers in	16,434,679	24,923,307	30,215,851	11,602,004
Transfers out	(14,382,073)	(22,837,772)	(25,984,275)	(9,783,667)
Payment to Refunded Bond Escrow Agent	—	—	(59,090,939)	(96,025,652)
<b>Total Other Financing Sources</b>	<b>130,742,606</b>	<b>17,298,223</b>	<b>157,414,827</b>	<b>172,040,341</b>
<b>Net Change in Fund Balances</b>	<b>\$ 32,386,109</b>	<b>\$ (103,371,804)</b>	<b>\$ (94,177,715)</b>	<b>\$ 3,908,092</b>
<b>Debt Service as a Percentage of</b>				
Non-capital Expenditures	5.66%	5.75%	5.14%	5.05%

2011	2012	2013	2014	2015	2016
\$ 692,440,664	\$ 695,053,337	\$ 694,904,941	\$ 694,609,543	\$ 694,597,306	\$ 694,597,306
453,013,940	460,997,517	489,522,517	503,322,529	500,642,409	507,445,900
280,797,076	245,846,304	282,135,691	294,842,966	268,349,007	241,643,082
292,017,209	327,262,275	280,259,431	307,951,830	286,756,313	287,777,139
249,257,112	247,953,208	235,534,368	228,155,204	239,703,175	243,021,433
5,807,370	6,253,874	6,965,587	8,460,954	9,063,180	9,223,767
152,132,242	150,125,650	133,971,763	141,453,384	164,764,061	167,515,426
2,125,465,613	2,133,482,165	2,123,294,318	2,178,796,420	2,163,875,451	2,151,224,063
207,455,688	211,911,412	207,872,944	203,057,865	209,718,912	216,527,136
169,121,408	162,897,826	155,264,128	155,767,999	159,050,745	161,350,743
276,239,092	277,439,469	284,779,779	283,206,725	279,916,654	261,306,306
109,006,980	105,280,820	99,477,411	94,424,051	95,678,175	90,341,575
173,206,836	174,775,717	186,604,135	191,146,332	198,966,517	198,122,971
652,606,054	639,957,849	619,253,621	640,873,206	634,829,795	629,596,633
46,827,906	47,911,478	49,955,021	49,784,906	50,575,448	45,068,400
137,540,063	137,385,796	140,648,597	145,214,511	150,340,416	144,947,792
229,281,000	206,200,269	219,618,040	229,337,567	242,365,196	263,344,808
82,144,423	84,370,693	84,986,856	93,785,319	95,216,972	110,126,986
31,441,831	34,483,427	37,680,022	41,163,943	39,697,571	42,361,572
1,779,261	1,684,036	2,187,788	1,241,333	809,771	1,415,537
190,113,059	217,661,824	171,359,650	166,082,318	113,889,492	162,499,270
2,306,763,601	2,301,960,616	2,259,687,992	2,295,086,075	2,271,355,664	2,327,009,729
(181,297,988)	(168,468,451)	(136,393,674)	(116,289,655)	(107,480,213)	(175,785,666)
—	—	—	—	—	20,400,000
281,020,000	78,152,695	183,994,000	85,957,000	103,975,000	26,494,000
79,410,000	22,360,000	—	9,245,000	—	109,980,000
27,151,470	11,885,504	7,340,303	27,948	15,252,938	22,802,961
—	—	—	—	—	—
—	—	—	—	116,400	388,500
21,875,793	32,170,077	19,126,697	13,705,419	10,420,109	27,393,071
(22,134,828)	(14,552,326)	(17,027,445)	(11,911,444)	(6,778,900)	(18,685,156)
(86,690,710)	(27,185,591)	—	(9,157,006)	—	(131,480,682)
300,631,725	102,830,259	193,433,555	87,866,917	122,885,547	57,292,694
\$ 119,333,737	\$ (65,638,192)	\$ 57,039,881	\$ (28,422,738)	\$ 15,505,334	\$ (118,492,972)
5.42%	5.79%	5.97%	6.37%	6.31%	7.11%

**APPENDIX D**

**COUNTY OF WESTCHESTER**

**Adopted Current Operating Budget Comparative Analysis  
General Fund - Revenues**

	<b>For the Years Ended December 31,</b>		
	<b>2018(a)</b>	<b>2017(b)</b>	<b>Change</b>
<b>REVENUES:</b>			
Tax Levy on Real Property.....	\$ 548,423,468	\$ 548,423,468	\$ -
Sales Tax.....	544,506,000	517,559,000	26,947,000
Mortgage Tax.....	20,811,000	19,014,000	1,797,000
Hotel Tax.....	6,704,000	6,681,000	23,000
Auto Use Tax.....	16,427,000	16,452,000	(25,000)
	<u>1,136,871,468</u>	<u>1,108,129,468</u>	<u>28,742,000</u>
 Federal Aid:			
Social Services .....	161,351,000	167,523,000	(6,172,000)
Other.....	14,488,072	16,281,222	(1,793,150)
	<u>175,839,072</u>	<u>183,804,222</u>	<u>(7,965,150)</u>
 State Aid:			
Social Services.....	96,585,166	100,090,658	(3,505,492)
Other.....	149,284,633	149,283,981	652
	<u>245,869,799</u>	<u>249,374,639</u>	<u>(3,504,840)</u>
 Charges for Services:			
Departmental Income.....	152,147,467	151,305,650	841,817
 Earnings on Investments.....	77,000	-	77,000
 Miscellaneous Revenues:			
Harness Racing Admissions Tax.....	5,000	6,000	(1,000)
Services to WCHCC.....	8,589,827	7,933,480	656,347
Other.....	85,692,807	82,129,625	3,563,182
	<u>94,287,634</u>	<u>90,069,105</u>	<u>4,218,529</u>
 Total Revenues.....	1,805,092,440	1,782,683,084	22,409,356
 Other Financing Sources:			
Operating Transfers In.....	31,599,214	18,728,698	12,870,516
Bond Proceeds.....	1,671,000	8,500,000	(6,829,000)
 Total Revenues and Other Financing Sources.....	<u>\$ 1,838,362,654</u>	<u>\$ 1,809,911,782</u>	<u>\$ 28,450,872</u>

(a) As proposed  
(b) As adopted

**COUNTY OF WESTCHESTER**

**Adopted Current Operating Budget Comparative Analysis  
General Fund - Expenditures**

<b>EXPENDITURES:</b>	<b>For the Years Ended December 31,</b>		<b>Change</b>
	<b>2018(a)</b>	<b>2017(b)</b>	
Current:			
General Government.....	\$ 211,147,459	\$ 218,769,136	\$ (7,621,677)
Education.....	149,634,451	146,895,268	2,739,183
Public Safety.....	268,285,922	259,755,264	8,530,658
Health.....	37,281,533	37,321,568	(40,035)
Transportation.....	168,178,404	161,554,014	6,624,390
Economic Assistance and Opportunity.....	600,086,680	605,476,553	(5,389,873)
Culture and Recreation.....	45,728,339	45,728,482	(143)
Home and Community Services.....	3,548,085	4,006,222	(458,137)
Employee Benefits.....	258,820,327	253,026,244	5,794,083
Capital Outlay.....	773,000	750,000	23,000
Debt Service.....	91,512,496	87,770,323	3,742,173
Total Expenditures.....	1,834,996,696	1,821,053,074	13,943,622
Other Financing Uses-			
Operating Transfers Out.....	3,365,958	3,858,708	(492,750)
Total Expenditures and Other Financing Uses.....	<u>\$ 1,838,362,654</u>	<u>\$ 1,824,911,782</u>	<u>\$ 13,450,872</u>

(a) As proposed

(b) As adopted

## APPENDIX E

Hawkins Delafield & Wood LLP  
7 World Trade Center  
250 Greenwich Street  
New York, New York 10007

The Board of Legislators  
County of Westchester, New York

February 8, 2018

Ladies and Gentlemen:

We have acted as Bond Counsel to the County of Westchester (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 \$150,000,000 Tax Anticipation Notes for 2018 Taxes (the "Notes"), 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 Notes 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 Notes and interest thereon, subject to certain statutory limitations imposed by Chapter 97 of the Laws of 2011, as amended. The enforceability of rights or remedies with respect to such Notes 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 Notes 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 Notes is not treated as a preference item in calculating the alternative minimum tax imposed on individuals under the Code.

The Code establishes certain requirements which must be met subsequent to the issuance of the Notes in order that the interest on the Notes 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 Notes, restrictions on the investment of proceeds of the Notes 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 Notes 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 Notes, the County will execute a Tax Certificate containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the County represents that the County will comply with the provisions and procedures set forth therein and that the County will do and perform all acts and things necessary or desirable to assure that the interest on the Notes will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in paragraph 2 hereof, we have relied upon and assumed (i) the material accuracy of the County's representations, statements of intention and reasonable expectation, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of the interest on the Notes, and (ii)



compliance by the County with the procedures and certifications set forth in the Tax Certificate as to such tax matters.

3. Under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

Except as stated above, we express no opinion as to any other federal, state or local tax consequences arising with respect to the Notes or the ownership or disposition thereof. We render our opinion under existing statutes and court decisions as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, for any facts or circumstances that may hereafter come to our attention, for any changes in law or in interpretations thereof that may hereafter occur or for any other reason. We express no opinion as to the consequence of any change in law or interpretation thereof, or otherwise, that may hereafter be enacted, arise or occur, and we note that such changes may take place or be proposed from time to time. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel as to the exclusion from gross income for federal income tax purposes of interest on the Notes, or under state and local tax laws.

We give no assurances as to the adequacy, sufficiency or completeness of the Preliminary or Final Official Statement of the County relating to the Notes, or any proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relating to the Notes, which have been or may be furnished or disclosed to purchasers of the Notes.

Very truly yours,

/s/ Hawkins Delafield & Wood LLP

UNDERTAKING TO PROVIDE NOTICES OF EVENTS

Section 1. Definitions

“EMMA” shall mean 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 Westchester**, 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.

“Purchaser” shall mean the financial institution referred to in the Certificate of Determination, executed by the Commissioner of Finance as of February 8, 2018.

“Rule 15c2-12” shall mean Rule 15c2-12 under the Securities Exchange Act of 1934, as amended through the date of this Undertaking, including any official interpretations thereof.

“Securities” shall mean the Issuer’s \$150,000,000 Tax Anticipation Notes for 2018 Taxes, dated February 8, 2018, maturing on May 29, 2018, and delivered on the date hereof.

Section 2. Obligation to Provide Notices of Events. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided to the Electronic Municipal Market Access (“EMMA”) System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of such Board contemplated by the Undertaking, in a timely manner, not in excess of ten (10) business days after the occurrence of any 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 material 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.

(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. 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 4. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with (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 5. 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 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 5 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 6. 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 in accordance with 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.

Section 7. 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 8. 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 8, 2018**.

**COUNTY OF WESTCHESTER**

By \_\_\_\_\_  
Commissioner of Finance

## APPENDIX G

**County of Westchester  
Operating Cash Flow  
2017**

Prepared by J. Fennell  
Reviewed by S. Sensi  
1/24/18 9:32 AM

	Actual												Total
	January	February	March	April	May	June	July	August	September	October	November	December	
Beginning Balance	\$ 108,419,454	\$ 16,804,711	\$ 61,584,756	\$ 58,263,637	\$ 2,974,501	\$ 226,964,839	\$ 123,376,577	\$ 42,480,205	\$ (28,510,021)	\$ (39,811,406)	\$ 181,323,553	\$ 111,403,737	\$ 108,419,454
Receipts:													
Property taxes	-	-	-	-	416,758,384	-	-	-	-	277,838,922	-	-	694,597,306
Sales Taxes	33,770,138	44,320,502	35,313,733	45,770,033	37,826,842	58,862,197	31,169,946	40,112,176	42,598,007	53,572,074	40,773,878	58,330,113	522,419,639
Federal and State Aid	20,083,011	12,598,003	75,032,636	6,481,077	80,423,706	29,880,927	32,167,847	60,061,414	46,517,108	46,016,667	77,119,056	49,099,833	535,481,383
Airport sweep	5,025,000	3,875,000	3,975,000	2,760,000	2,890,000	3,855,000	3,635,000	2,952,000	3,660,000	4,165,000	2,813,000	3,115,000	42,720,000
Parks/Credit Cards sweep	1,530,000	1,685,000	1,115,000	2,170,000	2,594,000	5,945,000	8,005,839	7,806,000	3,830,000	2,145,000	1,835,000	1,035,000	39,695,839
County Clerk Receipts:													
Mortgage Tax (County)	1,803,997	1,543,743	1,159,504	1,707,109	1,369,449	2,386,444	1,805,841	1,944,101	2,183,358	1,531,092	1,395,229	1,432,478	20,262,345
Mortgage Tax (Others)	3,982,562	3,520,529	2,667,305	3,411,518	2,738,899	4,772,887	3,606,723	3,797,991	4,878,159	3,073,013	3,191,984	3,233,508	42,875,077
Other	819,959	823,683	642,585	1,088,827	903,636	1,177,694	1,033,839	1,045,774	803,827	1,002,719	689,499	640,087	10,672,229
Metrocard	2,816,234	2,340,403	2,341,358	2,582,610	3,454,223	2,589,832	2,430,427	3,117,775	2,566,237	3,455,248	2,479,740	2,550,039	32,704,126
IGT	54,711,000	-	3,097,000	-	-	14,685,000	-	3,097,000	-	3,097,000	4,599,500	9,199,400	92,485,900
Proceeds from Bond and BAN Sale	-	-	-	-	-	-	-	-	-	-	-	275,951,786	275,951,786
Capital Reimbursement	253,474	301,783	1,451,572	902,171	-	-	-	-	114,748	-	59,811	-	3,153,370
EFC Drawdown	914,478	-	-	3,496,081	-	-	5,170,831	166,641	-	4,042,847	-	-	13,790,878
WTASC	-	-	-	1,601,920	-	-	-	-	-	-	-	-	1,601,920
TAN Proceeds	-	140,331,200	-	-	-	-	-	-	-	-	-	-	140,331,200
6N/6J reimbursement	1,941,000	438,000	1,135,000	6,274,000	1,135,000	1,188,000	-	3,043,451	-	800,000	1,708,013	632,000	18,494,464
Reimbursement from WCC for ERS/DEBT	-	-	-	-	-	-	4,338,478	-	-	-	-	-	4,338,478
Earnings on Investments	44,250	40,261	43,883	36,865	33,360	10,057	103,750	65,699	-	-	80,184	114,437	572,746
Prescription Drug Formulary Rebate/EGWP	2,384,737	206,169	187,056	2,647,398	189,532	451,175	2,234,202	207,801	191,130	2,484,278	189,770	2,735,012	14,108,258
Public Safety Services	-	-	-	-	-	-	2,764,693	-	-	-	-	4,313,911	7,098,804
Airport Passenger Facility Charges	-	-	-	-	-	-	-	-	7,850,051	2,421,516	350,000	-	10,621,567
Other	14,237,745	11,882,714	17,415,833	16,711,702	12,044,732	15,043,428	9,468,197	8,516,841	10,084,512	7,415,217	11,089,315	10,418,975	144,329,211
<b>Total Receipts</b>	<b>144,317,585</b>	<b>223,906,990</b>	<b>145,577,465</b>	<b>97,641,309</b>	<b>562,361,763</b>	<b>140,827,841</b>	<b>107,955,813</b>	<b>135,934,664</b>	<b>125,277,134</b>	<b>413,130,404</b>	<b>148,373,979</b>	<b>423,001,559</b>	<b>2,668,306,306</b>
Disbursements:													
Salaries and Benefits (other than Health)	35,747,765	32,079,286	31,388,825	32,053,975	31,666,824	46,380,397	33,708,831	35,358,061	32,079,705	32,560,323	40,698,129	44,205,340	427,927,261
Health Insurance and related	13,640,355	13,120,387	15,994,592	15,974,403	13,464,792	15,813,821	14,359,222	14,695,009	14,043,754	13,425,281	14,192,861	10,845,612	169,572,089
Workers Compensation and related	643,870	927,898	1,076,812	537,329	1,120,836	853,625	799,026	1,444,465	907,017	708,769	1,084,760	892,400	10,996,807
Sales Taxes to Municipalities	-	28,803,867	-	-	27,304,795	-	-	27,864,313	-	-	29,998,865	-	113,971,840
Mortgage Tax Distribution	918,885	-	-	-	892,589	18,106,005	-	851,085	-	938,848	-	22,445,125	44,152,337
Debt Service	16,006,898	1,369,227	468,260	3,182,367	11,437,810	16,109,065	26,489,073	2,214,684	320,343	20,791,172	28,476,711	-	126,855,610
Notes Repayment	-	-	-	-	140,659,000	-	-	-	-	-	-	72,981,511	213,640,511
NYS Retirement	-	-	-	-	-	-	-	-	-	-	-	80,170,213	80,170,213
Unspent Bond Proceeds	-	-	-	-	-	-	-	-	-	-	-	57,652,665	57,652,665
Capital - WCC	32,362	290,876	705,072	63,299	53,308	50,897	961,197	-	684,888	412,942	621,111	688,083	4,563,815
College Sponsor Contribution	2,486,114	2,486,114	2,486,114	2,717,489	2,486,114	4,972,229	2,486,114	2,486,114	-	-	-	-	22,606,402
6J Contribution	-	-	-	-	-	10,100,000	-	-	-	-	-	-	10,100,000
Tax Certiorari	945,543	351,462	369,052	1,031,212	363,634	1,016,170	835,858	1,007,121	1,669,477	793,033	482,132	559,224	9,423,919
Fund Payments:													
General:													
DSS-MMIS	20,150,945	16,120,756	16,120,756	16,206,052	20,257,565	16,206,052	16,206,052	20,257,565	16,206,052	20,257,565	16,206,052	16,206,052	210,401,464
DSS-Direct, Indirect/EBT	14,475,100	12,144,983	10,282,888	13,385,426	13,333,647	12,911,082	12,293,170	13,011,769	10,344,628	12,837,765	8,682,717	11,720,733	145,423,908
MTA Op. Assist and Stat Maint	1,835,563	-	-	1,835,563	-	-	-	1,835,563	20,354,833	1,835,563	-	-	27,697,085
Bus Operating Assistance	11,087,348	7,959,976	9,199,976	8,128,806	11,091,185	6,688,115	10,109,892	9,242,773	8,485,560	10,115,445	8,841,799	8,794,024	111,744,899
Health Department - other than PR	10,718,772	10,974,653	10,231,684	8,725,017	12,936,822	14,787,070	11,995,991	9,517,221	4,428,070	7,018,657	6,993,655	13,840,760	122,168,372
Parks - other than PR	557,875	1,052,193	914,514	1,280,379	1,296,115	2,009,564	2,751,016	2,882,579	1,386,145	1,525,827	1,224,817	908,845	17,789,869
IGT	54,712,082	-	3,097,334	-	-	14,685,438	-	3,097,334	-	3,097,334	4,600,000	9,200,000	92,485,922
DASNY Rental	-	1,050,969	-	-	1,050,969	-	-	3,026,438	-	-	3,026,438	-	8,154,814
Telephone and Utilities	2,225,334	2,150,205	1,893,424	813,596	1,479,322	1,666,227	2,179,550	2,595,337	2,449,013	2,658,675	2,112,173	1,607,304	23,830,180
Medical Treatment for Inmates	1,215,903	3,647,710	-	1,215,903	1,215,903	1,215,903	1,215,903	1,215,903	1,215,903	1,215,903	1,215,903	1,215,903	10,590,837
Rental and Taxes	868,630	706,461	705,403	870,058	637,050	708,675	873,825	704,473	637,401	875,954	634,133	800,103	9,020,166
Legal Services-Indigent defendants	1,757,258	1,736,862	1,958,701	1,605,948	1,859,674	1,825,536	1,802,071	1,979,395	1,358,204	2,303,591	1,618,261	2,326,345	22,131,847
Resident Tuition - Other Colleges	895	25,673	49,649	9,050	1,390,447	1,449,977	181,095	92,467	106,431	1,456,207	2,544,897	-	7,306,788
Capital	14,993,252	11,548,393	12,714,652	6,008,820	12,655,425	21,221,498	15,483,521	18,396,189	7,321,596	16,303,942	16,031,791	21,257,126	173,936,215
Grants	3,587,615	7,915,666	4,215,633	10,455,699	5,489,659	7,467,057	11,433,128	5,022,392	2,426,430	9,315,608	6,704,988	5,794,885	79,828,660
Sewer, Water, Refuse	8,266,041	8,134,407	6,696,711	9,577,768	4,711,746	9,670,040	7,428,674	10,618,711	14,070,298	7,635,832	9,011,448	96,520,448	96,520,448
Airport	1,732,298	2,384,975	2,268,742	3,824,241	2,308,070	2,498,274	2,265,924	2,281,029	1,974,673	2,743,325	2,363,947	1,725,917	28,372,115
Agency	1,245,997	687,585	391,227	345,275	369,380	29,514	416,486	41,782	9,194	191,535	139,285	390,650	4,257,910
Other	16,079,628	11,456,361	15,668,553	14,297,973	16,838,944	13,975,872	12,576,566	15,185,118	7,574,881	15,891,959	13,251,228	15,322,621	168,119,704
<b>Total Disbursements</b>	<b>235,932,326</b>	<b>179,126,945</b>	<b>148,898,584</b>	<b>152,930,445</b>	<b>338,371,425</b>	<b>244,415,903</b>	<b>188,852,185</b>	<b>206,924,890</b>	<b>136,578,519</b>	<b>191,995,445</b>	<b>218,293,795</b>	<b>413,107,787</b>	<b>2,655,428,252</b>
<b>Increase (Decrease) in Cash</b>	<b>(91,614,743)</b>	<b>44,780,045</b>	<b>(3,321,119)</b>	<b>(55,268,136)</b>	<b>223,990,338</b>	<b>(103,588,262)</b>	<b>(80,896,372)</b>	<b>(70,990,226)</b>	<b>(11,301,385)</b>	<b>221,134,959</b>	<b>(69,919,816)</b>	<b>8,893,772</b>	<b>12,878,055</b>
<b>Ending Balance</b>	<b>16,804,711</b>	<b>61,584,756</b>	<b>58,263,637</b>	<b>2,974,501</b>	<b>226,964,839</b>	<b>123,376,577</b>	<b>42,480,205</b>	<b>(28,510,021)</b>	<b>(39,811,406)</b>	<b>181,323,553</b>	<b>111,403,737</b>	<b>121,297,509</b>	<b>121,297,509</b>

County of Westchester Operating Cash Flow January - May 2018							
	Projection						Total
	January	February	March	April	May		
					May 1-24	May 25-31	
Beginning Balance	\$ 121,297,509	\$ 29,603,440	\$ (54,882,070)	\$ (52,055,615)	\$ (124,013,221)	\$ (153,852,317)	\$ 121,297,509
Receipts:							
Property taxes	-	-	-	-	-	423,339,465	423,339,465
Sales Taxes	35,000,000	45,000,000	36,000,000	47,000,000	39,000,000	-	202,000,000
Federal and State Aid	20,000,000	15,000,000	75,000,000	10,000,000	69,000,000	6,000,000	195,000,000
Airport sweep	4,000,000	4,000,000	4,000,000	3,000,000	3,000,000	-	18,000,000
Parks/Credit Cards sweep	1,500,000	1,750,000	1,100,000	2,000,000	2,200,000	300,000	8,850,000
County Clerk Receipts:							
Mortgage Tax (County)	1,683,508	1,500,000	1,500,000	1,700,000	1,400,000	-	7,783,508
Mortgage Tax (Others)	3,891,919	3,400,000	3,400,000	3,600,000	3,300,000	-	17,591,919
Other	598,019	800,000	800,000	800,000	800,000	-	3,798,019
Metrocard	2,880,000	2,500,000	2,500,000	2,500,000	2,343,750	781,250	13,505,000
IGT	-	-	-	-	-	-	-
Proceeds from Bond Sale	-	-	-	-	-	-	-
Capital Reimbursement	8,248,542	11,000,000	11,000,000	11,000,000	11,000,000	-	52,248,542
EFC Drawdown	-	-	3,000,000	-	-	-	3,000,000
WTASC	-	-	-	1,700,000	-	-	1,700,000
TAN Proceeds	-	-	-	-	-	-	-
6N/6J reimbursement	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	-	5,500,000
Reimbursement from WCC for ERS/DEBT	4,285,339	-	-	-	-	-	4,285,339
Earnings on Investments	50,000	40,000	45,000	40,000	35,000	-	210,000
Prescription Drug Formulary Rebate/EGWP	185,000	1,685,000	185,000	185,000	1,685,000	-	3,925,000
Public Safety Services	-	-	-	-	-	-	-
Airport Passenger Facility Charges	-	-	-	-	-	-	-
Other	12,000,000	12,000,000	12,000,000	12,000,000	9,720,000	2,280,000	60,000,000
Total Receipts	95,422,327	99,775,000	151,630,000	96,625,000	144,583,750	432,700,715	1,020,736,792
Disbursements:							
Salaries and Benefits (other than Health)	34,600,000	32,400,000	32,400,000	38,200,000	32,800,000	16,400,000	186,800,000
Health Insurance and related	14,300,000	14,300,000	17,875,000	14,300,000	14,836,250	3,038,750	78,650,000
Workers Compensation and related	1,100,000	880,000	880,000	880,000	858,000	242,000	4,840,000
Sales Taxes to Municipalities	-	28,800,000	-	-	27,800,000	-	56,600,000
Mortgage Tax Distribution	875,000	-	-	875,000	-	-	1,750,000
Bonds Repayment	18,724,017	2,515,447	534,920	3,355,882	12,593,266	-	37,723,532
Notes Repayment	-	-	-	-	-	-	-
NYS Retirement	-	-	-	-	-	-	-
Unspent Bond Proceeds	-	-	-	-	-	-	-
Capital - WCC	350,000	375,000	350,000	375,000	350,000	-	1,800,000
College Sponsor Contribution	12,458,348	2,491,670	2,491,670	2,491,670	-	-	19,933,358
6J Contribution	-	-	-	-	750,000	-	750,000
Tax Certiorari	750,000	750,000	750,000	750,000	-	-	3,000,000
Fund Payments:							
General							
DSS-MMIS	20,257,565	16,208,052	16,208,052	16,153,588	15,143,989	5,047,996	89,015,242
DSS-Direct, Indirect/EBT	14,000,000	12,000,000	12,000,000	13,000,000	10,790,000	2,210,000	64,000,000
MTA Op. Assist and Stat Maint	1,835,583	-	-	1,835,583	-	-	3,671,126
Bus Operating Assistance	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000	-	47,500,000
Health Department - other than PR	10,750,000	11,000,000	10,200,000	10,750,000	8,360,000	2,640,000	53,700,000
Parks - other than PR	500,000	1,000,000	900,000	1,200,000	1,144,000	156,000	4,900,000
IGT	-	-	-	-	-	-	-
DASNY Rental	-	3,026,438	-	-	3,026,438	-	6,052,876
Telephone and Utilities	1,900,000	1,900,000	1,900,000	1,900,000	1,691,000	209,000	9,500,000
Medical Treatment for Inmates	1,215,903	1,215,903	1,215,903	1,215,903	1,215,903	-	6,079,515
Rental and Taxes	750,000	750,000	750,000	750,000	750,000	-	3,750,000
Legal Services-Indigent defendants	2,000,000	2,000,000	2,200,000	1,900,000	1,320,000	660,000	10,080,000
Resident Tuition - Other Colleges	-	-	50,000	1,500,000	1,500,000	-	3,050,000
Capital	13,000,000	11,000,000	12,000,000	11,000,000	9,480,000	2,520,000	59,000,000
Grants	4,000,000	8,000,000	4,200,000	10,000,000	4,070,000	1,430,000	31,700,000
Sewer, Water, Refuse	8,300,000	8,100,000	8,700,000	9,500,000	4,089,000	611,000	37,300,000
Airport	1,750,000	2,400,000	2,300,000	3,800,000	1,840,000	460,000	12,550,000
Agency	1,200,000	650,000	400,000	350,000	245,000	105,000	2,950,000
6N Settlement	-	-	-	-	-	-	-
Other	13,000,000	13,000,000	13,000,000	13,000,000	10,270,000	2,730,000	65,000,000
Total Disbursements	187,116,396	184,260,510	148,803,545	168,582,606	174,422,846	38,459,746	901,645,649
Increase (Decrease) in Cash	(91,694,069)	(84,485,510)	2,826,455	(71,957,606)	(29,839,096)	394,240,969	119,091,143
Ending Balance	29,603,440	(54,882,070)	(52,055,615)	(124,013,221)	(153,852,317)	240,388,652	240,388,652