

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

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

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

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

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

**\$28,180,331\* PUBLIC IMPROVEMENT SERIAL BONDS – 2020  
(the “Bonds”)**

**Dated: Date of Delivery**

**Principal and Interest Due: As shown on inside cover**

**SEE BOND MATURITY SCHEDULE HEREIN**

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

*Prior Redemption:* The Bonds maturing on April 15, 2027 and thereafter are subject to redemption, prior to maturity, at the option of the County, on April 15, 2026 and thereafter on any date, in accordance with terms described herein. (See “Optional Redemption of the Bonds”, herein).

*Form and Denomination:* The Bonds will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”), New York, New York, which will act as the securities depository for the Bonds. Individual purchases of the Bonds may be made only in book-entry form in denominations of \$5,000 or integral multiples thereof, except for one necessary odd denomination in 2022. Bondholders will not receive certificates representing their respective interests in the Bonds purchased. (See “DESCRIPTION OF BOOK-ENTRY SYSTEM”, herein).

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

Sealed bids for the Bonds will be received at 11:00 A.M. (Prevailing Time) on April 1, 2020, in accordance with the Notice of Sale dated March 23, 2020.

The Bonds are offered subject to the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the County, and certain other conditions. It is expected that delivery of the Bonds in book-entry form will be made through the facilities of DTC on or about April 16, 2020, in New York, New York.

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

, 2020

\*Preliminary, subject to change.

# COUNTY OF ORANGE, NEW YORK

## \$28,180,331\* PUBLIC IMPROVEMENT SERIAL BONDS – 2020

### BOND MATURITY SCHEDULE

**Principal Due: April 15, 2022-2032 inclusive**  
**Interest Due: Semi-annually on April 15 and October 15**  
**in each year to maturity, commencing**  
**April 15, 2021**

<u>Year</u>	<u>Amount**</u>	<u>Rate</u>	<u>Yield or</u> <u>Price</u>	<u>CUSIP #</u>
April 15, 2022	\$2,200,331			
April 15, 2023	2,265,000			
April 15, 2024	2,335,000			
April 15, 2025	2,405,000			
April 15, 2026	2,475,000			
April 15, 2027	2,550,000***			
April 15, 2028	2,625,000***			
April 15, 2029	2,705,000***			
April 15, 2030	2,790,000***			
April 15, 2031	2,870,000***			
April 15, 2032	2,960,000***			

\*Preliminary, subject to change.

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

\*\*\*Subject to prior redemption.



**COUNTY OF ORANGE, NEW YORK**

**COUNTY EXECUTIVE  
Steven M. Neuhaus  
COUNTY LEGISLATORS**

L. Stephen Brescia, Chair of the Legislature

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

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

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**Bond Counsel**

Hawkins Delafield & Wood LLP  
New York, New York

\* \* \*

Prepared with the Assistance of

**MUNICIPAL ADVISOR**



Municipal Finance Advisory Service

12 Roosevelt Avenue  
Port Jefferson Station, N.Y. 11776  
(631) 331-8888

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Website: <http://www.munistat.com>

No dealer, broker, salesman or other person has been authorized by the County to give any information or to make any representations, other than those contained in this Official Statement and if given or made, such other information or representations must not be relied upon as having been authorized by the County. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the County 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 since the date hereof.

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# OFFICIAL STATEMENT

## COUNTY OF ORANGE, NEW YORK

### \$28,180,331\* PUBLIC IMPROVEMENT SERIAL BONDS – 2020

#### [BOOK-ENTRY-ONLY BONDS]

This Official Statement and the appendices hereto present certain information relating to the County of Orange, in the State of New York (the “County” and “State,” respectively) in connection with the sale of \$28,180,331\* Public Improvement Serial Bonds – 2020 (the “Bonds”) of the County.

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

#### THE BONDS

##### Description of the Bonds

The Bonds will be dated April 16, 2020 and will mature on April 15, in each of the years 2022 to 2032, inclusive, in the principal amounts as set forth on the inside cover page hereof.

The Bonds will be issued in fully registered form and when issued will be registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Bonds. Individual purchases of the Bonds may be made in book-entry form only, in denominations of \$5,000 or integral multiples thereof, except for one necessary odd denomination in 2022. Purchasers will not receive certificates representing their respective interests in the Bonds. (See “*Book-Entry System*”, herein).

Interest on the Bonds will be payable Semiannually on April 15 and October 15 in each year to maturity commencing April 15, 2021. Principal and interest will be paid by the County to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds, as described herein. The Bonds may be transferred in the manner described on the Bonds and as referenced in certain proceedings of the County referred to therein. (See “*Book-Entry System*”, herein.)

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

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

##### Optional Redemption of the Bonds

The Bonds maturing on or before April 15, 2026 will not be subject to redemption prior to maturity. The Bonds maturing on April 15, 2027 and thereafter, will be subject to redemption, prior to maturity, at the option of the County, in whole or in part, and if in part, in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), on any date on or after April 15, 2026, at a redemption price equal to the principal amount of the Bonds to be redeemed plus accrued interest to the date of redemption.

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

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

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\*Preliminary, subject to change.

## Authorization and Purpose of the Bonds

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

<u>Date of Most Recent Authorization</u>	<u>Capital Project Number</u>	<u>Purpose</u>	<u>Amount To Be Issued</u>
05/01/2014	CP 100	Reconstruction of the Government Center	\$ 500,115
03/02/2017	CP 100-17	Government Center FFE & IT	454,548
06/06/2013	CP 101	Acquisition of Computer Equipment	26,305
12/06/2012	CP 104	Installation of Tax Map GIS System	847
07/01/2010	CP 106	Installation of Tax Map GIS System	42,133
03/03/2016	CP 117	Reconstruction of Goshen Buildings	5,525
07/02/2014	CP 122	Improvements to Various Buildings	30,969
07/02/2013	CP 123	Aging Senior Dinning Center Improvements	30,997
11/06/2014	CP 124	Petroleum Storage	7,258
03/02/2017	CP 126-17	Remediation of Contaminated Soil	62,057
02/01/2018	CP 126-18	Remediation of Contaminated Soil	27,651
02/04/2017	CP 128-17	Acquisition of Building Equipment	795
02/01/2018	CP 128-18	Building Equipment Replacement	69,085
02/07/2019	CP 128-19	Acquisition of Building Equipment	46,864
05/07/2015	CP 133	FFE for BOE & IT	9,825
02/02/2017	CP 139-17	Various Building Improvements	159,872
02/01/2018	CP 139-18	Various Building Improvements	357,453
02/07/2019	CP 139-19	Various Building Improvements	35,665
07/07/2016	CP 140	Preservation Studies	4,070
12/14/2011	CP 142	Asbestos and Lead Removal	31,983
02/01/2018	CP 142-18	Asbestos and Lead Removal	50,000
02/07/2019	CP 142-19	Asbestos and Lead Removal	49,814
04/06/2018	CP 143	E911 School Link	25,000
03/07/2019	CP 148	Acquisition of Voting Machines	331,010
09/05/2019	CP 148-19	Acquisition of Hardware and Software	66,849
03/07/2019	CP 149-19	Acquisition of Grounds Equipment	22,884
05/02/2019	CP 158	Medical Examiner Needs Assessment	26,500
07/02/2014	CP 201	Handicap Access Improvements	190,200
07/01/2015	CP 203	CCN Building Management System Upgrades	4,522
04/08/2016	CP 228	Technology Upgrades	109,416
06/01/2017	CP 228-17	Technology Upgrades	1,102,279
02/01/2018	CP 228-18	Technology Upgrades	653,586
02/07/2019	CP 228-19	Technology Upgrades	793,793
02/01/2018	CP 229	Technology Infrastructure Upgrade	71,125
04/10/2015	CP 240	Improvements to Cemetery	81,219
06/02/2016	CP 240	Improvements to Cemetery	31,181
07/07/2011	CP 241	Installation of Tax Collection System	485,000
07/07/2011	CP 278	Middletown Campus Improvements	6,700
04/01/2011	CP 279	Various County Improvements	20,220
04/05/2013	CP 281-27160	Various County Improvements	975
04/05/2013	CP 281-27161	Various County Improvements	1,266
10/04/2014	CP 284-27166	Various County Improvements	6,918
10/04/2014	CP 284-27167	Various County Improvements	3,038

<u>Date of Most Recent Authorization</u>	<u>Capital Project Number</u>	<u>Purpose</u>	<u>Amount To Be Issued</u>
05/07/2015	CP 285-27172	Various County Improvements	19,527
05/07/2015	CP 285-27173	Various County Improvements	9,300
05/07/2015	CP 285-27174	Various County Improvements	8,000
05/05/2016	CP 286	Data Center Improvements	237,561
07/07/2016	CP 287-27176	Various County Improvements	18,582
07/07/2016	CP 287-27177	Various County Improvements	55,531
07/07/2016	CP 287-27178	Various County Improvements	81,284
07/07/2016	CP 287-27179	Various County Improvements	15,349
07/06/2017	CP 288-27180	Various Window Replacements	99,640
07/06/2017	CP 288-27181	Horton Hall Site Improvements	1,500
07/06/2017	CP 288-27182	Pumps and Motor Replacements	82,732
07/06/2017	CP 288-27183	Wayfinding and Signage Improvements	52,103
10/04/2018	CP 289-27186	PE Critical Maintenance	218,250
10/04/2018	CP 289-27188	Sidewalk Repairs and Reconstruction	150,796
10/04/2018	CP 289-27189	Roof Maintenance	78,113
04/05/2019	CP 327	Roof Replacement	6,119
04/07/2017	CP 328	County Building Improvements	99,540
05/03/2018	CP 328-18	County Building Improvements	54,393
04/07/2017	CP 329	Acquisition of Building Equipment	89,823
05/03/2018	CP 329-18	Acquisition of Building Equipment	70,559
04/05/2019	CP 329-19	Acquisition of Building Equipment for Jail	22,406
07/01/2015	CP 330	Parking Area Improvements	33,330
07/03/2012	CP 336	Firearm Range Improvements	8,709
04/05/2013	CP 338	Jail Security System Improvements	26,720
08/06/2015	CP 338	Jail Security System Improvements	113,484
07/02/2014	CP 342	Emergency Power Equipment Improvements	661,436
08/06/2015	CP 342	Emergency Power Equipment Improvements	555,000
05/04/2017	CP 342	Emergency Power Equipment Improvements	1,812,769
06/06/2019	CP 370	GPS Dispatch Hardware Upgrade	212,500
12/03/2015	CP 376	Public Safety Communications Improvements	7,303,846
03/05/2015	CP 377	Controller and Recorder Upgrades	67,840
08/04/2016	CP 378	Telephone System Improvements	171,070
02/01/2018	CP 380	Building Renovations	65,045
02/01/2018	CP 381	Acquisition of a HAZMAT Truck	218,263
03/03/2015	CP 407	Drainage Improvements	22,573
07/03/2012	CP 408	Beaver Dam Lake Improvements	11,660
02/07/2013	CP 410	Non-Highway Paving Improvements	33,744
03/06/2014	CP 410	Non-Highway Paving Improvements	39,591
03/02/2017	CP 411-17	Intersection Improvements	35,520
06/07/2012	CP 413	Site District Improvements	19,012
04/10/2015	CP 417-15	Bridge Painting	144
07/02/2014	CP 418	Bridge Rail Upgrades	7,251
04/10/2015	CP 418-15	Bridge Rail Upgrades	50,000
11/03/2016	CP 420	Corwin Bridge Replacement	155,250
09/04/2014	CP 423	Forge Hill Bridge Improvements	86
11/06/2014	CP 424	Rutgers Glen Bridge Replacement	785
05/05/2011	CP 437	Various Bridge Improvements	2,479

<u>Date of Most Recent Authorization</u>	<u>Capital Project Number</u>	<u>Purpose</u>	<u>Amount To Be Issued</u>
08/06/2015	CP 441	Glenmere Lake Bridge Rehab	197,338
02/01/2018	CP 442-18	Strength Paving	477,860
02/07/2019	CP 442-19	Strength Paving	1,256,640
12/03/2015	CP 445-15	Bridge Improvements	117,890
12/07/2017	CP 445-17	Bridge Improvements	39,363
06/04/2015	CP 448	Various Dam Designs	1,230
09/06/2018	CP 449	Dwaarkill Bridge Improvements	641,128
03/02/2017	CP 450-17	Drainage Improvements	921
03/01/2018	CP 450-18	Drainage Improvements	6,921
06/06/2019	CP 450-19	Drainage Improvements	10,565
12/07/2017	CP 453	Maple Glen Bridge Improvements	6,127
04/08/2016	CP 454	Gardenerville Bridge Improvements	26,042
12/07/2017	CP 457	Denton Bridge Improvements	768,125
12/05/2019	CP 458	Grahamline Bridge Improvements	826
12/06/2018	CP 459	Main Street Bridge #2 Improvements	646
10/03/2019	CP 460	Board Bridge Improvements	23,971
06/06/2019	CP 462	Lake Horton Bridge Improvements	6,642
06/07/2018	CP 464-18	Fleet Replacement	97,689
06/06/2019	CP 466	Bowman Bridge Improvements	2,944
06/05/2014	CP 473	Crystal Run Bridge Improvements	375
12/05/2019	CP 476	Orange Spring Bridge Improvements	39,806
07/06/2017	CP 486	Grove Drive Bridge Improvements	164,991
02/07/2019	CP 486	Grove Drive Bridge Improvements	25,528
09/06/2018	CP 522	Otisville Viaduct Improvements	9,071
12/20/2018	CP 523	Roadside Safety Improvements	60,740
12/20/2012	CP 549	Various Repairs at Airport	6,885
08/01/2019	CP 560	Apron A Improvements	744
08/01/2019	CP 562	Transnet Apron Improvements	221
08/01/2019	CP 566	Acquisition of Snow Removal Equipment	3,095
05/04/2017	CP 630	Runway 3/21 Improvements	176,904
10/25/2017	CP 630	Runway 3/21 Improvements	219,799
02/02/2012	CP 725	Heritage Trail Improvements	101,870
02/04/2016	CP 725	Heritage Trail Improvements	256,778
02/02/2017	CP 725-17	Heritage Trail Improvements	71,452
11/01/2018	CP 725-18A	Heritage Trail Paving Improvements	138,265
02/07/2019	CP 725-19	Heritage Trail Bridge and Paving Improvements	5,055
04/05/2013	CP 733	Improvements to Plum Point	11,460
04/05/2016	CP 736	Parks Department Paving	16,461
06/06/2019	CP 736-19	Paving/Parking Lot Improvements	93,300
02/04/2016	CP 737-16	Acquisition of Parks Equipment	667
06/07/2018	CP 737-18	Acquisition of Parks Equipment	61,750
02/07/2019	CP 737-19	Building and Turf Equipment	61,000
06/06/2019	CP 737-19	Building and Turf Equipment	47,460
10/03/2019	CP 738	TBMP Water System Improvements	37,850
06/07/2018	CP 740-18	Park Improvements	72,121
10/03/2019	CP 742	Historical Structures Improvements	1,400
02/07/2019	CP 745-19	Acquisition of Equipment for Hick Hill	136,305

<u>Date of Most Recent Authorization</u>	<u>Capital Project Number</u>	<u>Purpose</u>	<u>Amount To Be Issued</u>
02/07/2019	CP 746-19	Acquisition of Equipment for Stony Ford	112,936
09/03/2009	CP 763	Various Trail Improvements	99,823
02/07/2019	CP 770	Hick Hill Deck Replacement	15,500
02/07/2019	CP 771	Hick Hill Irrigation Improvements	77,897
02/07/2019	CP 772	Stony Ford Irrigation Improvements	126,569
02/07/2019	CP 773	Algonquin Pavilion Improvements	75,000
02/07/2019	CP 774	HVAC & Boiler Improvements	47,750
02/07/2019	CP 775	Stony Ford Deck Replacement	7,500
02/07/2019	CP 776	Stony Ford Cart Path Improvements	115,000
06/06/2019	CP 777	Hickory Hill Cart Path Improvements	141,378
11/03/2016	CP 852	Beaver Dam Lake Improvements	1,746,884
04/05/2013	CP 886	Expanding Newburgh Station	114,861
07/12/2002	CP 887	Gas Collection System Improvements	2,452
06/06/2013	CP 888	Relocation of Entrance at Goshen Building	25,500
06/04/2015	CP 898	Cheechunck Canal Improvements	271,410
04/08/2016	CP 899	Fleet and Equipment Replacement	18,387
04/07/2017	CP 899-17	Fleet and Equipment Replacement	2,016
07/06/2017	CP 900	Composting Facility Improvements	26,964
07/06/2017	CP 901	Landfill Improvements	59,605
08/02/2018	CP 903	New Hampton Paving	186,827
06/06/2019	CP 905	Leachate Improvements	28,003
06/04/2009	VV 130B	Valley View Improvements	13,801
07/07/2011	VV 148	Acquisition of Hardware and Software	4,242
04/07/2017	VV 151-17	Residential Bath Tub Improvements	8,332
06/01/2017	VV 154-17	Acquisition of Food Service Equipment	1,711
04/08/2016	VV 157	Wheel Chair Replacements	2,074
05/05/2016	VV 159	Improvement to Residential Units	13,856
04/07/2017	VV 159-17	Refurbish Residential Units	39,352
12/22/2016	VV 160	Sewer/Water Plant Upgrade	70,000
04/07/2017	VV 161	Sliding Door Replacements	7,242
06/01/2017	VV 162	Tray Assembly Line Improvements	27,795
06/01/2017	VV 163	Health Information Technology Upgrade	48,716
Total			\$ <u>28,180,331</u>

## DESCRIPTION OF BOOK-ENTRY SYSTEM

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

DTC is 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 certificates.

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

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

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

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

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

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

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

proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County, disbursement of such payments to Direct Participants will be the responsibility of DTC), and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

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

### **CERTIFICATED BONDS**

If the Bonds are issued as book-entry bonds registered in the name of Cede & Co., DTC may discontinue providing its services with respect to the Bonds at any time by giving notice to the County and discharging its responsibilities with respect thereto under applicable law, or the County may terminate its participation in the system of book-entry transfers through DTC at any time. In the event that such book-entry system is discontinued, the following provisions will apply: The Bonds will be issued in registered form in denominations of \$5,000, or integral multiples thereof, except for one necessary odd denomination in 2022. Principal of and interest on the Bonds when due will be payable at the principal corporate trust office of a bank or trust company to be named by the County as the fiscal agent. Certificated Bonds may be transferred or exchanged at no cost to the owner of such Bonds at any time prior to maturity at the corporate trust office of the fiscal agent for Bonds of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the certificate of the Commissioner of Finance authorizing the sale of the Bonds and fixing the details thereof and in accordance with the Local Finance Law.

### **NATURE OF OBLIGATION**

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

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

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

## **MARKET MATTERS AFFECTING FINANCINGS OF THE MUNICIPALITIES OF THE STATE**

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

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

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

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

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

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

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

An outbreak of disease or similar public health threat, such as the novel coronavirus ("COVID-19") outbreak, or fear of such an event, could have an adverse impact on the County's financial condition and operating results. Currently, the spread of COVID-19 appears to be altering the behavior of businesses and people in a manner that is having negative effects on global and local economies. In addition, stock markets in the U.S. and globally have seen significant declines attributed to concerns over COVID-19. There can be no assurances that the spread of COVID-19 will not materially adversely impact the financial condition of the County. The degree of any such impact to the County's operations and finances is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, (ii) severity and (iii) ultimate geographic spread, as well as with regard to what actions may be taken by governmental authorities to contain or mitigate its impact.

## REMEDIES UPON DEFAULT

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

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

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

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

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

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

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

## **MUNICIPAL BANKRUPTCY**

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

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

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

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

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

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

## **Financial Control Boards**

Pursuant to Article IX Section 2(b)(2) of the State Constitution, any municipality in the State may request the intervention of the State in its "property, affairs and government" by a two-thirds vote of the total membership of its legislative body or on request of its chief executive officer concurred in by a majority of such membership. This has resulted in the adoption of special acts for the establishment of public benefit corporations with varying degrees of authority to control the finances (including debt issuance) of the Cities of Buffalo, Troy and Yonkers and the County of Nassau. The specific authority, powers and composition of the financial control boards established by these acts varies based upon circumstances and needs. Generally, the State legislature has granted such boards the power to approve or disapprove budget and financial plans and to issue debt on behalf of the municipality, as well as to impose wage and/or hiring freezes and in certain cases approve or disapprove collective bargaining agreements. Implementation is generally left to the discretion of the board of the public benefit corporation. Such a State financial control board was first established for New York City in 1975. In addition, upon the issuance of a certificate of necessity by the

Governor reciting facts which in the judgment of the Governor constitute an emergency requiring enactment of such laws, with the concurrences of two-thirds of the members elected in each house of the State legislature, the State is authorized to intervene in the “property, affairs and governments” of local government units. This occurred in the case of the County of Erie in 2005. The authority of the State to intervene in the financial affairs of a local government is further supported by Article VIII, Section 12 of the Constitution which declares it to be the duty of the State legislature to restrict, subject to other provisions of the Constitution, the power of taxation, assessment, borrowing money and contracting indebtedness and loaning the credit of counties, cities, towns and villages so as to prevent abuses in taxation and assessment and in contracting indebtedness by them.

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

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

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

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

### **No Past Due Debt**

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

## **THE COUNTY**

### **General Overview**

The County was established by an act of the Colonial Assembly of New York on November 1, 1683, as one of the ten original counties of New York. The County encompasses approximately 811 square miles and, according to the 2018 estimate US Census Bureau, had a population of 381,951. The County is located sixty miles northwest of the City of New York. The County is bordered by the Hudson River to the east, the states of Pennsylvania to the west and New Jersey to the southwest, and the counties of Sullivan and Ulster to the north and Rockland to the south.

Demographically, the County is suburban residential in nature; however, the County has large tracts of land devoted to farming, as well as three small cities which accounted for approximately 20% of the total population in 2010. The commercial and industrial base of the County has been centered primarily in the Newburgh and Middletown areas, both of which are located at the intersection of major highway systems. However, recent commercial and industrial development has been through a network of business parks located throughout the County. See “*Economic Development*” herein.

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

Agriculture continues to play an important role in the economy of the County. Based on data from the USDA's National Agricultural Statistics Service, New York Field Office for 2017, the most recent year available, there were approximately 600 farms in Orange County that covered approximately 81,192 acres which represents over 10% of the total area of the County. Various parts of the County have rich deposits of "black dirt" soil which is conducive to certain crops, including onions, lettuce and celery. Fruit orchards are found throughout the County, especially in eastern areas. Vineyards and wineries are also found, including the Brotherhood Winery in Washingtonville, Warwick Valley Winery and Applewood Winery in Warwick. Dairy farming and horse breeding also represent important agricultural activities in the County.

### **Form of Government**

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

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

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

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

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

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

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

## Employees

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

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

Union	Number of Employees Represented	Current Contract Expiration Date
Orange County Local #836, CSEA, Inc., Local #1000 (A.F.S.C.M.E.), The County Employees' Unit	1,601	12/31/22
Corrections Officers Benevolent Association (C.O.B.A.)	286	12/31/22
Orange County Deputy Sheriffs Police Benevolent Association	84	12/31/22
Orange County Community College Faculty Association	213	08/31/17 <sup>a</sup>
Orange County District Attorney's Officers Criminal Investigators' Association	13	12/31/22
Orange County Community College Staff and Chairman	119	08/31/17 <sup>a</sup>
Orange County Local #836, CSEA, Inc., Local #1000 (A.F.S.C.M.E.), College Employees' Unit	142	12/31/22
Orange County Local #836, CSEA, Inc., Local #1000 (A.F.S.C.M.E.), The Superior Officers' Unit	17	12/31/22
<b>Total</b>	<b>2,475</b>	

a. Expired, currently in negotiations.

## Municipal Services

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

## Community College

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

The County's annual contribution to the operation of the College and its student enrollments on a full-time equivalent (FTE) basis for the years 2009 through 2019 are presented below:

<u>Fiscal Year</u> <u>Ending August 31</u>	<u>Amount</u>	<u>Percent of</u> <u>College Budget</u>	<u>Student FTE</u> <u>Enrollments</u>
2009	\$15,900,000	31.7%	4,669
2010	16,615,670	31.2	5,020
2011	17,031,062	29.8	5,117
2012	17,368,277	30.5	5,127
2013	17,619,169	29.9	5,044
2014	17,619,169	29.5	4,924
2015	17,619,169	28.9	4,786
2016	17,959,169	29.8	4,745
2017	17,959,169	29.8	4,602
2018	17,959,169	30.1	4,531
2019	18,497,944	30.5	4,546

### **Sewage Treatment**

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

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

The County plans to expand the capacity of the plant beyond the current 6 million gallons per day by 3 million gallons per day to 9 million gallons per day to accommodate growth in the Southern area of the County.

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

### **Solid Waste**

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

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

The County is currently out to bid to upgrade the transfer station facility in Newburgh, known as Orange County Transfer Station #2.

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

### **Orange County Water Authority**

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

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

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

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

### **Valley View Center for Nursing Care and Rehabilitation**

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

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

### **Other Entities**

The County has 3 cities, 21 towns and 19 villages, as well as numerous school districts, fire districts, library districts and other special improvement districts located wholly or partially within the County's borders. The towns, villages, school districts, fire districts, library districts and other special improvement districts have independent debt and taxing powers. The County is required by law to guarantee and enforce the unpaid real property taxes of the towns and certain school and other districts. In addition, the County has, by local law, opted to guarantee and enforce the unpaid real property taxes of the villages. Cities, on the other hand, by the adoption of their local ordinances pay the County the full amount of the County levy within its boundaries and must enforce all taxes inside such cities.

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

## **TRANSPORTATION**

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

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

### **Highway System**

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

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

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

### **Highway Freight**

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

### **Rail Freight**

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

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

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

### **Marine Freight**

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

### **Public Transit**

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

### **Passenger Rail Services**

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

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

## **Regional Bus Services**

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

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

## **Local Bus Services**

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

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

Orange County is responsible for local transit coordination and the administration of Federal, State and other funding for local transit operations. These coordination and administrative functions reside principally within the Orange County Planning Department, which also provides principal staff support for the Orange County Transportation Council. Information on all transit services in and through the County is available through its web portal.

## **Air Services**

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

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

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

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

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

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

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

### **Multi-Use Bicycle & Pedestrian Trails**

The Orange County Heritage Trail, running along the former Erie Railroad right of way, is the County's premier paved/unpaved pedestrian multi-purpose trail. Presently about ninety-five percent of the trail has been completed, running from the Village of Harriman to the Town of Goshen. This section of the completed trail was designated in 2007 by the Secretary of the Interior as a National Recreation Trail. The County is presently working to design and construct the western section of the Heritage Trail from Goshen to just past the City of Middletown. This section will cost approximately \$12,000,000, with approximately 80% of the funds coming from federal transportation programs. \$1,000,000 of project expenditures to be made by the Orange County Funding Corporation, and \$500,000 expected to be received from the New York State Office of Parks, Recreation and Historic Preservation. When completed, the trail will be over 20 miles in length, with a possible future expansion in the southern end of the County which could go into Harriman State Park.

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

## **EDUCATIONAL, RECREATIONAL, CULTURAL AND MEDICAL INSTITUTIONS**

### **Education**

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

### **Recreation and Culture**

The County offers a broad range of diverse recreational and cultural opportunities to its residents and visitors. An extensive network of Federal, State, County and municipal parks offers a wide variety of sporting activities such as boating, hiking, swimming, equestrian, fishing, skiing, tennis and golf. Nearly 20% of the County's land is protected for recreation, parkland or protected open space. The County's 3,400 acres of parkland boasts seasonal activities, including but not limited to picnic sites, play equipment, athletic fields, tennis courts, two golf courses, campsites, four historic sites, an arboretum, equestrian rings and two dog parks. The County's 14+/- mile paved/unpaved Heritage Trail currently links communities from eastern Orange County to Goshen for hikers, bicyclists, bird watchers, skaters, joggers and nature lovers, with expansion to Middletown planned in 2020. The Appalachian Trail actually began here, and now crosses the County through its network of parks and trails on its way to Maine or Georgia.

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

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

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

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

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

### **Medical**

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

### **Utilities**

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

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

## ECONOMIC AND DEMOGRAPHIC INFORMATION

### Population

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

### Population Trends

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

<u>Year</u>	<u>Orange County</u>	<u>State of New York</u>
1990	307,647	17,990,455
2000	341,367	18,976,457
2010	372,813	19,378,102
2018	381,951	19,542,209

Source: U.S. Bureau of the Census.

### Income Data

	Per Capita Money Income			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2018<sup>a</sup></u>
County of Orange	\$15,198	\$21,597	\$28,944	\$34,279
State of New York	16,501	23,389	30,791	38,884
	Median Household Income			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2018<sup>a</sup></u>
County of Orange	\$39,198	\$52,058	\$69,523	\$75,825
State of New York	32,965	43,393	55,603	67,844
	Median Family Income			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2018<sup>a</sup></u>
County of Orange	\$44,039	\$60,355	\$82,480	\$93,743
State of New York	39,741	51,691	67,059	83,311

a. Based on American Community Survey 5-Year Estimates (2013-2017)  
Source: United States Bureau of the Census

## Economic Development

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### ***Healthcare/Pharmaceuticals***

#### ***McKesson Pharmaceuticals, Hamptonburgh***

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

#### ***Matrix Development/AmerisourceBergen, Newburgh***

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

*STERIS Isomedix Services, Chester*

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

*Geritrex, Wallkill*

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

*Citiva, Town of Warwick*

- Received Department of Health license.
- Construction nearly complete on multiple grow houses and laboratory.
- Creating 40+ jobs.

*Hemp Farms of NY, Town of New Windsor*

- Converting the former Continental Organics aquaculture facility into a full-scale hemp growing and processing operation.
- Creating 40 jobs.
- Investment of \$4.5 million.

*NFP Holdings, Goshen*

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

*Medical Marijuana, Wallkill and Warwick*

- 2 of 5 licenses in New York awarded to Orange County operations.
- Valley Argiceuticals will operate in the Town of Wallkill with the project currently underway.

## ***Energy***

*CPV Valley Energy, Wawayanda*

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

*Crestwood Propane, Montgomery*

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

*Hughes Energy*

- Convert up to 160,000 tons of MSW and medical waste into energy-producing cellulose fiber.
- Create 40+ jobs.
- A capital investment of \$100 million.

## ***Food & Beverage***

### *Amy's Kitchen, Goshen*

- An organic-and-vegetarian meals manufacturing firm.
- Building a 369,000 square foot plant that will create approximately 681 new jobs.
- The total capital investment is approximately \$95 million.

### *City Winery, Village of Montgomery*

- 50,000 square foot facility to serve as an event venue, working vineyard, distillery, a boutique hotel and restaurant.
- Creating 40 – 50 jobs.
- A capital investment of \$5 million.

### *Clemson Bros. Brewing, Town of Warwick*

- Expansion into a 9,200 square-foot mixed-use building.
- Increasing production from 1,300 barrels to 1,800–2,200 barrels per year.
- An investment of \$2.2 million.

### *Nummies Bakery, Chester*

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

### *Equilibrium Brewery, City of Middletown*

- High-end manufacturer opened in 2017 and has expanded into a former 27,000 square foot building downtown.
- Adding 15 jobs.
- A capital investment of \$2 million.

### *Fox N Hare Brewing – City of Port Jervis*

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

### *Graft Cider, City of Newburgh*

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

### *Tin Barn Brewing, Town of Chester/Sugar Loaf*

- Purchase of 12,500 square foot former Jenack Estate Appraisers & Auctioneers property.
- Creating 10+ jobs.
- Investment of \$2.7 million.

## ***Education***

### *Fei Tien College, City of Middletown*

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

### *Touro College of Osteopathic Medicine, City of Middletown*

- Medical college graduated their first class in May 2018.

### *SUNY Orange, City of Port Jervis*

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

## ***Hospitality & Tourism***

### *Hotels, Various Locations*

- Sleep Inn, Middletown
- Sleep Inn, Village of South Blooming Grove (81 rooms) – hotel opened in 2019
- Home2Suites, Wallkill
- Hampton Inn & Suites, Newburgh (139 rooms) – hotel opened in 2019
- Tru by Hilton, Town of Wallkill (104 rooms) – hotel opened in 2019
- Great Wolf Lodge, Chester/Blooming Grove
- Residence Inn, Town of Wallkill (125 rooms)
- Holiday Inn Express, Town of Wallkill (93 rooms)
- Thayer Flats at West Point, Highland Falls (140 rooms)
- La Quinta Inn & Suites, Town of Woodbury (130 rooms)
- Courtyard by Marriott, Town of Woodbury (108 rooms)
- Goshen Hospitality, Town of Goshen (3 – 100 room hotels)
- Fairfield Inn and Suites, Town of New Windsor at SWF (80 rooms)

### *Boutique Hotel, Port Jervis*

- Project planned to construct a 6-story boutique hotel.
- 27-room hotel will have a ground-floor restaurant and a glass-walled rooftop bar.
- Will attract investment and tourism

### *LegoLand New York, Goshen*

- 153-acre site that will create approximately 1,300 jobs.
- Will attract an estimated 2.5 million visitors per year.
- Constructing 250 room hotel.
- Total capital investment is approximately \$500 million.

### *Simone Development, Town of New Windsor*

- Building a 86,000 square foot 128-room hotel and conference center.
- 120-acre site purchased.

## ***Aviation at New York Stewart International Airport***

### *Norwegian Airlines, New York Stewart International Airport*

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

### *Atlantic Aviation, New York Stewart International Airport*

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

### *Aviation Port Services, New York Stewart International Airport*

- Ground handler for Norwegian.
- Created 50 jobs.
- 

### *SkyWest, New York Stewart International Airport*

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

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

### ***Attractions & Expansions***

#### *Goshen Plaza, Village of Goshen*

- Currently under construction.
- Creating 190 jobs.

#### *Gardens at Harriman Station, Harriman*

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

#### *Hudson Sports Complex, Town of Warwick*

- Purchase of Mid-Orange Correctional Institution for \$4 million.
- Created a 36-acre sports complex.
- Plan to attract a \$16 million, 90-room hotel.

#### *McNeilly Wood Products, Town of Hamptonburgh*

- Orange County wood pallet manufacturer expanding by constructing a 50,000 square foot building.
- Creating 20 jobs.

#### *Café Spice, New Windsor*

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

#### *Milmar Foods, Town of Goshen*

- 60,000 square foot expansion of local food manufacturer.
- Retaining 400 jobs.
- A \$12 million capital investment and adding 50 jobs.

#### *Medline, Town of Montgomery*

- Medical products distributor expanding from 500,000 square feet to 1.3 million square feet.
- Adding 250+ jobs.
- Capital investment of \$100 million.

#### *Project Sailfish, Montgomery*

- An ecommerce distribution center approximately 1 million square foot facility.
- This could create 600+ jobs.
- A capital investment of \$75 million.

#### *Stewart Holding, Town of Montgomery*

- 81,000 square foot facility for the manufacture and showcase of high-end products.
- An investment of \$11 million.
- Creating 50 jobs.
- The Ridge Hudson Valley, Town of Newburgh
  
- Proposed retail development of 300,000 square feet on 122-acres to include resort/destination.
- A capital investment of \$150 million.

*Wireworks, City of Newburgh*

- Renovating property to include 8,000 square foot restaurant and 6,000 square foot office space.
- Adding apartments.
- Investment of \$2.7 million.

*Woodbury Common, Village of Woodbury*

- Expansion of 140,000 square feet of new retail space.
- Plan for the construction of 2 hotels with 120 rooms each.
- Creating 1,000 jobs.

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

**County Economic and Social Development Information**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>Amount of Retail Sale (In Billions)*</u>	\$6.90	\$6.95	\$7.04	\$7.08	\$7.47	\$7.73
<u>County Residential Sale</u> <u>(Excludes Condo/Townhouse Sales)**</u>						
Units Sold (New & Existing)	2,243	2,212	2,748	3,485	3,483	3,483
Average Days on Market	130	155	138	125	108	98
Annual Median Sales Price	234,500	230,000	225,000	229,000	256,017	258,750
Annual Average Sales Price	251,084	252,485	244,714	246,392	242,700	280,220
<u>Education Attainment (25 Years Old +)***</u>						
High School Graduate (Inc. Equivalency)	68,657	72,879	72,119	71,627	71,246	71,284
Associate degree	2,483	25,083	23,635	25,651	23,941	28,070
Bachelor's Degree	40,745	38,863	42,274	39,451	44,360	44,179
Graduate or Professional Degree	26,337	28,842	29,463	30,640	31,454	30,659
Percent High School Graduate or Higher	89.90%	89.30%	89.90%	89.30%	89.80%	90.00%
Percent Bachelor's Degree or Higher	28.30%	28.40%	29.90%	29.00%	31.00%	29.30%

Source: \*Orange County Department of Finance

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

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

## County Industrial and Office Information

### Industrial Space (Million Square Feet)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total Square Feet	19.4	19.7	19.7	19.7	20.1	20.9	21.0	21.2	22.5	22.7
Vacancy Rate (%)	15.0	9.5	7.2	5.8	5.0	4.0	3.3	3.2	1.8	1.2

### Office Space (Million Square Feet)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total Square Feet	4.1	4.1	4.1	4.2	4.4	4.4	4.5	4.7	4.7	4.7
Vacancy Rate (%)	12.0	11.3	10.0	10.2	9.7	9.7	9.5	9.1	9.8	9.4

Source: Mansfield Commercial Real Estate.

## Building Permits

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

## Employment

### Employed Yearly Average Civilian Labor Force

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
County	175,800	178,300	178,400	181,600	182,200
State	9,529,400	9,561,900	9,557,100	9,561,400	9,574,700

Source: Local Area Unemployment Statistics, NYS Department of Labor

## Occupations and Class of Worker (2017)

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

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

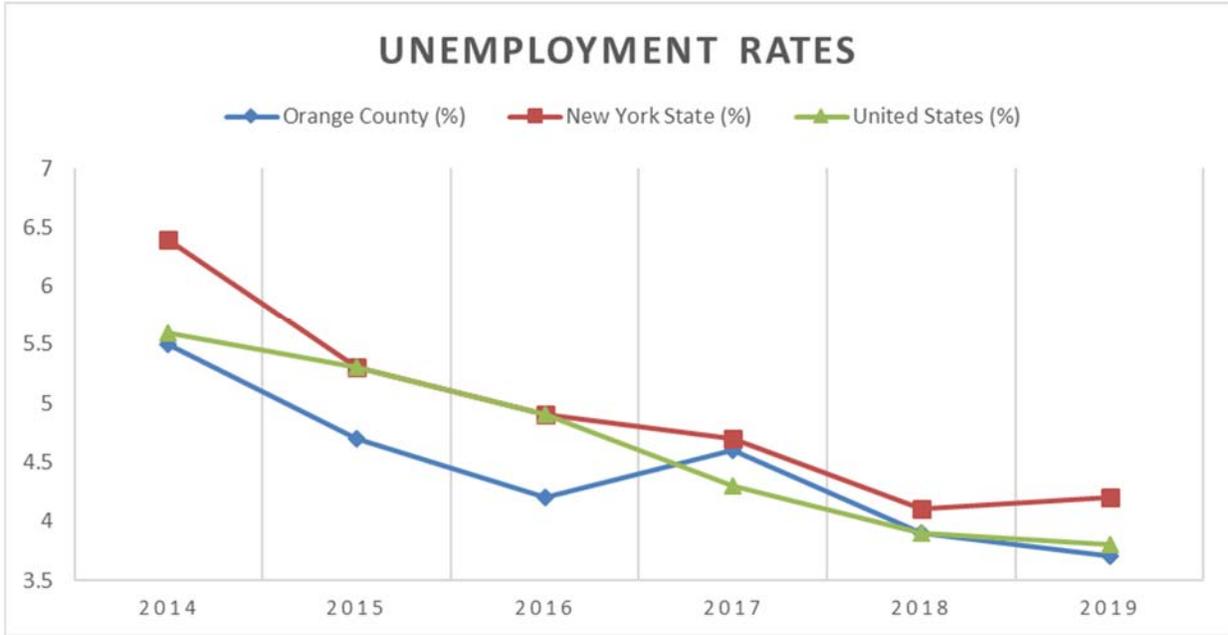
## Employment by Industry

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>Industry (%)</u>					
Agriculture, Forestry, Fishing, Hunting and Mining	1.0	0.8	0.9	1.7	1.0
Construction	6.2	5.8	5.8	8.1	6.1
Manufacturing	7.2	7.5	7.2	5.5	6.8
Wholesale Trade	3.4	3.4	2.8	3.3	3.1
Retail Trade	14.0	13.8	14.3	13.5	12.8
Transportation, Retail and Utility	6.2	6.2	6.7	5.6	5.8
Information	2.4	2.5	2.8	1.8	2.5
Finance, Insurance, Real Estate, Rental and Leasing	5.8	5.8	5.2	5.4	6.0
Professional, Scientific, Management, Administrative, Waste Management	9.1	9.0	8.4	9.2	9.0
Educational, Health and Social Services	25.8	25.7	25.8	26.4	24.3
Arts, Entertainment, Recreation, Accommodation and Food Services	7.7	8.0	8.5	7.6	7.8
Other Services (Except Public Administration)	4.4	4.7	4.2	4.8	8.3
Public Administration	6.8	6.8	7.4	7.1	6.4

Source: U.S. Census Bureau.

### Yearly Average Unemployment Rates

<u>Annual Averages:</u>	<u>Orange County (%)</u>	<u>New York State (%)</u>	<u>United States (%)</u>
2014	5.5	6.4	5.6
2015	4.7	5.3	5.3
2016	4.2	4.9	4.9
2017	4.6	4.7	4.3
2018	3.9	4.1	3.9
2019	3.7	4.0	3.8



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

**Major Employers in The County**  
(300 or more employees)

<u>Name</u>	<u>Type</u>	<u>Estimated Number Of Employees</u>
United States Military Academy at West Point	Colleges & Technical Institutes	4000
Orange Regional Medical Center	Healthcare	2524
Crystal Run Health	Healthcare	2050
Access: Supports for Living	Non-Profit Organizations	1400
SUNY Orange*	Education	1295
St Luke's Cornwall Hospital	Healthcare	1247
Elant, Inc.	Healthcare	1200
Amscan, Inc.	Manufacturing & Distribution	800
C & S Wholesale Grocers, Inc.	Distribution	800
Empire Blue Cross/Blue Shield	Service	795
Spectrum Enterprise	Communications	750
Bon Secours Community Hospital	Healthcare	598
Cornerstone Family Healthcare	Healthcare	550
Amscan, Inc.	Distribution	525
The ARC of Orange County	Non-Profit Organizations	525
Horizon Family Medical Group	Healthcare	500
Kolmar Laboratories Inc	Manufacturing	500
Mirabito Energy Products	Distribution	500
Staples, Inc.	Distribution	460
Verla International LTD	Manufacturing	445
YRC Worldwide	Cargo & freight	435
Adecco	Service	400
United Natural Foods, Inc (UNFI)	National Distributor of Natural, Organic and Specialty Foods	400
Mediacom Communications Corp	Communications	395
Times Herald Record	Distribution/Publishing	395
Crystal Run Village Inc	Non-Profit Organizations	391
Mid-Hudson Processing and Distribution USPS	Distribution	359
Allegiance Healthcare-Cardinal Health	Distribution	350
IBM Business Continuity & Resiliency Services	Service	350
Mount Saint Mary College	Education	350
Precision Pipeline Solutions	Utilities	350
St. Anthony Community Hospital	Healthcare	342
Medline Industries, Inc.	Distribution	340
Superior Pack Group Inc.	Packaging & labeling	325
BFY Brands – Popcorners	Food Manufacturing	311
CoachUSA	Transportation	300
Milmar Food Group	Manufacturing	300
Newburgh Auto Auction	Service	300
Pratt & Whitney	Proprietary thermal barrier coating for Pratt & Whitney engines only	300
President Container Inc.	Manufacturing	300

Source: OC Partnership as of 2/11/20

\*SUNY Orange as of 3/05/20

## HOUSING DATA

### Housing Stock

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2012</u>	<u>2014</u>	<u>2016</u>	<u>2018</u>
County	110,814	122,754	137,107	138,349	138,441	141,147	125,228
State	7,226,891	7,679,307	8,108,211	8,123,585	8,153,309	8,232,039	7,238,922

Source: 2014-2018 American Community Survey, U.S. Census Bureau  
U.S. Department of Commerce, Bureau of the Census 1990, 2000 and 2010.

### Median Housing Values and Rents

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

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

## INDEBTEDNESS OF THE COUNTY

### Constitutional Requirements

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

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

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

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

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

### Statutory Procedure

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

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

The Local Finance Law also provides a twenty-day statute of limitations after publication of a bond resolution which, in effect, estops thereafter legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations.

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

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

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

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

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

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

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

**Computation of Debt Limit and Calculation of Net Debt Contracting Margin**  
(As of March 20, 2020)

<u>Fiscal Year ending Dec 31:</u>	<u>Assessed Valuation</u>	<u>State Equalization Rate</u>	<u>Full Valuation</u>
2015	\$12,397,573,155	41.74	\$29,701,900,228
2016	12,446,003,635	41.34	30,106,443,239
2017	12,579,410,119	40.58	30,999,039,229
2018	13,187,370,113	41.36	31,885,407,716
2019	13,275,856,002	39.74	33,406,841,847
Total Five-Year Full Valuation			\$156,099,632,259
Average Five-Year Full Valuation			31,219,926,452
Debt Limit - 7% of Full Valuation			2,185,394,852
Inclusions:			
Various Purpose Bonds			\$266,905,000
Bond Anticipation Notes			<u>0</u>
Total Indebtedness			<u>266,905,000</u>
Appropriations for Bonds			16,913,000
Appropriations for Notes			<u>-</u>
Total Exclusions			<u>16,913,000</u>
Total Net Indebtedness Before Issuing the Bonds			<u>249,992,000</u>
The Bonds			28,180,331
Less: BANs Being Redeemed By the Bonds			<u>0</u>
Net Effect of the Bonds			<u>28,180,331</u>
Total Net Indebtedness After Issuing the Bonds			<u>278,172,331</u>
Net Debt Contracting Margin			<u><u>1,907,222,521</u></u>
Percent of Debt Contracting Margin Exhausted			12.73%

**Details of Short-Term Indebtedness Outstanding**

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

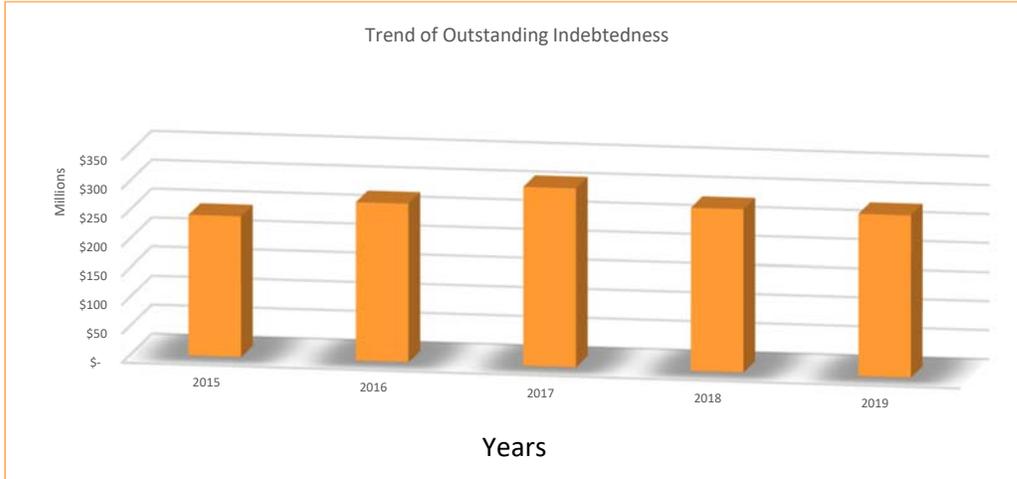
**Debt Service Requirements - Outstanding Bonds**

Fiscal Year Ending <u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 29,533,000	\$ 10,550,818	\$ 40,083,818
2021	33,522,000	8,632,575	42,154,575
2022	28,261,000	7,274,370	35,535,370
2023	25,070,000	6,017,798	31,087,798
2024	24,854,000	4,951,038	29,805,038
2025	21,293,000	4,024,190	25,317,190
2026	21,402,000	3,242,734	24,644,734
2027	17,615,000	2,509,383	20,124,383
2028	18,145,000	1,945,644	20,090,644
2029	10,080,000	1,548,173	11,628,173
2030	7,860,000	1,278,578	9,138,578
2031	8,085,000	1,072,302	9,157,302
2032	8,335,000	853,125	9,188,125
2033	8,585,000	615,240	9,200,240
2034	8,840,000	355,694	9,195,694
2035	<u>8,045,000</u>	<u>110,825</u>	<u>8,155,825</u>
 Total	 \$ <u><u>279,525,000</u></u>	 \$ <u><u>54,982,485</u></u>	 \$ <u><u>334,507,485</u></u>

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### Trend of County Indebtedness

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Debt Outstanding End of Year:					
Bonds	\$242,586,269	\$273,269,295	\$308,556,763	\$281,155,189	\$279,525,000
Bond Anticipation Notes	-	-	-	-	-
<b>Total Outstanding Debt</b>	<b>\$242,586,269</b>	<b>\$273,269,295</b>	<b>\$308,556,763</b>	<b>\$281,155,189</b>	<b>\$279,525,000</b>



Source: Audited financial statements of the County 2015-2018  
 Unaudited financial statements of the County 2019

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

### Estimated Overlapping and Underlying Indebtedness

<u>Overlapping Units</u>	<u>Applicable Total Indebtedness</u>	<u>Applicable Net Indebtedness</u>
Cities	136,711,641	96,322,296
Towns	118,839,344	66,626,131
Villages	106,571,408	56,998,749
School Districts	747,077,869	651,413,834
Fire Districts	20,463,932	20,363,932
<b>Totals</b>	<b>\$1,129,664,194</b>	<b>\$891,724,942</b>

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

### Debt Ratios

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

	<u>Amount<sup>a</sup></u>	<u>Per Capita<sup>b</sup></u>	<u>Percentage Of Full Value (%)<sup>c</sup></u>
Total Direct Debt	\$ 266,905,000	\$ 699	0.799
Net Direct Debt	249,992,000	655	0.748
Total Direct & Applicable Total Overlapping Debt	1,396,569,194	3,656	4.180
Net Direct & Applicable Net Overlapping Debt	1,141,716,942	2,989	3.418

a. Exclusive of the Bonds

b. The current population of the County is 381,951 (U.S. Census - 2018)

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

### Long-Term Lease Agreements for County Offices

The County has entered into three long-term lease agreements for County office space in the Cities of Middletown, Newburgh and Port Jervis. The leases are part of an urban initiative undertaken by the County. Within the City of Newburgh, the County has entered into a lease with GEMMA Development Company LLC for 45,600 square feet of space in order to consolidate County satellite offices serving the Newburgh and eastern Orange County areas. The space has been rehabilitated and final occupancy occurred in May 1998. The lease expired 20 years after the County took occupancy. The 2019 annual lease costs of the premises were \$887,000. The County has agreed to an assignment of their lease payments to a trustee for the \$5,700,000 City of Newburgh Industrial Development Agency ("IDA"), 1996 Taxable Industrial Development Revenue Bonds (GEMMA Development Company LLC Facility), issued to finance the cost of rehabilitation of such space. The County has been escrowing rental payments since January 1, 2018 waiting for accounting of payments on Bonds with the Newburgh IDA and Wells Fargo Bank.

In February 2002, the County entered into a 20-year lease with RAC Development of Newburgh LLC of 25,000 square feet for County offices of the Health Department, County Clerk and the Newburgh Motor Vehicle office at 128 Broadway, City of Newburgh. The lease was a Fixed Rate Triple Net Lease of \$172,500 per year for 20 years. The County Legislature had approved \$2.3 million in bonds for purchase of (RAC) 128 Broadway and (GEMMA) 145 Broadway. The cost of taxes and common charges are additional to the lease. The annual lease cost for 2019 was \$300,555. Current lease expires January 31, 2022.

Within the City of Port Jervis, the County has renewed their lease with 150 Pike Street Limited Partnership for 8,700 square feet of office space for Orange County Probation, Department of Social Services, Health Department and Office of Mental Health. The lease is for five years with an option for an additional five years at the annual cost of \$136,179 with an additional payment of \$26,035 for cleaning. Current lease expires March 31, 2022. The County also leased an additional 5,000 square feet for a SUNY Orange satellite campus for three years at an annual cost of \$44,000.

Within the City of Port Jervis, the County Clerk leases 1,220 square feet for the DMV at an annual cost of \$26,000 from the City of Port Jervis at City Hall. The current lease expires March 31, 2020. A short-term agreement is in process.

Within the Town of Monroe, the County Health Department leases 2,600 square feet of office space on a 5-year lease set to expire on July 31, 2020. The cost of taxes and common charges are additional to the lease. The annual cost for 2019 was \$39,000.

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

The County is relocating certain County offices and additional leased space in the Goshen area into more efficient space at a reduced cost of \$14 per square feet (including all heat, electric and common charges). The annual budget cost is expected to be \$572,964 and will expire on December 31, 2028. This would include 43,927 square feet at 30–40 Matthews Street from Goshen Shopping Assoc. The County is expected to realize savings by moving the Social Services offices from Hatfield Lane.

The County also leases 5,840 square feet at 14–15 Scotchtown Ave for the Legal Aid Office and the Goshen Court Plaza for \$73,392 in 2019, as well as 10,533 square feet at 1997 Route 17M from Seneco Enterprises for \$129,029 for the Goshen Probation Office. All leases are gross leases which include all heat, electric, common charges and taxes.

### **Lease Revenues**

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

- Federal Government, Department of Social Security Administration - 13,856 square feet - annual rent of \$273,090. Ten-year lease that was extended.
- New York State Department of Labor and Orange County Office of Employment and Training – 13,200 square feet– annual rent of \$184,800 per month for month to month tenant. Currently working on a new lease.
- Mid-Hudson Pattern for Progress 2,000 square feet annual rent of \$42,000. Lease to expire in October 2020.
- NYS EMPIRE COLLEGE renewed a 5-year term September 2016–2021 – 5,891 square feet – annual rent of \$167,893.
- Orange County BOCES – 9,000 square feet – annual rent of \$59,500.

The County owns the Middletown Community Campus at 18 Seward Avenue in Middletown. It is a 65,000 square feet office building used by the following County offices: Probation, Social Services, Health, Employment & Training / NY Labor Department and Community Development. The entire third floor of 21,528 square feet is leased to Cornell Cooperative Extension with an annual rent of \$265,000 for five years through October 1, 2022 with an option for an additional five years, up to October 1, 2027. In the first quarter of 2019, many offices from Fulton will be relocating. The elimination of the Fulton Plaza lease produces a savings of \$425,000 per year.

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

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

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

## Authorized but Unissued Debt

As of the date of this Official Statement, the County has authorized but unissued debt in the aggregate amount of \$91,014,486. Such amount consists of authorizations for various governmental purposes including, but not limited to, improvements to the Orange County Community College, public safety, airport, landfill, parks and recreations, roads, and various special districts located in the County. A portion of such amount in the amount of \$28,180,331 will be financed with the issuance of the Bonds.

### Capital Budget Summary 2019-2021

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

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

## DISCUSSION OF CERTAIN FINANCIAL MATTERS

### Budgetary Procedures

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

June	Budget request forms are sent to each department head and must be returned by July 15.
By September 1	The Budget Director and the County Executive review the various department requests and hold hearings with each department head. Revisions are made where necessary.
By October 1	The County Executive must present the proposed County budget to the Legislature, which turns the budget over to the various committees of the Legislature for review and acceptance or revision.
By October 15	The various legislative committees report to the Legislature as a whole and the tentative budget is determined.
By October 25	Public hearings must be held to permit public expressions and suggestions to the budget. After such hearings, the Legislature must consider results and public expression.
By November 15	The Legislature must make any changes desired in the tentative budget and determine the final budget.

By December 1                    If the County Executive so wishes, any changes made by the Legislature may be vetoed.

By December 15                The Legislature must act to accept or override the County Executive's action. A two-thirds vote is required to override. The final budget must be determined no later than December 15.

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

A SUMMARY OF THE COUNTY'S 2020 ADOPTED BUDGET IS PRESENTED IN APPENDIX B OF THIS STATEMENT.

### **Financial Accounting and Reporting**

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

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

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

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

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

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

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

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

*Sanitary Landfill Fund* – accounts for solid waste arrangements;

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

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

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

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

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

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

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

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

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

The financial statements of the County are audited each year by an independent auditing firm. Those audits have been performed by O’Connor Davies, LLP, previously named Bennett, Kielson, Storch, DeSantis & Company, LLP, the Government Services Division of O’Connor, Davies, Munns & Dobbins, LLP, Harrison, New York. The last such audit completed is for the County’s fiscal year ended December 31, 2018.

### **Investment Policy**

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

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

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

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

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

### **Revenues**

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

#### *Real Property Taxes*

See “Tax Information” and “Tax Levy Limit Law”, herein.

### **State and Federal Aid**

According to the financial statements, the County received 24.7% of its total 2018 General Fund revenue and other financing sources from the State and Federal governments. A significant portion of this revenue relates to reimbursement for social service and mental health expenditures. Virtually all State and Federal aid is designated for spending in specific program areas. The 2019 and 2020 adopted budgets estimates that similar amounts, of total revenue and other financing sources, will be received from the State and Federal governments.

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

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

### Federal and State Aid

Year Ended <u>December 31:</u>	<u>Federal Aid</u>	<u>State Aid</u>	<u>Total Federal and State Aid</u>	<u>% of Total Operating Revenue</u>
2013	62,362,437	83,565,494	145,927,931	26.5
2014	60,001,477	77,017,023	137,018,500	25.9
2015	64,975,362	81,051,774	146,027,136	26.6
2016	65,594,235	79,302,049	144,896,284	25.2
2017	61,667,118	85,366,243	147,033,361	25.0
2018	64,419,329	85,057,098	149,476,427	24.7

### Expenditures

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

Approximately 36.3% of the County's General Fund expenditures and other financing uses in 2018 were spent to provide economic opportunity to residents of the County. Other major expenditures were as follows: Public Safety – 15.9%, Health – 8.4% and General Support – 24.8%. Municipalities located within the County provide primary police protection and refuse collection, while fire protection is provided by local special districts. Public school districts are responsible for educating the children of the County.

## RETIREMENT SYSTEMS

### County Employees

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

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

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

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

### *ERS Billing Procedures*

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

## **Community College Employees**

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

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

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

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

### *TRS Billing Procedures*

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

## **Status and Financing of Employee Pension Benefits**

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

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

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

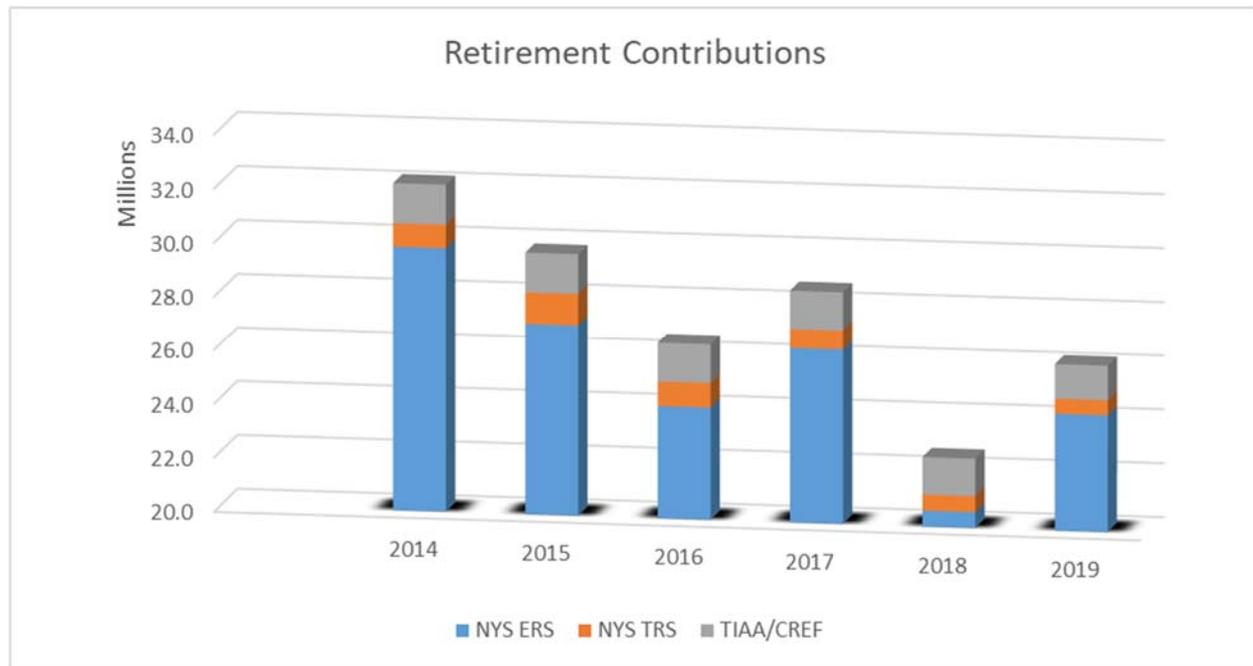
The New York State Retirement System has advised the County that municipalities can elect to make employer contribution payments in the December or the following February, as required. If such payments are made in the December prior to the scheduled payment date in February, such payments may be made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

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

## Recent Retirement Contributions

The following presentation shows the retirement expenditures recorded by the County for reporting periods ending during the years 2015 through 2019.

Fiscal Year Ending December 31:	<u>NYS ERS</u>	<u>NYS TRS<sup>a</sup></u>	<u>TIAA/CREF<sup>a</sup></u>	<u>Total</u>
2015	\$27,077,537	\$1,175,470	\$1,475,151	\$29,728,158
2016	24,161,089	908,991	1,444,524	26,514,604
2017	26,471,926	710,705	1,432,174	28,614,805
2018	20,585,936	595,284	1,388,730	22,569,950
2019	24,323,383	560,758	1,279,803	26,163,944



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

## Other Post-Employment Benefits

The County provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. School districts and Boards of Cooperative Education Services, unlike other municipal units of government in the State, have been prohibited from reducing retiree health benefits or increasing health care contributions received or paid by retirees below the level of benefits or contributions afforded to or required from active employees. This protection from unilateral reduction of benefits had been extended annually by the New York State Legislature until recently when legislation was enacted to make permanent these health insurance benefit protections for retirees. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of the date hereof. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

GASB Statement No. 75 (“GASB 75”) of the Governmental Accounting Standards Board (“GASB”), requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and other non-pension benefits (“OPEB”). GASB 75 generally requires that employers account for and report the annual cost of the OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Under previous rules, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements. Only current payments to existing retirees were recorded as an expense.

GASB 75 requires that state and local governments adopt the actuarial methodologies to determine annual OPEB costs. Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due.

During the year ended December 31, 2018, the County adopted GASB 75, which supersedes and eliminates GASB 45. Under GASB 45, based on actuarial valuation, an annual required contribution (“ARC”) will be determined for each state or local government. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

GASB 75 establishes new standards for recognizing and measuring OPEB liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures to provide more transparent reporting and useful information about the liability and cost of benefits. Municipalities and school districts are required to account for OPEB within the financial statements rather than only noted in the footnotes as previously required by GASB 45. It is measured as of a date no earlier than the end of the employer’s prior fiscal year and no later than the employer’s current fiscal year. The discount rate is based on 20-year, tax exempt general obligation municipal bonds. There is no amortization of prior service cost.

Those that have more than 200 participants are required to have a full actuarial valuation annually. Plans with fewer than 200 participants are required to have a full valuation every two years.

For the fiscal year ended December 31, 2018, the County implemented GASB 75. The implementation of this Statement resulted in the reporting of the entire actuarial accrued liability for other post-employment benefits. The County’s total OPEB liability at December 31, 2018 is as follows:

	<u>Primary Government</u>
Total OPEB Liability at Dec 31, 2017	<u>\$ 1,089,316,529</u>
Charges for the Year:	
Service Cost	13,341,666
Interest	40,892,261
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes in Assumptions or Other Inputs	-
Benefit Payments	<u>(26,408,794)</u>
Net Changes	<u>27,825,133</u>
Total OPEB Liability at Dec 31, 2018	<u><u>\$1,117,141,662</u></u>

Note: The OPEB calculation for the Community College for the fiscal year ended December 31, 2018 is not currently available.

## TAX INFORMATION

### Tax Collection Procedure

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

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

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

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

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

### Constitutional Tax Limit

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

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

#### Computation of Constitutional Tax Limit For Years Ending December 31

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

a. Net exclusions for debt service

b. Unadjusted tax levy for County purposes only

## Real Property Taxes

The following table sets forth the percentage of the County's General Fund revenue as reported in the audited financial statements (including transfers) for each of the fiscal years 2014 through 2018.

Fiscal Year Ending December 31:	Total Revenue	Real Property Taxes	Real Property Taxes to Revenues (%)
2014	\$535,208,515	\$64,334,145	12.02
2015	556,012,702	71,742,762	12.90
2016	580,508,500	86,747,747	14.94
2017	594,126,033	86,682,843	14.59
2018	610,608,578	91,048,284	14.91

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

### Tax Levy and Collection Record

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
County Taxes	\$116,009,779	\$118,296,374	\$120,046,374	\$122,377,892	\$126,020,609	\$130,953,453
Local Special Districts	2,670,901	2,857,955	2,786,058	2,871,174	2,639,216	2,663,963
Relevied Schools	28,052,268	28,103,437	27,657,314	28,867,146	29,240,984	28,402,705
Relevied Villages	2,402,503	2,334,710	2,628,062	2,515,805	2,857,396	2,754,218
Towns	169,561,981	170,921,440	174,943,791	177,453,671	183,323,695	190,113,497
Relevy Penalties	2,131,834	2,130,671	2,119,977	2,196,806	2,246,888	2,180,983
Late Penalties and Fees	1,562,948	1,489,911	1,468,975	1,496,121	1,536,553	not available
Total Tax Levy Collected End of Year of Levy:	<u>322,392,214</u>	<u>326,134,498</u>	<u>331,650,551</u>	<u>337,778,615</u>	<u>347,865,341</u>	<u>357,068,819</u>
Amount	\$307,501,065	\$312,978,446	\$318,319,188	\$323,196,537	\$315,798,984	\$34,040,518
Percent	95.38%	95.97%	95.98%	95.68%	90.78%	9.53%

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

## Selected Listing of Large Taxable Properties

2018 Assessment Roll<sup>a</sup>

<u>Name</u>	<u>Type</u>	<u>Full Valuation</u>
Orange & Rockland Utilities	Public Utility	\$233,749,868
Chelsea GCA Realty	Shopping Center	159,479,400
Central Hudson & Gas	Public Utility	142,837,950
Roseton Generating	Public Utility	44,691,500
Allegiance Healthcare	Healthcare	30,955,000
Crystal Run Newco LLC	Commercial Landlord	30,510,280
Middletown I Resources LP	Shopping Center	26,636,724
Verizon	Public Utility	16,537,371
US Bank	Financial	16,164,220
East Coast Imperial Garden	Apartment Complex	7,700,100
	Total <sup>a</sup>	<u>\$709,262,413</u>

a. Assessment Roll established in 2018 for levy and collection of taxes during 2019 Fiscal Year. See “Tax Certiorari Claims” herein.

b. Represents 5.34% of the total Assessed Valuation of \$13,187,370,113.

### Tax Certiorari Claims

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

### Sales Tax

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

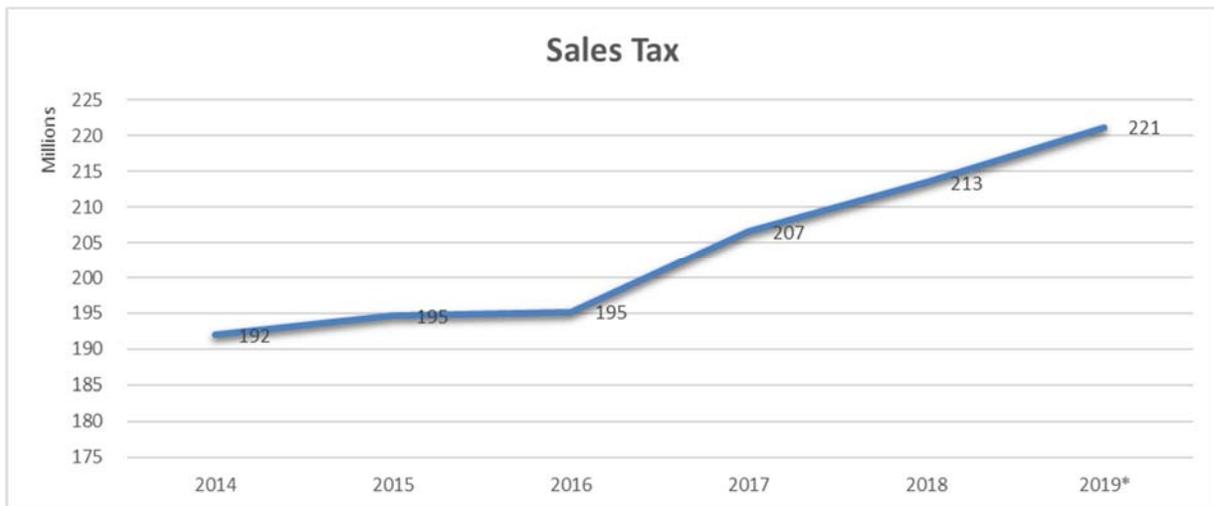
The County presently imposes a sales tax and use tax of 3.75%, in addition to the 4% tax imposed by the State and 3/8% levied by the Metropolitan Transportation Authority, for a countywide sales tax rate of 8 1/8%. Such sales and use tax collections are administered by the State Tax Commission and paid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

The following table sets forth the percentage of the County’s General Fund revenue (including other financing sources) comprised of sales tax for each of the fiscal years 2014 through 2019.

<u>Year Ended December 31:</u>	<u>Total General Fund Revenues</u>	<u>Sales Taxes (Net of Distribution to Municipalities)</u>	<u>Sales Taxes to Revenues (%)</u>
2014	535,208,515	191,961,255	35.87
2015	556,012,702	194,690,649	35.02
2016	580,508,500	195,178,088	33.62
2017	594,126,033	206,531,355	34.76
2018	610,608,578	213,447,051	34.96
2019 <sup>a</sup>	620,562,015	221,181,579	35.64

a. Unaudited.

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



Source: Audited financial statements 2014 through 2018. Unaudited reports of the County for 2019. Table itself is not audited.

### Hotel Motel Tax

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

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

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

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

Exempt Organizations include the following: (1) those in possession of a New York State tax exempt certificate, (2) any person occupying any room or rooms for at least 30 consecutive days shall be considered a “permanent resident” with regard to the period of such occupancy and (3) any occupant whose rent is paid from public assistance from the County shall be deemed an “exempt occupant” with respect to the period of such occupancy, regardless of the length thereof, are not subject to the five percent (5%) tax imposed by the local law.

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

<u>Year Ending December 31:</u>	<u>Hotel/Motel Taxes</u>
2015	3,200,805
2016	3,505,731
2017	3,590,909
2018	3,934,370
2019	4,116,440

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

### **Tax Levy Limit Law**

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

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

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

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

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

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

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

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

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

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

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

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

## LITIGATION

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

## TAX MATTERS

### Opinion of Bond Counsel

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

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

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

### Certain Ongoing Federal Tax Requirements and Certifications

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

## Certain Collateral Federal Tax Consequences

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

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

### Original Issue Discount

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

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

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

### Bond Premium

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

## **Information Reporting and Backup Withholding**

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

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

### **Miscellaneous**

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

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

## **CYBERSECURITY**

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

## **LEGAL MATTERS**

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

## **DISCLOSURE UNDERTAKING**

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

## **BOND RATING**

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

## MUNICIPAL ADVISOR

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

## ADDITIONAL INFORMATION

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

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

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

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

COUNTY OF ORANGE, NEW YORK

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

April , 2020

**APPENDIX A**

**FINANCIAL INFORMATION**

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

Fiscal Year Ending December 31:

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Revenues:</b>					
Real Property Taxes	\$ 64,334,145	\$ 71,742,262	\$ 86,747,747	\$ 86,682,843	\$ 91,048,284
Other Tax Items	10,610,181	10,316,594	11,544,584	12,657,322	10,759,876
Non-Property Tax Items	265,404,077	269,010,341	270,427,092	285,391,860	295,561,047
Departmental Income	25,526,266	24,445,364	26,224,569	28,559,130	26,916,559
Intergovernmental Charges	6,198,909	7,509,594	9,152,674	9,208,217	9,635,530
Use of Money and Property	5,968,341	6,036,589	7,932,728	5,864,102	6,534,826
Licenses and Permits					1,373,545
Fines and Forfeitures	763,149	837,694	1,081,478	909,344	715,740
Sale of Prop. and Comp. for Loss	312,488	237,835	339,687	360,781	283,552
Interfund Revenues	8,004,018	8,869,539	8,661,114	8,539,210	9,252,507
State Aid	77,017,023	81,051,774	79,302,049	85,366,243	85,057,095
Federal Aid	60,001,477	64,975,362	65,594,235	61,667,118	64,419,329
Miscellaneous	5,037,480	4,208,535	8,276,876	3,684,440	5,466,512
<b>Total Revenues</b>	<u>529,177,554</u>	<u>549,241,483</u>	<u>575,284,833</u>	<u>588,890,610</u>	<u>607,024,402</u>
<b>Expenditures:</b>					
General Government Support	134,123,179	164,523,974	139,628,867	143,540,342	149,783,881
Education	53,648,849	52,931,913	54,197,450	56,086,709	59,396,108
Public Safety	82,557,628	82,634,512	88,230,704	91,082,474	95,906,793
Health	48,979,915	49,504,398	49,789,021	52,053,434	50,535,201
Transportation	636,319	633,303	636,470	648,250	657,655
Economic Assistance and Opportunity	217,372,180	201,174,308	222,517,312	221,290,051	219,104,590
Culture and Recreation	6,891,908	6,935,013	7,155,464	7,519,661	7,264,862
Home and Community Services	10,498,383	17,231,007	14,918,633	17,465,131	20,958,393
Employee Benefits	373,610	223,364	(1,807,150)	836,833	360,320
Debt Service					
<b>Total Expenditures</b>	<u>555,081,971</u>	<u>575,791,792</u>	<u>575,266,771</u>	<u>590,522,885</u>	<u>603,967,803</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>(25,904,417)</u>	<u>(26,550,309)</u>	<u>18,062</u>	<u>(1,632,275)</u>	<u>3,056,599</u>
<b>Other Financing Sources (Uses):</b>					
Operating Transfers In	6,030,961	6,771,219	5,223,667	5,235,423	3,584,171
Operating Transfers Out	(1,846,971)	(1,549,596)	(1,491,957)	(1,439,734)	(2,801,457)
<b>Total Other Financing Sources (Uses)</b>	<u>4,183,990</u>	<u>5,221,623</u>	<u>3,731,710</u>	<u>3,795,689</u>	<u>782,714</u>
<b>Excess (Deficiency) of Revs &amp; Other Sources Over Exp. &amp; Other Uses</b>	<u>(21,720,427)</u>	<u>(21,328,686)</u>	<u>3,749,772</u>	<u>2,163,414</u>	<u>3,839,313</u>
Fund Balance Beginning of Year	121,863,613	100,143,186	78,814,500	82,564,272	84,727,686
Residual Equity Transfers					
<b>Fund Balance End of Year</b>	<u>\$ 100,143,186</u>	<u>\$ 78,814,500</u>	<u>\$ 82,564,272</u>	<u>\$ 84,727,686</u>	<u>\$ 88,566,999</u>

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

Source: Audited Annual Financial Reports (2014-2018)

**Balance Sheet - General Fund**  
**Fiscal Year Ending December 31:**

ASSETS	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Cash and Cash Equivalents	\$ 59,448,905	\$ 52,016,482	\$ 96,436,325	\$ 121,886,483	\$ 91,891,948
Investments	2,511,131				
Receivables:					
Taxes Receivable, Net	56,712,272	52,780,008	49,157,950	50,335,903	53,423,980
Accounts, Net	5,086,589	4,358,668	4,046,785	3,755,554	3,864,051
Sales Tax	28,088,371	28,908,641	27,561,512	29,416,389	31,174,115
State and Federal Receivables	54,570,714	50,098,281	33,112,005	41,298,807	51,395,776
Due from Other Governments	3,196,809	1,782,816	1,541,173	820,081	829,365
Due from Component Unit	29,154,123				
Due from Other Funds	3,959,002	27,299,909	12,905,032	11,565,687	33,888,115
Prepaid Expenses	<u>5,287,986</u>	<u>3,017,851</u>	<u>4,789,409</u>	<u>4,888,751</u>	<u>4,657,902</u>
 Total Assets	 <u>\$ 248,015,902</u>	 <u>\$ 220,262,656</u>	 <u>\$ 229,550,191</u>	 <u>\$ 263,967,655</u>	 <u>\$ 271,125,252</u>
 LIABILITIES					
Accounts Payable	\$ 40,166,193	\$ 47,616,952	\$ 44,616,971	\$ 55,522,456	\$ 51,482,533
Accrued Liabilities	23,330,625	16,476,641	19,985,377	16,314,225	15,353,572
Due to Other Governments	1,787,834	2,003,142	2,605,195	2,514,424	2,849,003
Due to Other Funds	30,222,754	29,782,699	37,959,810	60,942,677	63,890,211
Due to School Districts	34,394,802	32,302,698	31,801,893	33,751,581	34,154,756
Unearned Revenue	98,605	60,901	78,542	73,657	58,940
Deferred Revenues					
Total Liabilities	<u>130,000,813</u>	<u>128,243,033</u>	<u>137,047,788</u>	<u>169,119,020</u>	<u>167,789,015</u>
Deferred Inflows of Revenues -					
Deferred Revenues	<u>17,871,903</u>	<u>13,205,123</u>	<u>9,938,131</u>	<u>10,120,949</u>	<u>14,769,238</u>
Total Liabilities & Deferred Inflows	<u>147,872,716</u>	<u>141,448,156</u>	<u>146,985,919</u>	<u>179,239,969</u>	<u>182,558,253</u>
 FUND BALANCE					
Nonspendable Fund Balance	34,442,109	3,017,851	5,045,409	4,888,751	4,657,902
Restricted	4,251,058	5,062,753	5,563,262	4,876,751	4,937,347
Committed	4,621,108	3,352,479	1,459,240	784,482	787,257
Assigned	31,240,582	25,012,287	26,725,327	23,962,784	21,519,970
Unassigned	<u>25,588,329</u>	<u>42,369,130</u>	<u>43,771,034</u>	<u>50,214,918</u>	<u>56,664,523</u>
 Total Fund Balances	 <u>100,143,186</u>	 <u>78,814,500</u>	 <u>82,564,272</u>	 <u>84,727,686</u>	 <u>88,566,999</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>\$ 248,015,902</u>	 <u>\$ 220,262,656</u>	 <u>\$ 229,550,191</u>	 <u>\$ 263,967,655</u>	 <u>\$ 271,125,252</u>

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

Source: Audited Annual Financial Reports (2014-2018)

**2019 BUDGET SUMMARIES BY FUNDS**

	<u>EXPENDITURE</u>		<u>REVENUE</u>			<u>STATE</u>
	<u>TOTAL</u>		<u>TOTAL</u>	<u>TAXATION</u>	<u>SURPLUS</u>	<u>FEDERAL</u>
<b>FUNDS:</b>						<b>&amp; OTHER</b>
Airport	\$ 1,503,780	\$	1,503,780	\$ 88,040	\$ 160,000	\$ 1,255,740
Community Development	3,321,959		3,321,959			3,321,959
County Road	18,354,756		18,354,756	12,877,639	1,367,449	4,109,668
Debt Service	39,489,658		39,489,658	31,172,669		8,316,989
Employment and Training	8,274,161		8,274,161	95,315		8,178,846
General Fund	419,496,742		419,496,742	256,640,713	17,229,116	145,626,913
Landfill	16,199,382		16,199,382	1,539,275	300,000	14,360,107
Motor Pool	1,823,093		1,823,093			1,823,093
Road Machinery	2,725,409		2,725,409	377,323		2,348,086
Sewer	9,609,559		9,609,559			9,609,559
Small Watershed Protection	750,195		750,195		72,000	678,195
Social Services	220,914,869		220,914,869	118,892,713		102,022,156
Valley View	55,907,136		55,907,136		1,512,255	54,394,881
<b>Total Revenues</b>	<b>\$ 798,370,699</b>	<b>\$</b>	<b>798,370,699</b>	<b>\$ 421,683,687</b>	<b>\$ 20,640,820</b>	<b>\$ 356,046,192</b>
Reserve for Uncollected Taxes				500,000		
<b>Total Taxation Required</b>				<u><b>422,183,687</b></u>		
Sales Tax: County Share				216,411,729		
Sales Tax: Municipalities				77,562,039		
Property Tax:				<u>128,209,919</u>		
<b>Total Taxation</b>				<u><b>422,183,687</b></u>		

**2020 BUDGET SUMMARIES BY FUNDS**

	<u>EXPENDITURE</u>		<u>REVENUE</u>			<u>STATE</u>
	<u>TOTAL</u>		<u>TOTAL</u>	<u>TAXATION</u>	<u>SURPLUS</u>	<u>FEDERAL</u>
<b>FUNDS:</b>						<b>&amp; OTHER</b>
Airport	\$ 1,579,699	\$	\$ 1,579,699	\$ 112,743	\$ 125,000	\$ 1,341,956
Community Development	3,366,372		3,366,372	178,732		3,187,640
County Road	18,169,838		18,169,838	12,463,221	1,592,449	4,114,168
Debt Service	39,154,300		39,154,300	29,184,466		9,969,834
Employment & Training	8,570,029		8,570,029	91,509		8,478,520
General Fund	438,447,648		438,447,648	264,452,148	19,923,908	154,071,592
Landfill	16,325,904		16,325,904	1,722,499	350,000	14,253,405
Motor Pool	1,624,111		1,624,111			1,624,111
Road Machinery	2,801,469		2,801,469	385,758		2,415,711
Sewer	9,969,970		9,969,970			9,969,970
Small Watershed Protection	420,129		420,129		67,000	353,129
Social Services	218,937,330		218,937,330	121,613,121		97,324,209
Valley View	57,288,477		57,288,477		1,581,162	55,707,315
Water Authority	408,800		408,800	398,000		10,800
	<hr/>		<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	\$ 817,064,076	\$	\$ 817,064,076	\$ 430,602,197	\$ 23,639,519	\$ 362,822,360
Reserve for Uncollected Taxes				500,000		
<b>Total Taxation Required</b>				<u>431,102,197</u>		
Sales Tax: County Share				220,994,773		
Sales Tax: Municipalities				79,154,771		
Property Tax:				<u>130,953,453</u>		
<b>Total Taxation</b>				<u>431,102,997</u>		

**ASSESSED VALUATIONS FOR FISCAL YEAR ENDING DECEMBER 31, 2015**

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

**ASSESSED VALUATIONS FOR FISCAL YEAR ENDING DECEMBER 31, 2016**

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

**ASSESSED VALUATIONS FOR FISCAL YEAR ENDING DECEMBER 31, 2017**

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

**ASSESSED VALUATIONS FOR FISCAL YEAR ENDING DECEMBER 31, 2018**

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

**ASSESSED VALUATIONS FOR FISCAL YEAR ENDING DECEMBER 31, 2019**

	Assessed Valuation	State Eq. Rate	Full Valuation
City of:			
Middletown	\$ 230,970,160	16.35%	\$ 1,412,661,529
Newburgh	905,402,215	100.00%	905,402,215
Port Jervis	168,435,652	40.00%	421,089,130
Town of:			
Blooming Grove	282,419,822	17.15%	1,646,762,810
Chester	842,110,367	59.00%	1,427,305,707
Cornwall	1,430,314,102	100.00%	1,430,314,102
Crawford	329,950,170	39.00%	846,026,077
Deer Park	281,910,243	56.20%	501,619,649
Goshen	988,899,105	62.00%	1,594,998,556
Greenville	259,327,358	63.40%	409,033,688
Hamptonburgh	656,476,830	100.00%	656,476,830
Highlands	514,338,189	100.00%	514,338,189
Minisink	201,590,719	47.00%	428,916,423
Monroe	386,912,012	18.55%	2,085,779,040
Montgomery	1,373,711,126	65.00%	2,113,401,732
Mount Hope	263,173,847	59.00%	446,057,368
Newburgh	1,053,108,771	34.00%	3,097,378,738
New Windsor	382,206,640	16.75%	2,281,830,687
Palm Tree	154,409,832	18.46%	836,456,295
Tuxedo	178,604,207	16.60%	1,075,928,958
Wallkill	596,078,994	21.00%	2,838,471,400
Warwick	525,959,043	14.10%	3,730,205,979
Wawayanda	535,925,304	68.00%	788,125,447
Woodbury	<u>733,351,294</u>	38.23%	<u>1,918,261,297</u>
 Total. . . . .	 <u>\$ 13,275,586,002</u>		 <u>\$ 33,406,841,848</u>

**COUNTY OF ORANGE**

**APPENDIX B**

**AUDITED FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

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

# County of Orange, New York



## Comprehensive Annual Financial Report



Steven M. Neuhaus  
County Executive

Year Ended  
December 31, 2018

**COUNTY OF ORANGE, NEW YORK**

**Comprehensive Annual Financial Report  
Fiscal Year Ended December 31, 2018**

Prepared by

**Department of Finance**

**Karin E. Hablow**

*Commissioner*

255 Main Street

Goshen, New York 10924

(845) 291-2488

**County of Orange, New York**

Comprehensive Annual Financial Report  
Fiscal Year Ended December 31, 2018  
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**County of Orange, New York**

Comprehensive Annual Financial Report

Fiscal Year Ended December 31, 2018

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**County of Orange, New York**

Principal Officials  
December 31, 2018

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<u>Office</u>	<u>Name</u>	<u>Term Expires</u>
<b>ELECTED OFFICIALS</b>		
County Executive	Steven M. Neuhaus	12/31/2021
County Legislators Chair of the Legislature	L. Stephen Brescia	12/31/2019
District #1	Michael Amo	12/31/2021
District #2	Janet Sutherland	12/31/2021
District #3	Paul Ruszkiewicz	12/31/2021
District #4	Kevindaryán Luján	12/31/2021
District #5	Katie Bonelli	12/31/2021
District #6	James M. Kulisek	12/31/2021
District #7	Peter V. Tuohy	12/31/2021
District #8	Barry J. Cheney	12/31/2021
District #9	L. Stephen Brescia	12/31/2021
District #10	John S. Vero	12/31/2021
District #11	Kathy Stegenga	12/31/2021
District #12	Kevin W. Hines	12/31/2021
District #13	Thomas J. Faggione	12/31/2021
District #14	Laurie R. Tautel	12/31/2021
District #15	Joseph J. Minuta	12/31/2021
District #16	Leigh J. Benton	12/31/2021
District #17	Mike Anagnostakis	12/31/2021
District #18	Rob Sassi	12/31/2021
District #19	Michael D. Paduch	12/31/2021
District #20	Joel Sierra	12/31/2021
District #21	James D. O'Donnell	12/31/2021
County Clerk	Annie Rabbitt	12/31/2021
District Attorney	David M. Hoovler	12/31/2021
Sheriff	Carl E. DuBois	12/31/2022
<b>APPOINTED OFFICIALS</b>		
County Attorney	Langdon C. Chapman	Appointed
Commissioner of Finance	Karin E. Hablow	Appointed



**Steven M. Neuhaus**  
*County Executive*

## DEPARTMENT OF FINANCE

---

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

June 3, 2019

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

The Comprehensive Annual Financial Report (“CAFR”) for the County of Orange, New York (“County”) for the fiscal year ended December 31, 2018 is herewith submitted. New York State requires the County to submit an annual report of the financial records and transactions presented in conformity with generally accepted accounting principles (“GAAP”) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This CAFR is issued pursuant to that requirement.

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

The County's financial statements have been audited by PKF O'Connor Davies, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the County for the fiscal year ended December 31, 2018, are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting

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

The County Legislature is the legislative, appropriating and policy making body of the County. The 21 members represent legislative districts of approximately equal population. Members are elected to serve four-year terms and may serve an unlimited number of terms. The membership of the County Legislature as of December 31, 2018 is included on the list of Principal Officials. Duties of the Legislature include, among others: review and adoption of the County's annual budget, approval of budgetary modifications during the year, and authorization by resolution for the issuance of debt. Legislative committees have been organized to oversee various aspects of County government. These committees are advisory in nature and formal actions must be approved by a vote of the Legislature as a whole.

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

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

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

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

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

## **FACTORS AFFECTING FINANCIAL CONDITION**

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

### **Local Economy**

Demographically, the County is suburban residential in nature; however, the County has large tracts of land devoted to farming, as well as three small cities, which account for 18% of the total population. The commercial and industrial base of the County has been centered primarily in the Newburgh and Middletown areas, both of which are located at the intersection of major highway systems. However, recent commercial and industrial development has been completed through a network of business parks located throughout the County. Several of the County's larger employers include Orange Regional Medical Center, Crystal Run Healthcare, Elant Inc., Access: Supports for Living, and C&S Wholesale Grocers' Inc. In addition to many other new commercial and industrial development initiatives, Legoland NY has been approved and is expected to be open in 2020. The park is expected to cost \$500 million, and generate more than 1,000 jobs in addition to 800 construction jobs in its development.

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

## **Long-Term Financial Planning**

**Orange County Government Center:** In both August and September of 2011, the County Government Center sustained damage due to two weather storm events that subsequently forced the closure of the building. Reconstruction and expansion of the Government Center was completed in the Fall of 2017, and by the end of the first quarter of 2018 all departments had been moved back into the building. Along with the departments being moved back into the Government Center, the Department of Motor Vehicles has also been re-opened in the Government Center.

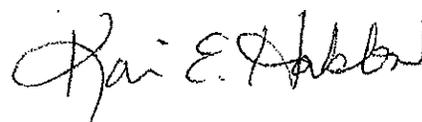
**Solid Waste Plan:** The County DPW's Division of Environmental Facilities and Services continued to explore the best strategies for handling and disposing of solid waste. For most of 2018, the County continued operation with its vendor for the hauling and disposal of solid waste, however, the contract expired and a Request For Bids (RFB) was issued resulting in a new contract for these services in November of 2018. The County is in discussion with NYS Department of Environmental Conservation in developing a new draft Local Solid Waste Management Plan (LSWMP). The original draft LSWMP covered a ten-year period which will expire in 2020. The County also received a permit in November 2018 from the NYSDEC to demolish and rebuild the transfer station in Newburgh (TS #2). Development of final design plans for the new Newburgh Transfer Station will be forthcoming from the County's consulting engineer.

**Recycling Program:** In late 2018, citing a sudden lack of downstream markets after China's ban on US recyclables, the County was notified by its vendor that it would no longer be paying \$5/ton but rather it would begin charging the County \$100/ton for hauling and processing of Single Stream Recycling (SSR). This would result in a \$104/ton tip rate increase at County transfer stations for SSR after added handling fees. In response, the County began to re-evaluate its recycling programs by preparing a revised RFB to include bid lots that will seek market solutions from prospective vendors for the hauling and recovery of SSR as well as other recyclable commodities such as Paper, Glass, Tires, Refrigerants, Scrap Metal and Construction & Demolition materials. The intention of this RFB is to research markets that will yield cost effective outlets for the recovery of recyclable commodities as well as understand potential cost savings should the County elect to self-haul some of the aforementioned commodities to local markets. Once contractors are selected in 2019, the Orange County Recycling

## **Acknowledgements**

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Karin E. Hablow". The signature is written in a cursive style with a large initial "K".

Karin E. Hablow  
Commissioner of Finance



Government Finance Officers Association

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

Presented to

**County of Orange  
New York**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2017**

*Christopher P. Morill*

Executive Director/CEO



## Independent Auditors' Report

The Honorable Legislature of the  
County of Orange, New York

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County of Orange, New York ("County") as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Orange County Community College (a component unit), Orange County Industrial Development Agency (a component unit) and the Orange County Water Authority (a component unit), which represent (66.3%, 30.2%, 2.4%) and (92.4%, 5.1%, 1.4%) respectively, of the assets and revenues of the discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for such component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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, 2017 (not presented herein), and have issued our report thereon dated June 15, 2018, 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, 2017 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 2017 financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2017 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, 2017.

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, 2018 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 July 5, 2019 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*  
PKF O'Connor Davies, LLP  
Harrison, New York  
July 5, 2019

## County of Orange, New York

Management's Discussion and Analysis  
December 31, 2018

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### Introduction

As management of the County of Orange, New York ("County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

### Financial Highlights

Key financial highlights for fiscal year 2018 are as follows:

- For the year ended December 31, 2018, the County implemented Governmental Accounting Standards Board ("GASB") Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)"*. This statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governments by establishing standards for recognizing and measuring liabilities, deferred outflows/inflows of resources and expenses/expenditures. At December 31, 2018, on the government-wide financial statements for governmental activities, the liabilities and deferred inflows of resources of the County exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$712,004,915. However, unrestricted net position, which is available to meet the ongoing obligations of the County, reflects a deficit of \$913,307,242 at December 31, 2018. The unrestricted net position deteriorated by \$598,038,968 from the prior year. This decrease results primarily from the change in the required accrual of the County's annual other postemployment benefit cost ("OPEB") in accordance with the provisions of GASB Statement No. 75. This obligation will be satisfied in future years.
- On the government-wide financial statements for business-type activities, the liabilities and deferred inflows of resources of the County exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$99,412,125. However, unrestricted net position, which is available to meet the ongoing obligations of the County, reflects a deficit of \$117,909,401 at December 31, 2018. The unrestricted net position deteriorated by \$101,434,210 from the prior year. This decrease results primarily from the change in the required accrual of the County's annual other postemployment benefit cost ("OPEB") in accordance with the provisions of GASB Statement No. 75. This obligation will be satisfied in future years.
- The General Fund reported an ending total fund balance of \$88,566,999, which represents an increase of \$3,839,313 from fiscal year 2017. The unassigned portion of this total fund balance was \$56,664,523, an increase of \$6,449,605 from the prior year.
- The County's total outstanding bonds payable for December 31, 2018 were \$281,155,189, a net decrease of \$27,401,574 from the prior year.

## Fund Financial Statements

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

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

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

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

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

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

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

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

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

## Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current Assets	\$ 273,882,780	\$ 298,925,345	\$ 79,379,046	\$ 75,734,019	\$ 353,061,806	\$ 374,659,364
Capital Assets, Net	482,985,841	450,300,980	10,703,798	10,987,088	473,689,639	461,288,048
Total Assets	736,868,601	749,226,305	90,082,844	86,721,107	826,751,445	835,947,412
Deferred Outflows of Resources	67,015,311	52,610,223	9,294,781	7,023,259	76,310,092	59,633,482
Current Liabilities	140,549,431	139,394,204	3,607,048	3,814,182	144,156,479	143,208,386
Long-term Liabilities	1,307,063,892	787,460,000	185,110,470	86,477,363	1,492,174,162	873,937,363
Total Liabilities	1,447,613,123	926,854,204	188,717,518	90,291,545	1,636,330,641	1,017,145,749
Deferred Inflows of Resources	68,075,704	14,217,378	10,072,232	2,250,048	78,147,936	16,467,428
Net Position						
Net Investment in Capital Assets	172,381,239	131,558,161	7,327,287	7,019,910	179,708,526	138,578,071
Restricted	28,921,088	44,475,059	11,169,989	10,658,353	40,091,077	55,133,412
Unrestricted	(913,307,242)	(315,268,274)	(117,909,401)	(16,475,191)	(1,031,216,643)	(331,743,465)
Total Net Position	\$ (712,004,915)	\$ (139,235,054)	\$ (99,412,125)	\$ 1,203,072	\$ (811,417,040)	\$ (138,031,982)

A significant component of the County's net position is its investment in capital assets (e.g. land, buildings, equipment and infrastructure); less any related debt used to acquire those assets that is still outstanding, of \$179,708,526. The County uses these capital assets to provide services to the citizens and consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

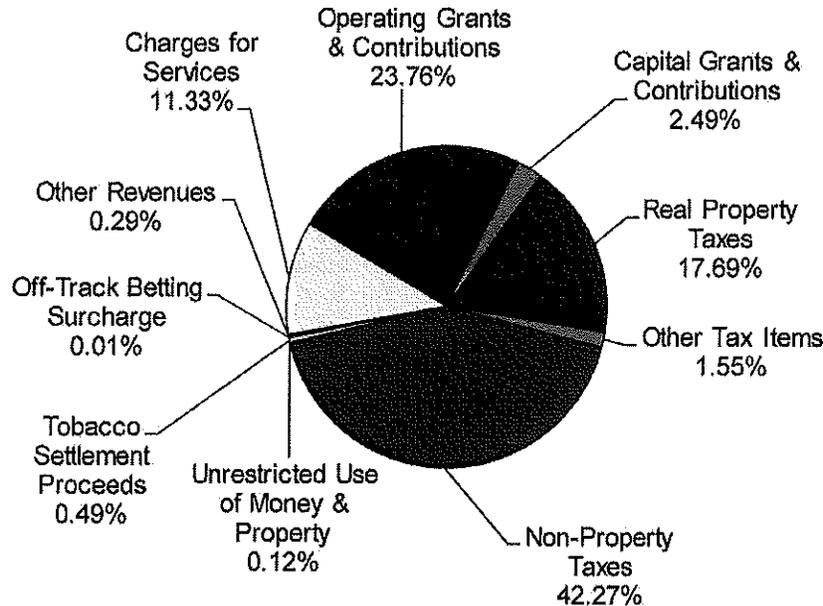
Another portion of net position is restricted net position aggregating \$40,091,077 at December 31, 2018. This amount represents resources that are subject to external restrictions on how they may be used. For governmental activities, \$28,921,088 is restricted for the following purposes:

	2018	2017	Change
Capital projects	\$ 15,116,903	\$ 18,957,961	\$ (3,841,058)
Tax stabilization	972,006	959,774	12,232
Debt service	1,704,482	11,333,953	(9,629,471)
Equipment	13,227	13,227	-
Sanitary landfill improvements	24,544	24,544	-
Unemployment benefits	1,352,686	1,207,223	145,463
Future capital projects	1,230,722	1,251,426	(20,704)
Stop-DWI Program	746,978	650,479	96,499
Highway capital projects	-	172,744	(172,744)
Handicapped Parking Education Program	36,828	34,670	2,158
Repairs	163,683	163,683	-
Forfeiture of crime proceeds	598,127	773,179	(175,052)
Sewer purposes	4,930,968	5,661,773	(730,805)
Small watershed protection purposes	757,889	1,201,065	(443,176)
Workers' compensation benefits, self insurance and liability and casualty claims	1,272,045	2,069,358	(797,313)
	\$ 28,921,088	\$ 44,475,059	\$ (15,553,971)

## Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>REVENUES</b>						
Program Revenues						
Charges for Services	\$ 78,731,084	\$ 76,206,281	\$ 46,981,311	\$ 44,576,693	\$ 125,712,395	\$ 120,783,274
Operating Grants and Contributions	165,158,712	182,525,941	-	-	165,158,712	182,525,941
Capital Grants and Contributions	17,329,065	9,008,028	-	-	17,329,065	9,008,028
General Revenues						
Real Property Taxes	122,919,419	121,344,486	-	-	122,919,419	121,344,486
Other Tax Items	10,759,876	12,657,322	-	-	10,759,876	12,657,322
Non-property Taxes	293,796,641	283,904,249	-	-	293,796,641	283,904,249
Unrestricted Use of Money and Property	862,780	237,022	-	-	862,780	237,022
Tobacco Settlement Proceeds	3,389,989	3,386,989	-	-	3,389,989	3,386,989
Off Track Betting Surcharge	50,013	208,531	-	-	50,013	208,531
Intergovernmental Charge	-	-	10,698,729	17,658,236	10,698,729	17,658,236
Donated Land	-	-	-	-	-	-
Other Revenues	1,989,747	61,302	-	-	1,989,747	61,302
<b>Total Revenues</b>	<b>894,997,335</b>	<b>669,538,151</b>	<b>57,680,040</b>	<b>62,235,229</b>	<b>752,677,375</b>	<b>731,773,380</b>
<b>PROGRAM EXPENSES</b>						
General Government Support	169,031,096	172,318,087	-	-	169,031,096	172,318,087
Education	63,504,844	60,281,727	-	-	63,504,844	60,281,727
Public Safety	109,043,377	117,940,939	-	-	109,043,377	117,940,939
Health	52,481,252	58,062,089	-	-	52,481,252	58,062,089
Transportation	23,009,766	23,213,263	-	-	23,009,766	23,213,263
Economic Opportunity and Development	223,910,073	228,725,287	-	-	223,910,073	228,725,287
Culture and Recreation	13,891,888	25,277,974	-	-	13,891,888	25,277,974
Home and Community Services	49,348,943	46,154,404	-	-	49,348,943	46,154,404
Interest	8,980,989	8,781,628	-	-	8,980,989	8,781,628
The Valley View Center for Nursing Care and Rehabilitation	-	-	56,797,819	62,307,590	56,797,819	62,307,590
<b>Total Expenses</b>	<b>713,202,028</b>	<b>740,755,378</b>	<b>56,797,819</b>	<b>62,307,590</b>	<b>769,999,847</b>	<b>803,062,968</b>
<b>Change in Net Position</b>	<b>(18,204,693)</b>	<b>(71,217,227)</b>	<b>882,221</b>	<b>(72,361)</b>	<b>(17,322,472)</b>	<b>(71,289,588)</b>
<b>NET POSITION</b>						
Beginning, as reported	(139,235,054)	(68,017,827)	1,203,072	1,275,433	(138,031,982)	(68,742,394)
Cumulative Effect of Change in Accounting Principle	(554,565,168)	-	(101,497,418)	-	(656,062,586)	-
Beginning, as restated	(693,800,222)	(68,017,827)	(100,294,346)	1,275,433	(794,094,568)	(68,742,394)
<b>Ending</b>	<b>\$ (712,004,915)</b>	<b>\$ (139,235,054)</b>	<b>\$ (99,412,125)</b>	<b>\$ 1,203,072</b>	<b>\$ (811,417,040)</b>	<b>\$ (138,031,982)</b>

## Revenues Governmental Activities 2018



For the fiscal year ended December 31, 2018, expenses from governmental activities totaled \$713 million. The largest components of governmental activities expenses are economic opportunity and development (i.e. social services programs) \$223,910,073 (31.4%), general government support (inclusive of sales tax distribution to other municipalities) \$169,031,096 (23.7%), public safety (i.e. sheriff's department and jail) \$109,043,377 (15.3%), education (i.e. community college support and education of handicapped children) \$63,504,644 (8.9%) and health (health and mental health services) \$52,481,252 (7.4%). The \$27,553,350 decrease in total governmental activities expenses from the prior year is the result of a combination of the following factors:

- General government support expenses decreased by \$3,286,971 mainly due to increased costs associated with the opening of our new County Government Center and given the increase in Sales Tax Revenue our sharing with other municipalities was above last year. These increases were offset by the effect of GASB Statement No. 75 whereby the current year expense was reduced due to no longer amortizing the past costs.
- Public Safety – Expenses decreased by \$8,897,562 due to increased cost of personnel for our Sheriff's Department and corrections facility again offset by the reduction in OPEB as described above.
- Health – Expenses decreased by \$5,580,837 due to a reduction of usage in our Health and Mental health programs again coupled with the OPEB reduction.
- Culture and Recreation – Expenses decreased by \$11,386,086 due to the reduction of OPEB expenses as previously described.
- Home and community services expenses increased by \$3,194,539 as a result of increased planning costs, as well as increased costs related to sewer, sanitary landfill, and watershed.
- Education expenses increased by \$3,222,917 due to increased expenses in education of handicapped children, and an increase in non-residential tuition.

**Business-type activities.** Business-type activities increased the County's net position by \$882,221.

### **Financial Analysis of the Government's Funds**

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

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

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

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

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

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

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

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

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

The **Debt Service Fund** reported a fund balance of \$1,704,482 at December 31, 2018, a decrease of \$9,629,471 from 2017, resulting primarily from increased debt service expenditures.

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

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

The **Internal Service** funds net position decreased by \$350,926, from \$14,169,771 to \$13,818,845, during the year ended December 31, 2018.

### **General Fund Budgetary Highlights**

During the year, there was a \$58.09 million increase in appropriations between the original and final amended budget. The primary drivers of the increase to the budget were 1) increases in transportation and bus operations within Home and Community Services, primarily for Federal grants (\$32.2 million), 2) increases in various State-funded health programs and grants (\$9.9 million), due to increases in the number of program eligible children, 3) increases in public safety, primarily for civic defense and the sheriff (\$5.4 million), 4) increases in general government support (\$6.7 million), mainly due to increased sales tax distribution to municipalities, 5) increases in education (\$1.4 million), primarily for education of handicapped children, and 6) financing uses for the debt service fund (\$1.3 million).

Overall, actual General Fund expenditures and other financing uses were \$606.8 million, which was \$56.8 million less than the final budget. The major areas where spending was less than budget was general public safety (\$9.3 million), primarily as a result of savings in unspent grant funds, general government support (\$9.2 million) from savings in the board of elections, and contingency funds, health (\$12.2 million), primarily in unspent grant funds in public health, WIC, and mental health programs, and home and community services (\$23.6 million), primarily in unspent planning grant funds.

Actual General Fund revenues and other financing sources were \$610.6 million, which was \$29.03 million less than the final budget. The revenue categories that reflected a positive variance as compared to the final budget were real property tax (\$1.1 million), economic opportunity and development (\$1.7 million), and non-property taxes (\$12.6 million) attributable to sales tax. This was offset by shortfalls in federal aid (\$34.1 million) mainly due to unspent transportation grant funds, and state aid (\$9.2 million) directly attributable to the reduction of aid for health and social service programs as expenditures were less than budgeted for these programs.

### **Capital Asset and Debt Administration**

**Capital Assets.** The County's investment in capital assets for its governmental and business-type activities as of December 31, 2018, amounts to \$473,689,639 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, infrastructure, and construction-in-progress.

accordingly, debt of this kind, commonly referred to as "excluded debt," may be issued without regard to the constitutional limits and without affecting the County's authority to issue debt subject to the limit. At December 31, 2018, the County of Orange had used \$281,155,189, or 12.87% of the constitutional debt limit leaving \$1,904,239,663 remaining to be used.

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

### **Economic Factors and Next Year's Budget**

According to the New York State Department of Labor Statistics, the unemployment rate for Orange County was 3.3% in April 2019, down from 4.0% in April 2018. The State-wide unemployment rate in April 2018 was 3.6%.

Labor Department data also indicates that the number of people employed in the County increased by 1.6%, from 172,400 to 175,200, between May 2017 and May 2018.

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

The County's median family income for 2017 was \$90,243, while New York State's median family income was \$77,141. The median income for the nation as a whole was \$70,850.

The taxable assessed value of real property in the County increased from \$12,579,410,119 in 2017 to \$13,187,370,113 in 2018, with the median sales price of a single-family home in 2018 being \$258,750.

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

All of these factors were taken into consideration in developing the fiscal 2019 budget.

The County has appropriated \$17.2 million of the fund balance of the General Fund for spending in the 2019 fiscal year. The 2019 County budget includes a \$3,642,717, or 2.98% increase to the tax levy, providing for a "County-Wide" tax rate of \$3.77 per \$1,000 of full value. This is a decrease of \$0.07, or 1.82% less than last year's rate of \$3.84.

### **Requests for Information**

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Karin E. Hablow, Commissioner of Finance, Orange County Government Center, 255 Main St., Goshen, New York, 10924, telephone (845) 291-2488, or visit the County's web site at [www.orangecountygov.com](http://www.orangecountygov.com).

**COMBINING AND INDIVIDUAL  
FUND FINANCIAL STATEMENTS  
AND SCHEDULES**

County of Orange, New York

Statement of Net Position  
December 31, 2018

	Primary Government			Component Units
	Governmental Activities	Business- type Activities	Total	
<b>ASSETS</b>				
Cash and equivalents	\$ 150,814,715	\$ 200	\$ 150,814,915	\$ 26,611,843
Investments	-	-	-	13,873,150
Receivables				
Property taxes, net	53,423,980	-	53,423,980	-
Accounts, net	13,501,969	9,331,223	22,833,192	11,228,298
Sales taxes	31,174,115	-	31,174,115	-
Sewer rents	1,259,198	-	1,259,198	-
Loans, net	18,163,357	-	18,163,357	-
Internal balances	(64,907,443)	64,907,443	-	-
State and Federal aid, net	64,572,132	-	64,572,132	847,607
Due from other governments	829,365	2,791,212	3,620,577	-
Due from third party payors	-	500,000	500,000	-
Inventories	-	292,336	292,336	-
Net pension asset	-	-	-	674,324
Prepaid expenses	4,851,372	875,012	5,726,384	245,319
Fund held in trust for/by residents	-	681,620	681,620	-
Capital assets				
Not being depreciated	199,290,751	103,701	199,394,452	743,316
Being depreciated, net	263,695,090	10,600,097	274,295,187	3,566,508
<b>Total Assets</b>	<b>736,668,601</b>	<b>90,082,844</b>	<b>826,751,445</b>	<b>57,790,365</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>67,015,311</b>	<b>9,294,781</b>	<b>76,310,092</b>	<b>8,233,144</b>
<b>LIABILITIES</b>				
Accounts payable	66,207,881	1,599,609	67,807,490	2,297,185
Accrued interest payable	3,242,195	39,363	3,281,558	-
Accrued liabilities	15,760,640	1,187,066	16,947,706	3,720,302
Due to other governments	2,849,003	99,390	2,948,393	-
Due to school districts	34,154,756	-	34,154,756	-
Unearned revenues	18,334,956	-	18,334,956	5,422,532
Deposits payable	-	-	-	80,110
Fund held in trust for/by residents	-	681,620	681,620	-
Non-current liabilities				
Due within one year	40,343,497	732,176	41,075,673	39,904
Due in more than one year	1,266,720,195	184,378,294	1,451,098,489	172,385,620
<b>Total Liabilities</b>	<b>1,447,613,123</b>	<b>188,717,518</b>	<b>1,636,330,641</b>	<b>183,945,653</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>68,075,704</b>	<b>10,072,232</b>	<b>78,147,936</b>	<b>7,993,079</b>
<b>NET POSITION</b>				
Net investment in capital assets	172,381,239	7,327,287	179,708,526	4,263,277
Restricted for				
Capital projects	15,116,903	-	15,116,903	-
Tax stabilization	972,006	-	972,006	-
Debt service	1,704,482	-	1,704,482	-
Equipment	13,227	-	13,227	-
Sanitary landfill improvements	24,544	-	24,544	-
Unemployment benefits	1,352,686	-	1,352,686	-
Future capital projects	1,230,722	-	1,230,722	-
Stop-DWI Program	746,978	-	746,978	-
Handicapped Parking Education Program	36,828	-	36,828	-
Repairs	163,683	-	163,683	-
Forfeiture of crime proceeds	598,127	-	598,127	-
Sewer purposes	4,930,968	-	4,930,968	-
Small watershed protection purposes	757,889	-	757,889	-
Workers' compensation benefits, self insurance and liability and casualty claims	1,272,045	11,169,989	12,442,034	-
Scholarships, awards and grants	-	-	-	14,867,338
Unrestricted	(913,307,242)	(117,909,401)	(1,031,216,643)	(145,045,838)
<b>Total Net Position</b>	<b>\$ (712,004,915)</b>	<b>\$ (99,412,125)</b>	<b>\$ (811,417,040)</b>	<b>\$ (125,915,223)</b>

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business- type Activities	Total	Component Units
\$ (140,027,140)	\$ -	\$ (140,027,140)	\$ -
(61,613,690)	-	(61,613,690)	-
(89,228,143)	-	(89,228,143)	-
(1,246,292)	-	(1,246,292)	-
12,941,305	-	12,941,305	-
(133,917,729)	-	(133,917,729)	-
(8,364,727)	-	(8,364,727)	-
(21,827,245)	-	(21,827,245)	-
(8,699,506)	-	(8,699,506)	-
(451,983,167)	-	(451,983,167)	-
-	(9,816,508)	(9,816,508)	-
(451,983,167)	(9,816,508)	(461,799,675)	-
-	-	-	(40,238,998)
-	-	-	(7,027)
-	-	-	1,081,952
-	-	-	(245,714)
-	-	-	(39,409,787)
122,919,419	-	122,919,419	-
7,219,174	-	7,219,174	-
1,523,742	-	1,523,742	-
2,016,960	-	2,016,960	-
289,862,271	-	289,862,271	-
3,934,370	-	3,934,370	-
862,780	-	862,780	1,206,117
-	-	-	18,468,169
-	-	-	12,993,962
3,399,998	-	3,399,998	-
50,013	-	50,013	-
-	10,698,729	10,698,729	-
1,989,747	-	1,989,747	1,441,225
433,778,474	10,698,729	444,477,203	34,109,473
(18,204,693)	882,221	(17,322,472)	(5,300,314)
(139,235,054)	1,203,072	(138,031,982)	(13,269,450)
(554,565,168)	(101,497,418)	(656,062,586)	(107,345,459)
(693,800,222)	(100,294,346)	(794,094,568)	(120,614,909)
\$ (712,004,915)	\$ (99,412,125)	\$ (811,417,040)	\$ (125,915,223)

County of Orange, New York

Reconciliation of Governmental Funds Balance Sheet to  
the Government-Wide Statement of Net Position - Governmental Activities  
December 31, 2018

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Fund Balances - Total Governmental Funds	\$ 69,566,269
Amounts reported for governmental activities in the statement of net position are different because	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>462,248,604</u>
Governmental funds do not report the effect of losses on refunding bonds and assets or liabilities related to net pension assets (liabilities) whereas these amounts are deferred and amortized in the statement of activities.	
Deferred amounts on net pension liabilities	(3,224,727)
Deferred amounts on refunding bonds	<u>6,387,312</u>
	<u>3,162,585</u>
Internal service funds are used by management to charge the costs of motor pool, insurance and compensated absences to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	
	<u>2,648,856</u>
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Real property taxes	<u>10,546,260</u>
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds payable	(297,320,547)
Landfill closure costs	(1,540,000)
Accrued interest payable	(3,242,195)
Net pension liability	(18,314,221)
Other postemployment benefit obligations	<u>(939,760,526)</u>
	<u>(1,260,177,489)</u>
Net Position of Governmental Activities	<u>\$ (712,004,915)</u>

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

**County of Orange, New York**

Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
Year Ended December 31, 2018

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

Net Change in Fund Balances - Total Governmental Funds \$ (33,195,598)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount is less than the total capital outlay since capital outlay includes amounts that are under the capitalization threshold and, therefore, were not capitalized.

Capital outlay expenditures	30,519,936
Depreciation expense	<u>(17,506,422)</u>
	<u>13,013,514</u>

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

Real property taxes	<u>425,311</u>
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Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Principal paid on bonds	26,827,982
Amortization of loss on refunding bonds and issuance premium	<u>981,582</u>
	<u>27,809,564</u>

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.

Landfill closure cost	220,000
Accrued interest	801,038
Other postemployment benefit obligations	(26,370,625)
Pension assets (obligations)	<u>(45,335)</u>
	<u>(25,394,922)</u>

Internal service funds are used by management to charge the costs of motor pool, insurance, and compensated absences to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities

	<u>(862,562)</u>
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Change in Net Position of Governmental Activities \$ (18,204,693)

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

County of Orange, New York

Statement of Net Position  
Proprietary Funds  
December 31, 2018

	Business-type Activities- Enterprise Fund	Governmental Activities - Internal Service Funds
	The Valley View Center for Nursing Care and Rehabilitation	
<b>ASSETS</b>		
Current assets		
Cash and equivalents	\$ 200	\$ 50,370,356
Accounts receivable, net	9,331,223	2,969,046
Due from other governments	2,791,212	-
Due from other funds	53,737,454	10,834,914
Inventories	292,336	-
Due from third party payors	500,000	-
Prepaid expenses	875,012	-
Total Current Assets	<u>67,527,437</u>	<u>64,174,316</u>
Noncurrent assets		
Funds held for/by residents	681,620	-
Capital assets		
Land	103,701	-
Buildings and improvements	28,752,976	-
Equipment	5,196,179	6,591,390
Less accumulated depreciation	<u>(23,349,058)</u>	<u>(5,854,153)</u>
Total Noncurrent Assets	<u>11,385,418</u>	<u>737,237</u>
Total Assets	<u>78,912,855</u>	<u>64,911,553</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
	<u>9,294,781</u>	<u>-</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	1,599,609	964,310
Accrued interest payable	39,363	-
Accrued liabilities	1,187,066	-
Due to other governments	99,390	-
Current maturities on bonds payable	600,176	-
Compensated absences	132,000	300,000
Claims payable	-	<u>10,143,484</u>
Total Current Liabilities	<u>3,657,604</u>	<u>11,407,794</u>
Noncurrent liabilities		
Funds held for/by residents	681,620	-
Bonds payable	2,916,230	-
Compensated absences	1,192,013	10,534,914
Claims payable	-	29,150,000
Other postemployment benefit obligations payable	177,381,136	-
Net pension liability	<u>2,888,915</u>	<u>-</u>
Total Noncurrent Liabilities	<u>185,059,914</u>	<u>39,684,914</u>
Total Liabilities	<u>188,717,518</u>	<u>51,092,708</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
	<u>10,072,232</u>	<u>-</u>
<b>NET POSITION</b>		
Net investment in capital assets	7,327,287	737,237
Unrestricted	<u>(117,909,401)</u>	<u>13,081,608</u>
Total Net Position	<u>(110,582,114)</u>	<u>\$ 13,818,845</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>11,169,989</u>	
Net Position of Business-type Activities	<u>\$ (99,412,125)</u>	

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

County of Orange, New York

Statement of Cash Flows  
 Proprietary Funds  
 Year Ended December 31, 2018

	Business-type Activities- Enterprise Fund	Governmental Activities - Internal Service Funds
	The Valley View Center for Nursing Care and Rehabilitation	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users - Internal	\$ -	\$ 76,590,290
Receipts from customers and users - External	43,968,515	10,975,635
Miscellaneous	144,789	5,579,341
Payments to suppliers	(31,145,896)	(90,144,599)
Payments to employees	(20,956,129)	-
Net Cash from Operating Activities	<u>(7,988,721)</u>	<u>3,000,667</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Intergovernmental transfer - Medicaid Funding	10,603,537	-
Other non-operating activities	(997,758)	-
Transfers out	-	(3,175,000)
Net Cash from Non-Capital Financing Activities	<u>9,605,779</u>	<u>(3,175,000)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Principal payments on capital debt	(605,563)	-
Purchases of capital assets	(1,011,495)	(102,043)
Proceeds from sales of capital assets	-	81,375
Interest paid on capital debt	-	-
Net Cash from Capital and Related Financing Activities	<u>(1,617,058)</u>	<u>(20,668)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	-	710,272
Net Change in Cash and Equivalents	-	515,271
<b>CASH AND EQUIVALENTS</b>		
Beginning of Year	200	49,855,085
End of Year	<u>\$ 200</u>	<u>\$ 50,370,356</u>
<b>RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES</b>		
Income (loss) from operations	\$ (9,330,386)	\$ 2,032,427
Adjustments to reconcile income (loss) from operations to net cash from operating activities		
Depreciation and amortization expense	1,295,086	430,676
Bad debt expense	1,584,072	-
Changes in assets and liabilities		
Accounts receivable	(1,746,742)	(1,095,383)
Due from other funds	(2,493,368)	(520,261)
Inventories	(34,933)	-
Prepaid expenses and other	48,282	-
Due from third party payors	(500,000)	-
Accounts payable	(87,619)	270,820
Accrued interest payable	(8,813)	-
Accrued liabilities	186,137	-
Payable to third party and private payors	(37,861)	-
Compensated absences	(39,864)	520,261
Claims payable	-	1,362,127
Net pension liability	(4,714)	-
Other postemployment benefit obligations payable	3,182,002	-
Net Cash from Operating Activities	<u>\$ (7,988,721)</u>	<u>\$ 3,000,667</u>

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

County of Orange, New York

Statement of Net Position  
Component Units  
Year Ended December 31, 2018

	Orange County Community College	Orange County Soil and Water Conservation District	Orange County Industrial Development Agency	Orange County Water Authority	Total
<b>ASSETS</b>					
Cash and equivalents	\$ 12,149,719	\$ 391,547	\$ 13,998,348	\$ 72,229	\$ 26,611,843
Investments	13,873,150	-	-	-	13,873,150
Receivables					
Accounts, net	8,332,404	-	2,895,894	-	11,228,298
State and Federal aid	-	287,307	-	560,300	847,607
Net pension asset	674,324	-	-	-	674,324
Prepaid expenses	217,309	-	23,858	4,152	245,319
Capital assets (net of accumulated depreciation)					
Land easements	-	-	-	743,316	743,316
Machinery and equipment	3,020,296	29,576	516,636	-	3,566,508
Total Assets	<u>38,267,202</u>	<u>708,430</u>	<u>17,434,736</u>	<u>1,379,997</u>	<u>57,790,365</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
	<u>8,233,144</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,233,144</u>
<b>LIABILITIES</b>					
Accounts payable	1,572,935	43,052	392,890	288,308	2,297,185
Accrued liabilities	3,716,402	-	3,900	-	3,720,302
Unearned revenues	5,129,160	293,372	-	-	5,422,532
Other liabilities	80,110	-	-	-	80,110
Non-current liabilities					
Due within one year					
Compensated absences	-	3,322	-	6,518	9,840
Capital lease obligation	30,064	-	-	-	30,064
Due in more than one year					
Compensated absences	1,057,033	29,901	-	-	1,086,934
Capital lease obligation	16,483	-	-	-	16,483
Net pension liability	1,719,173	-	-	-	1,719,173
Other postemployment benefit obligations payable	169,563,030	-	-	-	169,563,030
Total Liabilities	<u>182,884,390</u>	<u>369,647</u>	<u>396,790</u>	<u>294,826</u>	<u>183,945,653</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
	<u>7,993,079</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,993,079</u>
<b>NET POSITION</b>					
Net investment in capital assets	2,973,749	29,576	516,636	743,316	4,263,277
Restricted for					
Scholarships, awards and grants	14,867,338	-	-	-	14,867,338
Unrestricted	(162,218,210)	309,207	16,521,310	341,855	(145,045,838)
Total Net Position	<u>\$ (144,377,123)</u>	<u>\$ 338,783</u>	<u>\$ 17,037,946</u>	<u>\$ 1,085,171</u>	<u>\$ (125,915,223)</u>

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

Net (Expense) Revenue and Changes in Net Position				
Orange County Community College	Orange County Soil and Water Conservation District	Orange County Industrial Development Agency	Orange County Water Authority	Total
\$ (40,238,998)	\$ -	\$ -	\$ -	\$ (40,238,998)
-	(7,027)	-	-	(7,027)
-	-	1,081,952	-	1,081,952
-	-	-	(245,714)	(245,714)
<u>(40,238,998)</u>	<u>(7,027)</u>	<u>1,081,952</u>	<u>(245,714)</u>	<u>(39,409,787)</u>
1,054,794	11,759	139,564	-	1,206,117
17,959,169	-	-	509,000	18,468,169
12,938,487	55,475	-	-	12,993,962
1,428,013	8,212	-	5,000	1,441,225
<u>33,380,463</u>	<u>75,446</u>	<u>139,564</u>	<u>514,000</u>	<u>34,109,473</u>
<u>(6,858,535)</u>	<u>68,419</u>	<u>1,221,516</u>	<u>268,286</u>	<u>(5,300,314)</u>
(30,173,129)	270,364	15,816,430	816,885	(13,269,450)
<u>(107,345,459)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(107,345,459)</u>
<u>(137,518,588)</u>	<u>270,364</u>	<u>15,816,430</u>	<u>816,885</u>	<u>(120,614,909)</u>
<u>\$ (144,377,123)</u>	<u>\$ 338,783</u>	<u>\$ 17,037,946</u>	<u>\$ 1,085,171</u>	<u>\$ (125,915,223)</u>

## County of Orange, New York

Notes to Financial Statements  
December 31, 2018

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### **Note 1 - Summary of Significant Accounting Policies**

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

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

#### **A. Financial Reporting Entity**

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

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

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

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

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**B. Government-Wide Financial Statements**

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

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

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

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

**C. Fund Financial Statements**

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

**Note 1 - Summary of Significant Accounting Policies (Continued)**

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

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

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

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

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

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

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

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

**Note 1 - Summary of Significant Accounting Policies (Continued)**

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

**Cash and Equivalents, Investments and Risk Disclosure**

**Cash and Equivalents** - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and short-term investments with original maturities of less than three months from the date of acquisition.

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

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

**Investments** - Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

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

**Risk Disclosure**

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

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

**Note 1 - Summary of Significant Accounting Policies (Continued)**

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

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

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

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

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

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

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

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

County of Orange, New York

Notes to Financial Statements (Continued)  
December 31, 2018

**Note 1 - Summary of Significant Accounting Policies (Continued)**

	Total Primary Government		Community College (Component Unit)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
New York State and Local Employees' Retirement System	\$ 69,922,780	\$ 73,924,958	\$ 5,125,407	\$ 5,993,916
New York State Teachers' Retirement System	-	-	3,107,737	960,495
Deferred state and federal aid	-	4,222,978	-	-
Tuition assistance program	-	-	-	1,038,668
Deferred loss on refunding bonds	6,387,312	-	-	-
	<u>\$ 76,310,092</u>	<u>\$ 78,147,936</u>	<u>\$ 8,233,144</u>	<u>\$ 7,993,079</u>

The County's deferred outflows of resources and inflows of resources in relation to its pension obligations are detailed in the discussion of the County's pension plans in Note 3F.

The County reported deferred inflows of resources of \$4,222,978 for State and Federal aid in the General Fund. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

The amount reported for the deferred loss on refunding bonds in the Statement of Net Position results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**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 the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as Capital Projects Fund expenditures.

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

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

**Note 1 - Summary of Significant Accounting Policies (Continued)**

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

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

**F. Encumbrances**

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

**G. Use of Estimates**

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

**H. Subsequent Events Evaluation by Management**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is July 5, 2019.

**Note 2 - Stewardship, Compliance and Accountability**

**A. Budgetary Data**

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

- a) During the month of June, the various County departments are given notice to prepare their budgets. These preliminary budgets are due in the Budget Department by the first week of July and include the estimated revenues and expenditures for the ensuing fiscal year.

**Note 2 - Stewardship, Compliance and Accountability (Continued)**

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

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

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

**C. Fund Deficits**

The Community Development, Off-Street Parking and Workforce Investment Act funds reflect unassigned deficits of \$12,370, \$5,765 and \$37,431, respectively. The County plans to address these deficits in the subsequent year.

The Valley View Center for Nursing Care and Rehabilitation has an unrestricted deficit of \$117,909,401 at December 31, 2018. This is primarily a result of the requirement to record its other post employment benefit obligations in accordance with GASB Statement No. 75.

**D. Capital Projects Fund Project Deficits**

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

County of Orange, New York

Notes to Financial Statements (Continued)  
December 31, 2018

**Note 3 - Detailed Notes on All Funds (Continued)**

School and city school district taxes are offset by liabilities to the school districts. Delinquent village taxes will be relieved in the County's subsequent fiscal year. Taxes receivable and tax liens are also partially offset by deferred tax revenues of \$10,546,260 which represents an estimate of the receivable which will not be collected within the first sixty days of the subsequent year.

**C. Due From/To Other Funds**

The balances reflected as due from/to other funds at December 31, 2018 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 31,443,954
	Community Development Fund	1,672,250
	Workforce Investment Act Fund	771,911
		<u>33,888,115</u>
The Valley View Center for Nursing Care and Rehabilitation	General Fund	<u>53,737,454</u>
Internal Service Fund - Compensated Absences Fund	General Fund	10,152,757
	Community Development Fund	9,759
	Road Machinery Fund	191,259
	Sewer District Fund	254,969
	Airport Fund	33,908
	Sanitary Landfill Fund	94,441
	Workforce Investment Act Fund	97,821
		<u>10,834,914</u>
		<u>\$ 98,460,483</u>

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

**D. Capital Assets**

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

<u>Class</u>	<u>Balance January 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2018</u>
<b>Governmental Activities (inclusive of Internal Service Funds):</b>				
Capital Assets, not being depreciated:				
Land	\$ 37,398,047	\$ 1,843,042	\$ -	\$ 39,241,089
Construction-in-progress	139,043,528	30,250,861	9,244,727	160,049,662
Total Capital Assets, not being Depreciated	<u>\$ 176,441,575</u>	<u>\$ 32,093,903</u>	<u>\$ 9,244,727</u>	<u>\$ 199,290,751</u>

**County of Orange, New York**

Notes to Financial Statements (Continued)  
December 31, 2018

**Note 3 - Detailed Notes on All Funds (Continued)**

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

Governmental Activities:		
General Government Support		\$ 2,110,280
Education		3,535,019
Public Safety		6,472,303
Health		32,180
Transportation		3,266,208
Economic Opportunity and Development		6,869
Culture and Recreation		573,428
Home and Community Services		1,510,135
Capital assets held by the government's internal service fund are charged to the various functions based on their usage of the assets		<u>430,676</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 17,937,098</u>
Business-type Activities - The Valley View Center for Nursing Care and Rehabilitation		<u>\$ 1,295,086</u>

**Capital Assets - Component Units**

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

Class	Balance September 1, 2017	Additions	Deletions	Balance August 31, 2018
Capital Assets, being depreciated - Machinery and equipment	\$ 21,174,783	\$ 504,213	\$ -	\$ 21,678,996
Less accumulated depreciation	<u>(17,186,485)</u>	<u>(1,472,215)</u>	-	<u>(18,658,700)</u>
College Capital Assets, net	<u>\$ 3,988,298</u>	<u>\$ (968,002)</u>	<u>\$ -</u>	<u>\$ 3,020,296</u>

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

Class	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
Capital Assets, being depreciated - Machinery and equipment	\$ 226,942	\$ -	\$ -	\$ 226,942
Less accumulated depreciation	<u>(173,911)</u>	<u>(23,455)</u>	-	<u>(197,366)</u>
District Capital Assets, net	<u>\$ 53,031</u>	<u>\$ (23,455)</u>	<u>\$ -</u>	<u>\$ 29,576</u>

County of Orange, New York

Notes to Financial Statements (Continued)  
December 31, 2018

**Note 3 - Detailed Notes on All Funds (Continued)**

**F. Long-Term Liabilities**

The changes in the County's long-term indebtedness for the year ended December 31, 2018 are summarized as follows:

	Balance as Reported January 1, 2018	Cumulative Effect of Change in Accounting Principle *	Balance as Restated January 1, 2018	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2018	Due Within One Year
<b>Governmental Activities:</b>							
Bonds Payable	\$ 304,673,239	\$ -	\$ 304,673,239	\$ -	\$ 26,827,982	\$ 277,845,257	\$ 29,680,013
Plus - Unamortized Premium on bonds	21,575,257	-	21,575,257	-	2,099,967	19,475,290	-
	<u>326,248,496</u>	<u>-</u>	<u>326,248,496</u>	<u>-</u>	<u>28,927,949</u>	<u>297,320,547</u>	<u>29,680,013</u>
<b>Other Non-current Liabilities:</b>							
Compensated Absences	10,314,653	-	10,314,653	820,261	300,000	10,834,914	300,000
Landfill Closure Costs	1,760,000	-	1,760,000	-	220,000	1,540,000	220,000
Claims	37,931,357	-	37,931,357	10,843,559	9,481,432	39,293,484	10,143,484
Net Pension Liability	52,380,761	-	52,380,761	-	34,066,540	18,314,221	-
Other Post Employment Benefit Obligations Payable	358,824,733	554,565,168	913,389,901	52,741,250	26,370,625	939,780,526	-
<b>Total Other Non- Current Liabilities</b>	<u>461,211,504</u>	<u>554,565,168</u>	<u>1,015,776,672</u>	<u>64,405,070</u>	<u>70,438,597</u>	<u>1,009,743,145</u>	<u>10,663,484</u>
<b>Governmental Activities Long-term Liabilities</b>	<u>\$ 787,460,000</u>	<u>\$ 554,565,168</u>	<u>\$ 1,342,025,168</u>	<u>\$ 64,405,070</u>	<u>\$ 99,366,546</u>	<u>\$ 1,307,063,692</u>	<u>\$ 40,343,497</u>
<b>Business-type Activities:</b>							
Bonds Payable	\$ 3,883,524	\$ -	\$ 3,883,524	\$ -	\$ 573,592	\$ 3,309,932	\$ 600,176
Plus - Unamortized Premium on bonds	238,445	-	238,445	-	31,971	206,474	-
	<u>4,121,969</u>	<u>-</u>	<u>4,121,969</u>	<u>-</u>	<u>605,563</u>	<u>3,516,406</u>	<u>600,176</u>
<b>Other Non-current Liabilities:</b>							
Compensated Absences	1,363,877	-	1,363,877	285,136	325,000	1,324,013	132,000
Net Pension Liability	8,289,801	-	8,289,801	-	5,400,886	2,888,915	-
Other Post Employment Benefit Obligations Payable	72,701,716	101,497,418	174,199,134	6,364,004	3,182,002	177,381,136	-
<b>Total Other Non- Current Liabilities</b>	<u>82,355,394</u>	<u>101,497,418</u>	<u>183,852,812</u>	<u>6,649,140</u>	<u>8,907,888</u>	<u>181,594,064</u>	<u>132,000</u>
<b>Business-type Activities Long-term Liabilities</b>	<u>\$ 86,477,363</u>	<u>\$ 101,497,418</u>	<u>\$ 187,974,781</u>	<u>\$ 6,649,140</u>	<u>\$ 9,513,451</u>	<u>\$ 185,110,470</u>	<u>\$ 732,176</u>
<b>Component Units:</b>							
Capital Lease Obligations	\$ 96,152	\$ -	\$ 96,152	\$ -	\$ 49,605	\$ 46,547	\$ 30,064
Compensated Absences	1,120,872	-	1,120,872	1,333	25,431	1,096,774	9,840
Net Pension Liability	5,069,337	-	5,069,337	-	3,350,164	1,719,173	-
Other Post Employment Benefit Obligations Payable	57,945,796	107,345,459	165,291,255	8,597,248	4,325,473	169,563,030	-
<b>Component Units Long-term Liabilities</b>	<u>\$ 64,232,157</u>	<u>\$ 107,345,459</u>	<u>\$ 171,577,616</u>	<u>\$ 8,598,581</u>	<u>\$ 7,750,673</u>	<u>\$ 172,425,524</u>	<u>\$ 39,904</u>

\*See Note 2F.

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

**Note 3 - Detailed Notes on All Funds (Continued)**

**Prior Year Defeasance of Debt**

In prior years, the County defeased certain public improvement bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. At December 31, 2018, \$11,325,000 of outstanding public improvement serial bonds considered defeased.

**Compensated Absences**

Vacation leave is generally taken in the year earned. However, employees of the primary government may accumulate and carry up to 35 days of vacation leave to a subsequent period. At December 31, 2018, the value of such accumulated leave was reflected in the Compensated Absences Internal Service Fund.

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

The District (component unit) employees may accumulate up to 240 hours of unused annual leave. The liability at December 31, 2018 was \$33,223.

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

**Landfill Closure Costs**

State and Federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The amount of \$1,540,000 reported as a landfill closure costs liability in the government-wide financial statements, at December 31, 2018, represents an estimated amount based on the use of 100 percent of the landfill capacity less the actual expenditures to date of \$16,658,802. These expenditures have been charged to the Capital Projects Fund, which has a total project budget of \$17,897,633. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**Unpaid Claim Liabilities**

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

**County of Orange, New York**

Notes to Financial Statements (Continued)  
December 31, 2018

**Note 3 - Detailed Notes on All Funds (Continued)**

The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The County also participates in the Public Employees' Group Life Insurance Plan, which provides death benefits in the form of life insurance. The ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at [www.osc.state.ny.us/retire/publications/index.php](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 ERS is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% depending on salary levels for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the ERS's fiscal year ending March 31. The employer contribution rates for the plan's year ending in 2018 are as follows:

<u>Tier/Plan</u>	<u>Option</u>	<u>Rate</u>
1 75I	41J	21.6 %
2 75I	41J CC	19.7
2 75I	41J	19.6
3 A14	41J CC	15.9
3 A14	41J	15.8
4 553B	41J	26.7
4 89PAF		18.0
4 A15	41J CC	15.9
4 A15	41J	15.8
5 553B	41J	24.4
5 89PAF		15.4
5 A15	41J CC	13.1
5 A15	41J	13.0
6 553B	41J1	19.6
6 89PAF		10.8
6 A15	41J1 CC	9.4
6 A15	41J1	9.3

At December 31, 2018, the County and the College (component unit) reported liabilities as follows for their proportionate share of the net pension liability:

Primary Government:	
Governmental Activities	\$ 18,314,221
Business-type Activities	2,888,915
Component Unit -	
College	1,719,173

**County of Orange, New York**

Notes to Financial Statements (Continued)  
December 31, 2018

**Note 3 - Detailed Notes on All Funds (Continued)**

The amounts reported as deferred outflows of resources related to ERS resulting from accrued contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the plan's year ended March 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS will be recognized in pension expense as follows:

Year Ended March 31,	Governmental Activities	Business- type Activities	College (Component Unit)
2019	\$ 1,583,535	\$ 249,719	\$ 148,642
2020	1,420,273	223,973	133,317
2021	(13,919,781)	(2,195,110)	(1,306,613)
2022	(6,538,754)	(1,031,919)	(613,838)
Thereafter	-	-	-

The total pension liability for the ERS measurement date was determined by using an actuarial valuation date as noted below, with update procedures used to roll forward the total pension liability to that measurement date. Significant actuarial assumptions used in the valuation were as follows:

	<u>ERS</u>
Measurement date	March 31, 2018
Actuarial valuation date	April 1, 2017
Investment rate of return	7.0% *
Salary scale	3.8%
Inflation rate	2.5%
Cost of living adjustments	1.3%

\*Compounded annually, net of pension plan investment expenses, including inflation.

Annuitant mortality rates are based on the System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014.

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

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

**Note 3 - Detailed Notes on All Funds (Continued)**

The components of the collective net pension liability as of the March 31, 2018 measurement date were as follows:

	<u>ERS</u>
Total pension liability	\$ 183,400,590,000
Fiduciary net position	<u>180,173,145,000</u>
Employers' net pension liability	<u>\$ 3,227,445,000</u>
ERS fiduciary net position as a percentage of total pension liability	<u>98.24%</u>

Employer contributions to ERS are paid annually and cover the period through the end of the ERS's fiscal year, which is March 31<sup>st</sup>. Retirement contributions as of December 31, 2018 represent the employer contribution for the period of April 1, 2018 through December 31, 2018 based on prior year ERS wages multiplied by the employers' contribution rate, by tier. Retirement contributions to ERS for the nine months ended December 31, 2018 were \$14,230,000 for governmental activities and \$1,975,886 for business-type activities.

**Pension Plans - Component Units**

*Teachers' Retirement System*

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

The TRS is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% depending on salary levels for their entire length of service. Pursuant to Article 11 of the Education Law of the State of New 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 2018 was 9.80%.

At August 31, 2018, the College reported an asset of \$674,324 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2018, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The College's proportion of the net pension asset was based on its contributions to the pension plan relative to the contributions of all participating members. At June 30, 2018,

County of Orange, New York

Notes to Financial Statements (Continued)  
December 31, 2018

**Note 3 - Detailed Notes on All Funds (Continued)**

Service	Rate
5	4.72 %
15	3.46
25	2.37
35	1.90

Projected COLAs	1.5% compounded annually
Investment rate of return	7.25% 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, 2017 valuation was based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014.

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice ("ASOP") No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance. Best estimates of arithmetic real rates of return for each major asset class included in TRS's target asset allocation as of the valuation date of June 30, 2018 are summarized in the following table:

Asset class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic Equity	33.0 %	5.80 %
International Equity	16.0	7.30
Global Equity	4.0	6.70
Real Estate	11.0	4.90
Private Equity	8.0	8.90
Domestic Fixed Income Securities	16.0	1.30
Global Fixed Income Securities	2.0	0.90
Private Debt	1.0	6.80
Real Estate Debt	7.0	2.80
High-Yield Fixed Income Securities	1.0	3.50
Short-Term	1.0	0.30
Total	<u>100.0 %</u>	

\*The real rate of return is net of the long-term inflation assumption of 2.2%.

**Note 3 - Detailed Notes on All Funds (Continued)**

*Teachers' Insurance and Annuity Association College Retirement Equities Fund*

The College (component unit) participates in the Teachers' Insurance and Annuity Association College Retirement Equities Fund ("TIAA-CREF"). TIAA-CREF is a cost sharing multiple-employer defined contribution pension plan. The System provides retirement, disability and death benefits to plan members. Obligations of employers and employees to contribute and benefits to employees are governed by New York State Retirement and Social Security Law. TIAA-CREF issues publicly available financial reports that include financials statements and required supplementary information. These reports may be obtained by writing the Teacher's Insurance and Annuity Association – College Retirement Equities Fund, 730 Third Avenue, New York, New York 10017.

TIAA-CREF is a privately operated defined contribution retirement plan which provides benefits to certain employees of the College. Under the plan, the College is required to make contributions based on gross salaries of the participants as follows:

Tier	Dates	Contribution
Tier 1	Membership prior to July 1, 1973	12% of the first \$16,500 of salary per calendar year, and 15% of all salary above \$16,500
Tier 2	July 1, 1973 - July 26, 1976	12% of the first \$16,500 of salary per calendar year, and 15% of all salary above \$16,500
Tier 3	July 27, 1976 - August 31, 1983	9% of the first \$16,500 of salary per calendar year, and 12% of all salary above \$16,500
Tier 4	September 1, 1983 - July 16, 1992	9% of the first \$16,500 of salary per calendar year, and 12% of all salary above \$16,500
Tier 5	July 17, 1992 - March 31, 2012	8% for the first seven years of service, and 10% thereafter
Tier 6	April 1, 2012 and after	8% for the first seven years of service, and 10% thereafter

County of Orange, New York

Notes to Financial Statements (Continued)  
December 31, 2018

**Note 3 - Detailed Notes on All Funds (Continued)**

The County and College's total OPEB liability of \$1,285,030,896 was measured as of December 31, 2018, and was determined by an actuarial valuation as of January 1, 2017.

The total OPEB liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.00%
Discount rate	3.80%
Healthcare cost trend rates	8.0% for 2019, decreasing by up to .5% per year to an ultimate rate of 5.0% for 2026
Retirees' share of benefit-related costs	Varies from 0% to 100%, depending on applicable retirement year and bargaining unit

The discount rate was based on the S&P Municipal Bond 20-year High Grade Rate Index utilizing the average of three 20-year bond indices (e.g., Bond Buyer-20 Bond GO – 4.10%, S&P Municipal 20 Year High Grade Rate Index – 3.64% and Fidelity GA AA 20 Years – 3.71%).

Mortality rates were based on the sex-distinct RP-2014 Mortality Tables for employees and healthy annuitants, adjusted backward to 2006 with scale MP-2016.

The actuarial assumptions used in the January 1, 2017 valuation for turnover and retirement for ERS and TRS were based on the April 1, 2010 to March 31, 2015 experience study released by the Retirement Systems Actuary and published in their August 2015 report.

The County's change in the total OPEB liability for the year ended December 31, 2018 is as follows:

	Governmental Activities	Business- type Activities	College (Component Unit)	Total
Total OPEB Liability - Beginning of Year	\$ 915,117,395	\$ 174,199,134	\$ 163,563,761	\$ 1,252,880,290
Service cost	11,732,247	1,609,419	2,532,414	15,874,080
Interest	34,366,799	6,525,462	6,132,965	47,025,226
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	-	-	-	-
Changes in assumptions or other inputs	-	-	-	-
Benefit payments	(21,455,915)	(4,952,879)	(4,339,906)	(30,748,700)
Total OPEB Liability - End of Year	\$ 939,760,526	\$ 177,381,136	\$ 167,889,234	\$ 1,285,030,896

The following presents the total OPEB liability of the County and College, as well as what the County and College's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.80%) or 1 percentage point higher (4.80%) than the current discount rate:

	1% Decrease (2.80%)	Current Assumption (3.80%)	1% Increase (4.80%)
Total OPEB Liability	\$ 1,642,292,397	\$ 1,285,030,896	\$ 1,035,071,500

**County of Orange, New York**

Notes to Financial Statements (Continued)  
December 31, 2018

**Note 3 - Detailed Notes on All Funds (Continued)**

**H. Revenues and Expenditures**

**Interfund Transfers**

Interfund transfers are defined as the flow of assets, such as cash or goods and services, without equivalent flows of assets in return. The interfund transfers reflected below have been reported as transfers.

Transfers Out	Transfers In			Total
	General	Capital Projects	Non-Major Govern-mental	
General	\$ -	175,832	2,625,625	\$ 2,801,457
Capital Projects	409,171	-	572,883	982,054
Non-Major Governmental	-	2,432,550	6,152,361	8,584,911
Internal Service	3,175,000	-	-	3,175,000
	<u>\$ 3,584,171</u>	<u>\$ 2,608,382</u>	<u>\$ 9,350,869</u>	<u>\$ 15,543,422</u>

Transfers are used to 1) move funds from the General Fund to finance various capital projects and programs accounted for in other funds, 2) move restricted funds to the Debt Service Fund and 3) move funds in excess of actuarial requirements from the Internal Service fund to the General Fund.

**I. Net Position**

The components of net position are detailed below:

*Net investment in capital assets* - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

*Restricted for Capital Projects* - the component of net position that reports the amounts restricted for capital projects, exclusive of unexpended bond proceeds and unrestricted interest earnings.

*Restricted for Tax Stabilization* - the component of net position that has been established to legally segregate funds to stabilize real property tax rates in accordance with Section 6e of the General Municipal Law of the State of New York.

*Restricted for Debt Service* - the component of net position that reports the difference between assets and liabilities of the Debt Service Fund with constraints placed on their use by Local Finance Law.

*Restricted for Equipment* - the component of net position that has been established to set aside funds to maintain and replace the vehicle fleet for sanitary landfill operations pursuant to Section 6c of the General Municipal Law of the State of New York.

County of Orange, New York

Notes to Financial Statements (Continued)  
December 31, 2018

**Note 3 - Detailed Notes on All Funds (Continued)**

**J. Fund Balances**

	2018				Total
	General Fund	Community Development Fund	Capital Projects Fund	Non-Major Governmental Funds	
<b>Nonspendable</b>					
Prepaid expenditures	\$ 4,657,902	\$ 12,370	\$ -	\$ 181,100	\$ 4,851,372
Accounts and loans receivable	-	-	-	2,589,949	2,589,949
<b>Total Nonspendable</b>	<b>4,657,902</b>	<b>12,370</b>	<b>-</b>	<b>2,771,049</b>	<b>7,441,321</b>
<b>Restricted</b>					
Tax stabilization	972,006	-	-	-	972,006
Debt service	-	-	-	1,704,482	1,704,482
Debt service - for subsequent years expenditures	-	-	-	-	-
Equipment	-	-	-	13,227	13,227
Sanitary landfill improvements	-	-	-	24,544	24,544
Unemployment benefits	1,352,686	-	-	-	1,352,686
Future capital projects	1,230,722	-	-	-	1,230,722
Stop - DWI Program	746,978	-	-	-	746,978
Highway capital projects	-	-	-	-	-
Handicapped Parking Education Program	38,828	-	-	-	38,828
Repairs	-	-	-	183,683	183,683
Forfeiture of crime proceeds	598,127	-	-	-	598,127
<b>Total Restricted</b>	<b>4,937,347</b>	<b>-</b>	<b>-</b>	<b>1,905,936</b>	<b>6,843,283</b>
<b>Committed</b>					
Orange County Water Authority	10,230	-	-	-	10,230
Infrastructure Loan Program	180,000	-	-	-	180,000
Real property update	79,047	-	-	-	79,047
Parks forest management	17,980	-	-	-	17,980
Future Medicaid expenditures	500,000	-	-	-	500,000
<b>Total Committed</b>	<b>787,257</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>787,257</b>
<b>Assigned</b>					
<b>Purchases on order</b>					
General government support	468,739	-	-	-	468,739
Education	4,103	-	-	-	4,103
Public safety	1,817,030	-	-	-	1,817,030
Health	649,163	-	-	-	649,163
Transportation	-	-	-	65,685	65,685
Economic opportunity and development	542,823	-	-	-	542,823
Culture and recreation	529,559	-	-	-	529,559
Home and community services	281,437	-	-	249,759	531,196
<b>Total Assigned</b>	<b>4,290,854</b>	<b>-</b>	<b>-</b>	<b>315,444</b>	<b>4,606,298</b>
<b>For subsequent year's expenditures:</b>					
General Fund	17,229,116	-	-	-	17,229,116
County Road Fund	-	-	-	1,387,449	1,387,449
Airport Fund	-	-	-	160,000	160,000
Small Watershed Protection Fund	-	-	-	72,000	72,000
Sanitary Landfill Fund	-	-	-	300,000	300,000
<b>Non-Major funds:</b>					
County Road Fund	-	-	-	3,351,685	3,351,685
Road Machinery Fund	-	-	-	25,352	25,352
Sewer District Fund	-	-	-	2,602,890	2,602,890
Airport Fund	-	-	-	255,404	255,404
Sanitary Landfill Fund	-	-	-	715,113	715,113
Small Watershed Protection Fund	-	-	-	688,087	688,087
<b>Total Assigned</b>	<b>21,519,970</b>	<b>-</b>	<b>-</b>	<b>9,843,424</b>	<b>31,363,394</b>
<b>Unassigned</b>					
Major funds	66,664,523	(12,370)	(33,477,943)	-	23,174,210
<b>Non-Major funds:</b>					
Road Machinery Fund	-	-	-	-	-
Off-Street Parking Fund	-	-	-	(5,765)	(5,765)
Workforce investment Act Fund	-	-	-	(37,431)	(37,431)
<b>Total Unassigned</b>	<b>66,664,523</b>	<b>(12,370)</b>	<b>(33,477,943)</b>	<b>(43,196)</b>	<b>23,131,014</b>
<b>Total Fund Balances</b>	<b>\$ 88,666,999</b>	<b>\$ -</b>	<b>\$ (33,477,943)</b>	<b>\$ 14,477,213</b>	<b>\$ 69,666,269</b>

**Note 3 - Detailed Notes on All Funds (Continued)**

Certain elements of fund balance are described above. Those additional elements which are not reflected in the Statement of Net Position but are reported in the governmental funds balance sheet are described below.

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

Accounts and Loans Receivable have been classified as nonspendable to indicate that certain accounts and loans receivable will not be collected in sufficient time to use the funds to satisfy liabilities of the current period. The amount is classified as nonspendable to indicate that the funds are not "available" for appropriation or expenditure even though the amounts are a component of current assets.

Amounts committed for Orange County Water Authority represents the unspent appropriations to the Water Authority that the County legislature has required to be set aside for use in subsequent years.

Amounts committed for Infrastructure Loan Program represents an amount that the County Legislature has available for loans to certain Orange County municipal entities to foster the development of housing within the County.

Amounts committed for Real Property Update is used to segregate a portion of fund balance, at the request of the County Legislature, to be utilized to review and monitor the establishment of real property values in the County.

Amounts committed for Parks Forest Management is used to segregate a portion of fund balance, as required by the County Legislature, to be utilized for the operations of certain County parkland.

Amount committed for Future Medicaid Expenditures is used to segregate a portion of the fund balance of the General Fund, at the request of the County Legislature, to be utilized for future unanticipated Medicaid cost increases.

Purchases on order are assigned and represent the County's intention to honor contracts in process at year end. The subsequent year's appropriation will be amended to provide authority to complete the transaction.

Subsequent year's expenditures represent that at December 31, 2018, the County Legislature/Executive has assigned the above amounts to be appropriated for the ensuing year's budget.

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted, committed or assigned. Unassigned fund balance in the Community Development, Capital Projects and certain non-major governmental funds represents the deficit balances in these funds.

County of Orange, New York

Notes to Financial Statements (Continued)  
December 31, 2018

**Note 5 - Tax Abatements**

The County had ninety-nine real property tax abatement agreements which fall under both the General Municipal Law #874 Article 18A and the Real Property Tax Law 412a for the purpose of economic development. Currently only sixty-eight have abatement grants greater than zero. The other thirty-one are being taxed at their full amount.

Generally, these agreements provide for a 100 percent abatement of real property taxes in exchange for a payment in lieu of taxes ("PILOT") based on any of the following conditions:

- A. 485B Exemption a 50% abatement with increases of 5% each year for 10 years
- B. Enhanced 485B Exemption starting with a 0% abatement and increasing 10% each year for 10 years
- C. Negotiable – A few are a fixed dollar amount with annual % increases.

Most PILOTs last for 10 years but larger projects could extend to 15 – 20 years. Some PILOTs are through the County IDA and others are through a local municipal IDA.

When an assessment value was not available and for the objective of estimating the amount of abatement that was granted to the beneficiary of the agreement, the assessment was estimated at 3 times the PILOT billing rate.

Copies of the agreements may be obtained from Karin Hablow, Chief Financial Officer of the Orange County Industrial Development Agency (component unit), 4 Crotty Lane, Suite 100, New Windsor, NY 12553, [business@ocnyida.com](mailto:business@ocnyida.com). Information relevant to disclosure of these agreements for the calendar year ended December 31, 2018 is as follows:

Start Year	Agreement	Town Or City	Locale	Taxable Assessed Value	Tax Rate	Tax Value	PILOT Received	Received but Applicable to Prior Periods	Taxes Abated
2014	Danza Leser Group LLC	City	Middletown	712,542	21.9840	15,665	5,221	-	10,444
2016	Equilibrium Brewery	City	Middletown	79,200	21.9840	1,741	547	-	1,194
2016	Heritage Restoration Properties	City	Middletown	197,300	21.9840	4,337	1,031	-	3,306
2013	Sml Group Enterprise, LLC	City	Middletown	1,136,200	21.9840	24,978	855	-	24,123
2013	Southeast Towers	City	Middletown	915,944	21.9840	20,136	6,895	-	13,241
2005	Belvedere/Lake St	City	Newburgh	23,441,000	3.8515	90,283	18,519	-	71,764
2004	Bourne & Kenney	City	Newburgh	4,179,900	3.8515	16,099	5,308	-	10,791
2011	Burton Towers	City	Newburgh	6,797,000	3.8515	26,179	8,131	-	18,046
1985	Hudson Heritage	City	Newburgh	38,763	3.8515	1,493	857	-	636
2017	Independence Square	City	Newburgh	4,406,300	3.8515	16,971	2,022	-	14,949
2004	Safe Harbors/Cornerstone	City	Newburgh	1,388,900	3.8515	5,349	1,426	-	3,923
2012	Varick Homes	City	Newburgh	6,191,400	3.8515	23,846	-	-	23,846
2012	Voisons	City	Newburgh	3,320,000	3.8515	12,787	-	-	12,787
2011	100 River Road, LLC	City	Port Jervis	765,000	9.9389	7,603	3,041	-	4,562
2015	3312 Group, LLC	City	Port Jervis	1,046,050	9.6055	10,048	3,929	-	6,119
<b>Total</b>		<b>15</b>	<b>Cities</b>	<b>54,615,499</b>		<b>277,514</b>	<b>57,783</b>	<b>-</b>	<b>219,731</b>
2009	Millennium Pipeline	Other	Multiple	N/A		N/A	195,650	-	(195,650)
<b>Total</b>		<b>1</b>	<b>Other</b>	<b>-</b>		<b>-</b>	<b>195,650</b>	<b>-</b>	<b>(195,650)</b>

County of Orange, New York

Notes to Financial Statements (Concluded)  
December 31, 2018

**Note 5 - Tax Abatements (Continued)**

Start Year	Agreement	Town Or City	Locale	Taxable Assessed Value	Tax Rate	Tax Value	PILOT Received	Received but Applicable to Prior Periods	Taxes Abated
1998	Newburgh Senior LLC	Town	Newburgh	2,620,000	11.1261	29,150	2,270	-	26,880
N/A	Ny Telephone	Town	Newburgh	101,100	11.1261	1,125	1,125	-	-
N/A	Omnipoint Comm. Inc.	Town	Newburgh	101,000	11.1261	1,124	1,124	-	-
N/A	Shortline/Sam Jamison	Town	Newburgh	96,000	11.1261	1,068	1,068	-	-
N/A	Sky Chefs/Pacific Sinterag Metals	Town	Newburgh	375,000	11.1261	4,172	4,172	-	-
1999	Tuxedo Place	Town	Tuxedo	192,000	22.8456	4,386	4,386	-	-
2011	Concrete Properties, LLC/Tetz	Town	Walkkill	189,800	18.0628	3,428	2,657	-	771
2010	Crh Realty II, LLC	Town	Walkkill	3,252,400	18.0628	58,747	47,413	-	11,334
2014	Crh Realty VI, LLC	Town	Walkkill	2,274,400	18.0628	41,082	17,267	-	23,815
2015	Fairbanks Mfg., LLC	Town	Walkkill	169,700	18.0628	3,065	920	-	2,145
N/A	Senior Horizons	Town	Walkkill	70,500	18.0628	1,273	1,273	-	-
2014	Walkkill Realty Partners LP	Town	Walkkill	5,430,200	18.0628	98,085	30,184	-	67,901
2017	Retford Investments	Town	Walkkill	633,300	18.0628	11,439	6,572	-	4,867
1988	Country Village Assoc.	Town	Warwick	221,000	20.4000	4,508	2,406	-	2,102
1995	Devon Wood Ltd. Partnership	Town	Warwick	693,900	20.0000	13,878	1,380	-	12,498
1995	Ibm Corp.	Town	Warwick	6,000,000	25.2675	157,605	133,075	-	24,530
2018	Pharmline Inc.	Town	Warwick	418,000	26.2675	10,980	10,699	-	281
2017	CPV	Town	Wawayanda	670,600	13.0545	8,754	3,475	-	5,279
2018	Nowak Properties, Inc.	Town	Wawayanda	4,724,600	5.6016	26,465	1,160	-	25,305
2011	Wawayanda Acquisition, LLC	Town	Wawayanda	20,000	5.6016	112	112	-	-
2011	Wawayanda Acquisition, LLC	Town	Wawayanda	12,901,200	5.6016	72,267	61,679	-	10,588
2011	Wawayanda Acquisition, LLC	Town	Wawayanda	10,000	5.6016	56	56	-	-
<b>Total</b>		<b>83 Towns</b>		<b>299,042,995</b>		<b>2,579,072</b>	<b>1,270,309</b>	<b>(1,948)</b>	<b>1,310,711</b>
<b>Total</b>		<b>99 All</b>		<b>353,658,494</b>		<b>2,856,585</b>	<b>1,523,742</b>	<b>(1,948)</b>	<b>1,334,792</b>

**Note 6 - Subsequent Events**

The County, on January 23, 2019, issued \$28,650,000 of serial bonds with interest rates ranging from 2.25 – 5.00% and maturing on February 1, 2028.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

**County of Orange, New York**

Required Supplementary Information - Schedule of Changes in the  
 County's Total OPEB Liability and Related Ratios  
 Last Ten Fiscal Years (1)(2)

	<u>2018</u>
Total OPEB Liability:	
Service cost	\$ 15,874,080
Interest	47,025,226
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other inputs	-
Benefit payments	<u>(30,748,700)</u>
Net Change in Total OPEB Liability	32,150,606
Total OPEB Liability – Beginning of Year	<u>1,252,880,290</u> (3)
Total OPEB Liability – End of Year	<u>\$ 1,285,030,896</u>
Covered-employee payroll	<u>\$ 158,588,705</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>810.29%</u>

Notes to Schedule:

(1) Data not available prior to fiscal year 2018 implementation of Governmental Accounting Standards Board Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions".

(2) No assets are accumulated in a trust that meets the criteria in paragraph 4 of this Statement to pay related benefits.

(3) Restated for the implementation of the provisions of GASB Statement No. 75.

County of Orange, New York

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

	Governmental Activities			
	2018	2017	2016	2015
Proportion of the net pension liability	0.5667699%	0.5574669%	0.5235445%	0.5462432%
Proportionate share of the net pension liability	\$ 18,314,221	\$ 52,380,761	\$ 84,030,347	\$ 18,453,431
Covered payroll	\$ 124,426,791	\$ 127,350,886	\$ 123,091,786	\$ 111,631,729
Proportionate share of the net pension liability as a percentage of covered payroll	14.72%	41.13%	68.27%	16.53%
Plan fiduciary net position as a percentage of the total pension liability	98.24%	94.70%	90.70%	97.90%
	Business-Type Activities (A)			
	2018	2017	2016	2015
Proportion of the net pension liability	0.0895109%	0.0882248%	0.0830477%	0.0867020%
Proportionate share of the net pension liability	\$ 2,888,915	\$ 8,289,801	\$ 13,329,391	\$ 2,929,005
Covered payroll	\$ 19,820,309	\$ 20,243,401	\$ 19,528,094	\$ 17,710,534
Proportionate share of the net pension liability as a percentage of covered payroll	14.58%	40.95%	68.26%	16.54%
Plan fiduciary net position as a percentage of the total pension liability	98.24%	94.70%	90.70%	97.90%
	Component Unit (College)			
	2018	2017	2016	2015
Proportion of the net pension liability	0.0532673%	0.0539500%	0.0546160%	0.0557120%
Proportionate share of the net pension liability	\$ 1,719,173	\$ 5,069,337	\$ 8,765,985	\$ 1,882,101
Covered payroll	\$ 13,018,610	\$ 12,881,984	\$ 12,847,134	\$ 11,380,391
Proportionate share of the net pension liability as a percentage of covered payroll	13.21%	39.35%	68.23%	16.54%
Plan fiduciary net position as a percentage of the total pension liability	98.24%	94.70%	90.70%	97.90%

(A) Valley View Center for Nursing Care and Rehabilitation (Enterprise Fund).

Note - The amounts presented for each fiscal year were determined as of the March 31 measurement date within the current fiscal year.

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

See independent auditors' report.

**County of Orange, New York**

Required Supplementary Information - Schedule of the  
 County's Proportionate Share of the Net Pension Liability (Asset)  
 New York State Teachers' Retirement System  
 Last Ten Fiscal Years (1)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (asset)	<u>0.037291 %</u>	<u>0.038267 %</u>	<u>0.038594 %</u>	<u>0.035559 %</u>
Proportionate share of the net pension liability (asset)	<u>\$ (674,324)</u>	<u>\$ (290,866)</u>	<u>\$ 413,360</u>	<u>\$ (3,693,461)</u>
Covered payroll	<u>\$ 6,074,328</u>	<u>\$ 6,064,036</u>	<u>\$ 6,705,476</u>	<u>\$ 6,705,476</u>
Proportionate share of the net pension liability (asset) as a percentage of covered payroll	<u>(11.10) %</u>	<u>(4.80) %</u>	<u>6.16 %</u>	<u>(55.08) %</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>101.53 %</u>	<u>100.70 %</u>	<u>99.01 %</u>	<u>110.46 %</u>

Note - The amounts presented in this table are for the Orange County Community College (component unit).  
 The amounts presented for each fiscal year were determined as of the June 30 measurement date of the prior fiscal year.

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

**GENERAL  
FUND**

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

County of Orange, New York

General Fund  
Comparative Balance Sheet  
December 31,

	2018	2017
<b>ASSETS</b>		
Cash and equivalents	\$ 91,891,948	\$ 121,886,483
Taxes receivable		
Taxes receivable, overdue	23,205,380	22,317,099
Returned school districts taxes	29,240,984	28,867,146
Delinquent village taxes	2,857,396	2,515,805
City school districts taxes	3,878,857	3,897,749
Property acquired for taxes	3,073,402	2,332,570
	62,256,019	59,930,369
Allowance for uncollectible taxes	(8,832,039)	(9,594,466)
	53,423,980	50,335,903
Other receivables		
Accounts, net of allowance for uncollectible amounts of \$25,000 in 2018 and 2017	3,864,051	3,755,554
Sales taxes	31,174,115	29,416,389
State and Federal aid, net of allowance for uncollectible amounts of \$1,753,838 in 2018 and 2017	51,395,776	41,298,807
Due from other governments	829,365	820,081
Due from other funds	33,888,115	11,565,687
	121,151,422	86,856,518
Prepaid expenditures	4,657,902	4,888,751
Total Assets	\$ 271,125,252	\$ 263,967,655
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
Accounts payable	\$ 51,482,533	\$ 55,522,456
Accrued liabilities	15,353,572	16,314,225
Due to other governments	2,849,003	2,514,424
Due to other funds	63,890,211	60,942,677
Due to school districts	34,154,756	33,751,581
Unearned revenues	58,940	73,657
Total Liabilities	167,789,015	169,119,020
Deferred inflows of resources		
Deferred tax revenues	10,546,260	10,120,949
Deferred federal and state aid	4,222,978	-
Total Deferred Inflows of Resources	14,769,238	10,120,949
Total Liabilities and Deferred Inflows of Resources	182,558,253	179,239,969
Fund balance		
Nonspendable	4,657,902	4,888,751
Restricted	4,937,347	4,876,751
Committed	787,257	784,482
Assigned	21,519,970	23,962,784
Unassigned	56,664,523	50,214,918
Total Fund Balance	88,566,999	84,727,686
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 271,125,252	\$ 263,967,655

See independent auditors' report.

2017

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 83,791,531	\$ 84,567,549	\$ 86,682,843	\$ 2,115,294
9,428,477	9,428,477	12,657,322	3,228,845
270,405,867	274,165,677	285,391,860	11,226,183
26,137,149	26,402,209	28,559,130	2,156,921
10,288,242	10,288,242	9,208,217	(1,080,025)
5,720,693	5,720,693	5,864,102	143,409
-	-	-	-
747,063	747,063	909,344	162,281
1,020,452	1,020,452	360,781	(659,671)
9,063,943	9,132,849	8,539,210	(593,639)
80,561,852	93,079,224	85,366,243	(7,712,981)
59,194,618	104,024,569	61,667,118	(42,357,451)
4,494,136	4,499,136	3,684,440	(814,696)
<u>560,854,023</u>	<u>623,076,140</u>	<u>588,890,610</u>	<u>(34,185,530)</u>
145,541,435	150,410,759	143,540,342	6,870,417
54,495,592	56,338,826	56,086,709	252,117
95,359,302	100,263,789	91,082,474	9,181,315
51,251,604	62,034,930	52,053,434	9,981,496
646,000	648,990	648,250	740
223,684,143	225,912,566	221,290,051	4,622,515
7,813,511	7,849,610	7,519,661	329,949
10,926,314	50,885,795	17,465,131	33,420,664
1,840,266	1,840,266	836,833	1,003,433
<u>591,558,167</u>	<u>656,185,531</u>	<u>590,522,885</u>	<u>65,662,646</u>
<u>(30,704,144)</u>	<u>(33,109,391)</u>	<u>(1,632,275)</u>	<u>31,477,116</u>
5,200,000	5,200,000	5,235,423	35,423
<u>(1,221,183)</u>	<u>(1,439,739)</u>	<u>(1,439,734)</u>	<u>5</u>
<u>3,978,817</u>	<u>3,760,261</u>	<u>3,795,689</u>	<u>35,428</u>
<u>(26,725,327)</u>	<u>(29,349,130)</u>	<u>2,163,414</u>	<u>31,512,544</u>
<u>26,725,327</u>	<u>29,349,130</u>	<u>82,564,272</u>	<u>53,215,142</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,727,686</u>	<u>\$ 84,727,686</u>

**Economic Opportunity and Development**

Medical assistance	845,102	845,102	1,770,425	925,323	1,868,339
Aid to dependent children	1,289,828	1,289,828	1,445,843	156,015	1,522,156
Medical incentive	240,500	240,500	590,282	349,782	447,540
Child care	3,494,852	3,494,852	3,541,723	46,871	4,345,880
Juvenile delinquents	2,919	2,919	11,836	8,917	35,652
Safety net	1,153,280	1,114,494	1,339,235	224,741	1,113,527
Aid to adults	1,361	1,361	175	(1,186)	766
Programs for the aging	54,425	54,425	45,413	(9,012)	48,894
Other	364,072	402,858	362,993	(39,865)	374,432
	<u>7,446,339</u>	<u>7,446,339</u>	<u>9,107,925</u>	<u>1,661,586</u>	<u>9,757,186</u>

**Culture and Recreation**

Parks and recreation	200,000	200,000	172,759	(27,241)	187,806
Recreation concessions	90,000	90,000	69,283	(20,717)	73,819
Golf charges	1,680,000	1,680,000	1,203,641	(476,359)	1,406,959
	<u>1,970,000</u>	<u>1,970,000</u>	<u>1,445,683</u>	<u>(524,317)</u>	<u>1,668,584</u>
Total Departmental Income	<u>26,572,958</u>	<u>26,956,063</u>	<u>26,916,559</u>	<u>(39,504)</u>	<u>28,559,130</u>

**INTERGOVERNMENTAL CHARGES**

Public safety services	10,000	10,000	48,343	38,343	24,243
Miscellaneous	9,158,619	9,158,619	9,587,187	428,568	9,183,974
Total Intergovernmental Charges	<u>9,168,619</u>	<u>9,168,619</u>	<u>9,635,530</u>	<u>466,911</u>	<u>9,208,217</u>

**LICENSES AND PERMITS**

Games and chance	-	-	1,373,545	1,373,545	-
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**USE OF MONEY AND PROPERTY**

Earnings on investments	455,375	455,375	862,780	407,405	237,022
Rental of real property	4,799,652	4,799,652	4,869,058	69,406	4,933,920
Commissions	356,449	356,449	802,988	446,539	693,160
Total Use of Money and Property	<u>5,611,476</u>	<u>5,611,476</u>	<u>6,534,826</u>	<u>923,350</u>	<u>5,864,102</u>

**FINES AND FORFEITURES**

Fines and forfeited bail	26,000	26,000	71,760	45,760	25,171
Forfeiture - DWI program	739,609	739,609	818,976	79,367	759,935
Forfeiture - Federal crime proceeds	-	-	(174,996)	(174,996)	124,238
Total Fines and Forfeitures	<u>765,609</u>	<u>765,609</u>	<u>715,740</u>	<u>(49,869)</u>	<u>909,344</u>

(Continued)

Economic Opportunity and Development								
Day care	1,673,883	1,001,450	(672,433)	1,126,792				
Medical assistance	(400,525)	(891,523)	(490,998)	(955,876)				
Aid to dependent children	1,399,518	1,383,987	593,467	1,307,851				
Social services administration	13,370,097	11,667,561	(2,164,957)	10,852,090				
Safety net	3,810,972	3,925,182	288,271	3,848,828				
Family and children's services block grant	13,908,668	14,473,579	154,220	15,336,422				
Juvenile delinquents	556,243	672,791	102,182	521,015				
Emergency aid for adults	113,748	119,697	5,949	134,557				
Miscellaneous	13,819	19,550	11,462	3,675				
	<u>34,446,423</u>	<u>32,372,274</u>	<u>(2,172,837)</u>	<u>32,175,354</u>				
Culture and Recreation								
Programs for the aging	1,906,557	2,099,565	193,008	2,001,641				
Youth programs	440,940	441,048	-	440,940				
	<u>2,347,497</u>	<u>2,540,613</u>	<u>193,008</u>	<u>2,442,581</u>				
Total State Aid	<u>83,823,737</u>	<u>85,057,095</u>	<u>(9,241,733)</u>	<u>85,366,243</u>				
<b>FEDERAL AID</b>								
Public Safety								
Law enforcement terrorism prevention program	2,665,773	3,935,736	(3,617,612)	3,296,241				
Transportation - Bus operations	1,164,934	10,711,145	(21,757,924)	5,154,922				
Health								
Early intervention	724,576	359,881	(364,695)	580,141				
Mental health	1,609,184	1,429,403	(253,712)	1,657,354				
Health FMAP enhancement	-	-	-	1,627,498				
W.I.C. Program	1,220,988	1,212,075	(1,638,906)	1,184,756				
	<u>3,554,748</u>	<u>3,001,359</u>	<u>(2,257,313)</u>	<u>5,049,749</u>				
Economic Opportunity and Development								
Aid to dependent children	22,677,295	19,346,722	(2,883,448)	20,761,264				
Title IV-B Funds	681,091	774,183	93,092	45,046				
Medical assistance	(304,617)	(816,436)	(511,819)	(851,206)				
Social services administration	13,040,738	11,968,591	(1,229,945)	11,896,448				
Food stamp program	2,532,000	2,683,857	53,169	2,740,019				
Flexible funds for family services	9,685,303	9,662,728	(22,575)	9,776,690				
Services for recipients	1,613,214	1,720,928	191,862	2,291,380				
Home energy assistance program	341,760	(31,715)	(746,950)	(120,020)				
Miscellaneous	11,000	16,234	(929,893)	34,105				
	<u>50,277,784</u>	<u>45,325,092</u>	<u>(5,986,507)</u>	<u>46,573,726</u>				

(Continued)

**County of Orange, New York**

**General Fund**

**Schedule of Revenues and Other Financing Sources Compared to Budget (Continued)**

Year Ended December 31, 2018

(With Comparative Actuals for 2017)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2017 Actual
Culture and Recreation Programs for the aging Youth programs	\$ 1,428,624	\$ 1,778,624	\$ 1,298,602	\$ (480,022)	\$ 1,434,645
	41,658	131,001	147,395	16,394	157,835
	<u>1,470,282</u>	<u>1,909,625</u>	<u>1,445,997</u>	<u>(463,628)</u>	<u>1,592,480</u>
Total Federal Aid	59,133,521	98,502,313	64,419,329	(34,082,984)	61,667,118
<b>MISCELLANEOUS</b>					
Refund of prior year's expenditures	1,200	1,200	9,454	8,254	10,506
Off-track betting surcharge	240,000	240,000	50,013	(189,987)	206,531
Gifts and donations	24,375	24,375	17,300	(7,075)	19,112
Tobacco settlement	3,400,000	3,399,998	3,399,998	-	3,386,989
Unclassified	2,663,138	2,703,138	1,989,747	(713,391)	61,302
Total Miscellaneous	6,328,713	6,368,711	5,466,512	(902,199)	3,684,440
<b>TOTAL REVENUES</b>	<u>579,485,273</u>	<u>636,179,222</u>	<u>607,024,402</u>	<u>(29,154,820)</u>	<u>588,890,610</u>
<b>OTHER FINANCING SOURCES</b>					
Transfers in					
Capital Projects Fund	284,900	284,900	409,171	124,271	35,423
Workers' Compensation Benefits Fund	-	-	-	-	4,200,000
Motor Pool Fund	175,000	175,000	175,000	-	-
Self-Insurance Fund	1,000,000	1,000,000	1,000,000	-	1,000,000
Liability and Casualty Fund	2,000,000	2,000,000	2,000,000	-	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>3,459,900</u>	<u>3,459,900</u>	<u>3,584,171</u>	<u>124,271</u>	<u>5,235,423</u>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>\$ 582,945,173</u>	<u>\$ 639,639,122</u>	<u>\$ 610,608,573</u>	<u>\$ (29,030,549)</u>	<u>\$ 594,126,033</u>

See independent auditors' report.

**EDUCATION**

Community Colleges - Non-resident tuition	6,250,000	6,756,943	6,756,942	1	6,282,005
Community College	17,959,169	17,959,169	17,959,169	-	17,959,169
Education of handicapped children	33,284,482	34,684,515	34,679,997	4,518	31,845,535

**Total Education**

	57,493,651	59,400,627	59,396,108	4,519	56,086,709
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**PUBLIC SAFETY**

Emergency Services	10,822,827	10,965,382	10,171,413	793,969	9,526,003
Sheriff	20,682,471	22,433,926	21,076,996	1,356,930	19,996,477
Probation	10,464,721	11,084,933	9,764,907	1,320,026	9,480,713
Jail	55,159,539	55,159,539	51,925,162	3,234,377	49,543,360
Special traffic - Stop - DWI	774,609	774,609	598,007	176,602	594,025
Fire protection	965,383	965,165	898,019	67,146	845,189
Civil defense	913,196	3,832,690	1,472,289	2,360,401	1,096,707

**Total Public Safety**

	99,782,746	105,216,244	95,906,793	9,309,451	91,082,474
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**HEALTH**

Public health	11,440,759	19,510,502	13,581,281	5,929,221	14,235,827
Handicapped children	3,342	3,342	-	3,342	638
Early Intervention Program	9,781,653	8,710,160	8,652,922	57,238	8,766,227
W.I.C.	1,220,988	2,850,980	1,228,496	1,622,484	1,233,766
Mental health program	12,318,295	12,318,295	9,957,170	2,361,125	10,775,363
Contracted mental health services	18,015,985	19,320,163	17,115,332	2,204,831	17,041,593

**Total Health**

	52,781,022	62,713,442	50,535,201	12,178,241	52,053,434
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**TRANSPORTATION**

MTA transportation payment	147,000	147,000	146,260	740	146,260
Railroad station maintenance	499,000	511,395	511,395	-	501,990

**Total Transportation**

	646,000	658,395	657,655	740	648,250
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(Continued)

**HOME AND COMMUNITY SERVICES**

Planning	9,108,949	40,657,142	17,234,242	23,422,900	14,285,022
Human rights	182,654	182,654	151,740	30,914	131,442
Sanitation	1,109,131	1,109,131	1,007,548	101,583	977,780
Water Authority	-	509,383	509,000	383	162,000
Conservation programs	1,858,911	1,958,911	1,948,911	10,000	1,801,335
Cemetery	110,534	110,534	106,952	3,582	107,552
<b>Total Home and Community Services</b>	<b>12,370,179</b>	<b>44,527,755</b>	<b>20,958,393</b>	<b>23,569,362</b>	<b>17,465,131</b>

**EMPLOYEE BENEFITS**

Unemployment and retirement benefits	(1,221,764)	356,810	356,810	-	868,636
Workers' compensation benefits	-	3,511	3,510	1	(31,803)
<b>Total Employee Benefits</b>	<b>(1,221,764)</b>	<b>360,321</b>	<b>360,320</b>	<b>1</b>	<b>836,833</b>

**TOTAL EXPENDITURES**

	604,198,152	660,789,161	603,967,803	56,821,358	590,522,885
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**OTHER FINANCING USES**

Transfers out	-	175,832	175,832	-	130,220
Capital Projects Fund	1,485,321	2,812,746	2,625,625	187,121	1,309,514
Debt Service Fund	1,485,321	2,988,578	2,801,457	187,121	1,439,734

**TOTAL OTHER FINANCING USES**

**TOTAL EXPENDITURES AND OTHER FINANCING USES**

	\$ 605,683,473	\$ 663,777,739	\$ 606,769,260	\$ 57,008,479	\$ 591,962,619
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**County of Orange, New York**

Community Development Fund

Comparative Statement of Revenues, Expenditures and Changes  
in Fund Balance

Years Ended December 31,

	<u>2018</u>	<u>2017</u>
<b>REVENUES</b>		
Departmental income	\$ 361,846	\$ 225,094
Use of money and property	180	149
Sale of property and compensation for loss	201	541
Federal aid	3,680,626	4,680,944
Miscellaneous	-	45,000
	<u>4,042,853</u>	<u>4,951,728</u>
<b>EXPENDITURES</b>		
Current		
Home and community services	<u>4,042,853</u>	<u>4,951,728</u>
	-	-
Net Change in Fund Balance	-	-
<b>FUND BALANCE</b>		
Beginning of Year	<u>-</u>	<u>-</u>
End of Year	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

**CAPITAL PROJECTS  
FUND**

This fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlay, including the acquisition or construction of major capital facilities and other capital assets, other than those financed by proprietary funds. Individual projects are budgeted and accounted for on a project basis. The individual projects are treated as subfunds within the Capital Projects Fund.

County of Orange, New York

Capital Projects Fund  
Comparative Balance Sheet  
December 31,

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Receivables		
State and Federal aid	\$ 8,529,813	\$ 6,960,511
Due from other funds	-	1,190,000
	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 8,529,813</u>	<u>\$ 8,150,511</u>
<b>LIABILITIES AND FUND DEFICIT</b>		
Liabilities		
Accounts payable	\$ 10,563,802	\$ 5,271,291
Due to other funds	31,443,954	10,103,909
	<u>                    </u>	<u>                    </u>
Total Liabilities	42,007,756	15,375,200
Fund deficit		
Unassigned	<u>(33,477,943)</u>	<u>(7,224,689)</u>
Total Liabilities and Fund Deficit	<u>\$ 8,529,813</u>	<u>\$ 8,150,511</u>

See independent auditors' report.

**County of Orange, New York**

Capital Projects Fund

Comparative Statement of Revenues, Expenditures and Changes

in Fund Balance

Years Ended December 31,

	<u>2018</u>	<u>2017</u>
<b>REVENUES</b>		
Sale of property and compensation for loss	\$ 26,555	\$ -
State aid	3,688,676	3,663,084
Federal aid	12,591,555	4,343,236
Miscellaneous	<u>767,351</u>	<u>785,000</u>
Total Revenues	17,074,137	8,791,320
<b>EXPENDITURES</b>		
Capital outlay	<u>44,953,719</u>	<u>63,930,688</u>
Deficiency of Revenues Over Expenditures	<u>(27,879,582)</u>	<u>(55,139,368)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Bonds issued	-	59,306,566
Transfers in	2,608,382	1,320,220
Transfers out	<u>(982,054)</u>	<u>(35,423)</u>
Total Other Financing Sources	<u>1,626,328</u>	<u>60,591,363</u>
Net Change in Fund Balance	(26,253,254)	5,451,995
<b>FUND DEFICIT</b>		
Beginning of Year	<u>(7,224,689)</u>	<u>(12,676,684)</u>
End of Year	<u>\$ (33,477,943)</u>	<u>\$ (7,224,689)</u>

See independent auditors' report.

Revenues and Other Financing Sources	Fund Balance (Deficit) at December 31, 2018
\$ 71,860,873	\$ 397,316
288,152	(6,660,194)
2,515,224	(103,952)
437,198	-
243,534	-
130,220	53,678
40,935	(22,013)
207,610	-
2,408,881	(57,197)
11,558,452	(4,781)
921,263	-
-	-
366,474	(63,066)
3,279,729	-
652,422	(29,589)
129,026	(92,079)
-	(52,675)
-	(8,316)
199,462	(15,188)
46,039	(41,587)
-	(138,242)
151,178	-
442,018	-
413,270	136,174
-	-
205,689	(36,168)
5,247,192	-
412,540	-
1,054,921	-
97,470	(2,530)
29,868	(182,655)
-	(48,806)
-	(23,360)
-	-
263,486	(35,426)
-	-
-	(25,000)
125,000	77,243
729,363	133,707
9,259,613	-
2,166,750	-
300,000	25,004
-	-
2,267,700	-
108,750	(219,899)
5,569,770	(1,758)
846,000	11,192
432,621	-
36,608,396	331,340
187,820	-
50,000	-
230,914	(27,691)
-	-
2,633,445	(848,853)
8,088,083	959,006
1,699,871	-
1,600,000	-
994,836	(1,241,328)
26,555	(2,587,264)
-	(27,999)
-	(284,500)
240,733	(130,797)
-	-
7,000	-
<u>177,776,346</u>	<u>(10,888,253)</u>

(Continued)

Revenues and Other Financing Sources	Fund Balance (Deficit) at December 31, 2018
\$ -	\$ -
549,770	230
2,425,435	1,827,589
83,536,492	(2,544,747)
1,155,036	-
619,420	-
1,519,316	64,468
1,652,507	(276,765)
1,266,702	(239,715)
49,076,337	(967,758)
725,136	(61,832)
1,035,179	(91,502)
909,120	(357,116)
3,027,948	-
1,174,331	(179,390)
909,832	(189,946)
1,788,664	(314,242)
571,066	(444,640)
7,650	(7,650)
<u>151,949,941</u>	<u>(3,783,016)</u>
-	(99,540)
-	(4,384)
-	(7,855)
-	-
142,842	-
1,741,542	(8,646)
267,273	15,258
108,644	40,286
490,720	(141,669)
20,000	-
702,886	222,421
7,400	(3,353)
-	-
-	-
79,941	-
-	(208,610)
152,253	(40,368)
13,080	(394,555)
1,830,837	(234)
2,858,106	(42)
11,090,835	(9,550,526)
1,240,896	(77,073)
-	-
-	(628,652)
-	(384,667)
-	-
<u>20,747,255</u>	<u>(11,272,209)</u>
20,928,192	-
1,918,860	21,781
101,508	(918)
202,880	(22,115)
107,781	(51,687)
540,416	-
82,921	-
-	(52,272)
-	-
-	(62,869)
251,907	(28,163)
2,238	(1,510)
92,195	(1,339)
-	-
295,557	(427,362)

(Continued)

Revenues and Other Financing Sources	Fund Balance (Deficit) at December 31, 2018
\$ 40,000	\$ (458,736)
431,365	(1,298,946)
142,466	-
2,897,459	(812,923)
159,296	(320,456)
398,924	-
549,986	-
3,026,491	(80,458)
3,572,445	468,702
2,127,640	(114,806)
34,722	-
854,678	93,693
373,449	-
2,739,325	(444,794)
1,265,021	(33,757)
201,926	(1,098,074)
-	(973,274)
599,918	-
2,131,284	-
172,087	(91,612)
42,079	(240,484)
-	-
-	-
32,379	(1,637,814)
-	-
499,022	-
37,101	(2,302)
39,321	(679)
54,709	(59,907)
-	(234,281)
1,142,263	(94,112)
24,368	(37,060)
-	(1,953)
1,453,702	(30,942)
-	-
-	-
561,101	63,168
356,114	(378,831)
395,499	-
6,399,581	(147,535)
-	(7,334)
-	(5,844)
2,847,248	(47,633)
-	-
817,475	(55,587)
2,508,461	(29,744)
-	(638,412)
596,180	(1,930)
888,426	(140,421)
61,892	(78,108)
2,127,816	-
-	(1,148)
6,662,436	1,549
-	(23,465)
-	-
401,171	(100,301)
871,983	106,334
136,758	1,758
562,450	496,935
<u>75,762,472</u>	<u>(9,117,978)</u>

(Continued)

Revenues and Other Financing Sources	Fund Balance (Deficit) at December 31, 2018
\$ 137,203	\$ -
104,702	-
114,009	-
71,786	(8,527)
-	-
223,434	(2,245)
-	(1,430)
-	-
350,930	(18,470)
-	-
-	-
44,070	(26,200)
16,000	-
130,111	71,894
1,859,466	-
725,000	-
24,298,361	(6,327,983)
-	-
<u>28,075,072</u>	<u>(6,312,961)</u>
297,427	-
149,858	-
513,457	(55,799)
-	(198,707)
-	-
-	(18,000)
278,871	13,871
11,423	-
20,785	(7,868)
234,614	(977)
322,605	-
100,000	-
149,165	(668)
-	(60,561)
-	-
445,079	217,657
-	(68,309)
-	-
125,000	18,016
544,973	44,973
127,424	6
34,969	(65,207)
150,000	191
10,016	-
136,090	-
<u>3,651,756</u>	<u>(181,382)</u>
56,000	36,814
2,317,857	9,686
25,392,688	1,085,184
300,000	4,667
575,020	16,201
474,500	474,500
500,000	450,950
-	(101,132)
3,840,000	275,460
925,000	499,611
2,465,000	1,690,233
500,000	500,000
690,000	690,000
100,000	100,000
750,000	750,000
200,000	200,000
<u>39,086,065</u>	<u>6,682,174</u>

(Continued)

Revenues and Other Financing Sources	Fund Balance (Deficit) at December 31, 2018
\$ 1,100,000	\$ 101,131
242,073	-
100,000	51,565
900,000	776,196
-	-
17,744,959	1,086,157
375,645	-
200,000	1,502
1,470,819	(288,165)
126,089	(3,575)
74,471	(25,500)
159,430	(102,570)
76,945	7,670
480,152	-
1,043,472	247,000
5,572,981	-
285,995	(23,184)
592,774	16,651
848,672	89,341
146,535	14,544
46,326	(47,401)
26,917	(258,305)
-	(48,677)
54,400	26,400
-	(46,504)
-	-
-	(178,594)
-	-
<u>31,668,655</u>	<u>1,395,682</u>
<u>\$ 528,717,562</u>	<u>\$ (33,477,943)</u>

## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

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

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

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

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

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

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

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

**Small Watershed Protection Fund** - The Small Watershed Protection Fund is used to account for operations of the drain and watershed project.

### Debt Service Fund

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

County of Orange, New York

Combining Balance Sheet  
 Non-Major Governmental Funds  
 December 31, 2018  
 (With Comparative Actuals for 2017)

	Special Revenue	Debt Service	Total Non-Major Governmental Funds	
			2018	2017
<b>ASSETS</b>				
Cash and equivalents	\$ 6,945,247	\$ 1,607,164	\$ 8,552,411	\$ 22,524,147
Receivables				
Accounts	3,987,422	100,000	4,087,422	3,311,330
Sewer rents, net	1,259,198	-	1,259,198	1,197,243
State and Federal aid	4,646,543	-	4,646,543	3,287,481
	<u>9,893,163</u>	<u>100,000</u>	<u>9,993,163</u>	<u>7,796,054</u>
Prepaid expenditures	181,100	-	181,100	185,740
Total Assets	<u>\$ 17,019,510</u>	<u>\$ 1,707,164</u>	<u>\$ 18,726,674</u>	<u>\$ 30,505,941</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 2,376,894	\$ 2,682	\$ 2,379,576	\$ 2,744,242
Accrued liabilities	391,769	-	391,769	255,651
Due to other funds	1,444,309	-	1,444,309	2,201,768
Unearned revenues	33,807	-	33,807	45,410
Total Liabilities	<u>4,246,779</u>	<u>2,682</u>	<u>4,249,461</u>	<u>5,247,071</u>
Fund balances (deficits)				
Nonspendable	2,771,049	-	2,771,049	2,586,071
Restricted	201,454	1,704,482	1,905,936	11,708,151
Assigned	9,843,424	-	9,843,424	11,056,864
Unassigned	(43,196)	-	(43,196)	(92,216)
Total Fund Balances	<u>12,772,731</u>	<u>1,704,482</u>	<u>14,477,213</u>	<u>25,258,870</u>
Total Liabilities and Fund Balances	<u>\$ 17,019,510</u>	<u>\$ 1,707,164</u>	<u>\$ 18,726,674</u>	<u>\$ 30,505,941</u>

See independent auditors' report.

County of Orange, New York

Combining Statement of Revenues, Expenditures and  
 Changes in Fund Balances  
 Non-Major Governmental Funds  
 Year Ended December 31, 2018  
 (With Comparative Actuals for 2017)

	Special Revenue	Debt Service	Total Non-Major Governmental Funds	
			2018	2017
<b>REVENUES</b>				
Real property taxes	\$ 13,045,961	\$ 18,399,863	\$ 31,445,824	\$ 34,478,825
Departmental income	21,300,015	-	21,300,015	20,143,754
Intergovernmental charges	2,694,875	100,000	2,794,875	2,656,098
Use of money and property	270,403	181,483	451,886	234,967
Licenses and permits	45,207	-	45,207	55,540
Sale of property and compensation for loss	319,372	-	319,372	374,849
Interfund revenues	5,229,470	-	5,229,470	5,390,893
State aid	6,225,512	-	6,225,512	5,706,211
Federal aid	3,062,396	-	3,062,396	3,071,121
Miscellaneous	156,752	-	156,752	41,825
<b>Total Revenues</b>	<b>52,349,963</b>	<b>18,681,346</b>	<b>71,031,309</b>	<b>72,154,083</b>
<b>EXPENDITURES</b>				
Current				
General government support	-	51,005	51,005	213,418
Transportation	16,987,125	-	16,987,125	17,000,095
Economic opportunity and development	6,213,140	-	6,213,140	6,384,744
Home and community services	21,736,063	-	21,736,063	20,083,576
Debt service				
Principal	-	26,827,982	26,827,982	23,253,090
Interest	-	10,763,609	10,763,609	9,445,623
Refunding bond issuance costs	-	-	-	104,285
<b>Total Expenditures</b>	<b>44,936,328</b>	<b>37,642,596</b>	<b>82,578,924</b>	<b>76,484,831</b>
Excess (Deficiency) of Revenues Over Expenditures	7,413,635	(18,961,250)	(11,547,615)	(4,330,748)
<b>OTHER FINANCING SOURCES (USES)</b>				
Refunding bonds issued	-	-	-	11,818,437
Issuance premium	-	-	-	3,112,735
Payment to refunded bond escrow agent	-	-	-	(13,060,246)
Transfers in	19,090	9,331,779	9,350,869	6,820,514
Transfers out	(8,584,911)	-	(8,584,911)	(6,701,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(8,565,821)</b>	<b>9,331,779</b>	<b>765,958</b>	<b>1,990,440</b>
<b>Net Change in Fund Balances</b>	<b>(1,152,186)</b>	<b>(9,629,471)</b>	<b>(10,781,657)</b>	<b>(2,340,308)</b>
<b>FUND BALANCES</b>				
Beginning of Year	13,924,917	11,333,953	25,258,870	27,599,178
End of Year	\$ 12,772,731	\$ 1,704,482	\$ 14,477,213	\$ 25,258,870

See independent auditors' report.

Sanitary Landfill	Off-Street Parking	Workforce Investment Act	Small Watershed Protection Fund	Totals	
				2018	2017
\$ 679,211	\$ 87,896	\$ -	\$ 867,536	\$ 6,945,247	\$ 11,188,191
1,434,114	-	-	-	3,987,422	3,211,330
-	-	-	-	1,259,198	1,197,243
331,921	-	1,926,709	-	4,646,543	3,287,481
1,766,035	-	1,926,709	-	9,893,163	7,696,054
53,736	-	37,431	391	181,100	185,740
<u>\$ 2,498,982</u>	<u>\$ 87,896</u>	<u>\$ 1,964,140</u>	<u>\$ 867,927</u>	<u>\$ 17,019,510</u>	<u>\$ 19,069,985</u>
\$ 706,923	\$ -	\$ 1,030,387	\$ 40,016	\$ 2,376,894	\$ 2,642,239
136,366	-	64,021	-	391,769	255,651
94,441	-	869,732	-	1,444,309	2,201,768
-	-	-	-	33,807	45,410
937,730	-	1,964,140	40,016	4,246,779	5,145,068
450,657	-	37,431	391	2,771,049	2,586,071
37,771	93,661	-	70,022	201,454	374,198
1,072,824	-	-	757,498	9,843,424	11,056,864
-	(5,765)	(37,431)	-	(43,196)	(92,216)
1,561,252	87,896	-	827,911	12,772,731	13,924,917
<u>\$ 2,498,982</u>	<u>\$ 87,896</u>	<u>\$ 1,964,140</u>	<u>\$ 867,927</u>	<u>\$ 17,019,510</u>	<u>\$ 19,069,985</u>

Sanitary Landfill	Off-Street Parking	Workforce Investment Act	Small Watershed Protection Fund	Totals	
				2018	2017
\$ 1,567,118	\$ -	\$ 91,939	\$ -	\$ 13,045,961	\$ 13,157,574
12,477,413	-	-	627,825	21,300,015	20,143,754
-	-	-	21,477	2,694,875	2,556,098
54,978	-	-	23,495	270,403	118,259
1,650	-	-	-	45,207	55,540
226,628	-	-	-	319,372	374,849
-	-	3,033,120	-	5,229,470	5,390,893
225,031	-	-	-	6,225,512	5,706,211
-	-	3,062,396	-	3,062,396	3,071,121
5,000	-	25,685	-	156,752	41,825
<u>14,557,818</u>	<u>-</u>	<u>6,213,140</u>	<u>672,797</u>	<u>52,349,963</u>	<u>50,616,124</u>
-	-	-	-	16,987,125	17,000,095
-	-	6,213,140	-	6,213,140	6,384,744
<u>13,785,554</u>	<u>-</u>	<u>-</u>	<u>197,899</u>	<u>21,736,063</u>	<u>20,083,576</u>
<u>13,785,554</u>	<u>-</u>	<u>6,213,140</u>	<u>197,899</u>	<u>44,936,328</u>	<u>43,468,415</u>
<u>772,264</u>	<u>-</u>	<u>-</u>	<u>474,898</u>	<u>7,413,635</u>	<u>7,147,709</u>
-	-	-	-	19,090	-
<u>(1,019,793)</u>	<u>-</u>	<u>-</u>	<u>(918,074)</u>	<u>(8,584,911)</u>	<u>(6,701,000)</u>
<u>(1,019,793)</u>	<u>-</u>	<u>-</u>	<u>(918,074)</u>	<u>(8,565,821)</u>	<u>(6,701,000)</u>
<u>(247,529)</u>	<u>-</u>	<u>-</u>	<u>(443,176)</u>	<u>(1,152,186)</u>	<u>446,709</u>
<u>1,808,781</u>	<u>87,896</u>	<u>-</u>	<u>1,271,087</u>	<u>13,924,917</u>	<u>13,478,208</u>
<u>\$ 1,561,252</u>	<u>\$ 87,896</u>	<u>\$ -</u>	<u>\$ 827,911</u>	<u>\$ 12,772,731</u>	<u>\$ 13,924,917</u>

**County of Orange, New York**

County Road Fund  
Comparative Balance Sheet  
December 31,

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 2,441,034	\$ 3,024,038
Receivables		
Accounts	2,350	1,472
State and Federal aid	<u>2,387,913</u>	<u>1,570,941</u>
	<u>2,390,263</u>	<u>1,572,413</u>
Total Assets	<u>\$ 4,831,297</u>	<u>\$ 4,596,451</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 38,268	\$ 49,221
Fund balance		
Restricted	-	172,744
Assigned	<u>4,793,029</u>	<u>4,374,486</u>
Total Fund Balance	<u>4,793,029</u>	<u>4,547,230</u>
Total Liabilities and Fund Balance	<u>\$ 4,831,297</u>	<u>\$ 4,596,451</u>

See independent auditors' report.

2017

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 11,167,029	\$ 11,167,029	\$ 11,167,029	\$ -
60,000	60,000	56,860	(3,140)
-	-	43,975	43,975
2,500	2,500	12,060	9,560
25,500	25,500	61,675	36,175
4,099,788	4,132,288	5,645,889	1,513,601
-	-	(14,659)	(14,659)
3,000	3,000	1,500	(1,500)
<u>15,357,817</u>	<u>15,390,317</u>	<u>16,974,329</u>	<u>1,584,012</u>
156,844	156,844	130,009	26,835
10,220,750	11,190,450	11,190,145	305
<u>2,912,428</u>	<u>1,975,228</u>	<u>1,972,073</u>	<u>3,155</u>
<u>13,290,022</u>	<u>13,322,522</u>	<u>13,292,227</u>	<u>30,295</u>
2,067,795	2,067,795	3,682,102	1,614,307
<u>(3,162,681)</u>	<u>(3,162,681)</u>	<u>(3,162,427)</u>	<u>254</u>
(1,094,886)	(1,094,886)	519,675	1,614,561
<u>1,094,886</u>	<u>1,094,886</u>	<u>4,027,555</u>	<u>2,932,669</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,547,230</u>	<u>\$ 4,547,230</u>

County of Orange, New York

Road Machinery Fund  
Comparative Balance Sheet  
December 31,

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 342,860	\$ 329,517
Accounts receivable	163	-
Prepaid expenditures	<u>33,315</u>	<u>34,829</u>
Total Assets	<u>\$ 376,338</u>	<u>\$ 364,346</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 83,010	\$ 101,912
Accrued liabilities	42,532	43,365
Due to other funds	<u>191,259</u>	<u>200,558</u>
Total Liabilities	<u>316,801</u>	<u>345,835</u>
Fund balance (deficit)		
Nonspendable	33,315	34,829
Assigned	26,222	32,582
Unassigned	<u>-</u>	<u>(48,900)</u>
Total Fund Balance	<u>59,537</u>	<u>18,511</u>
Total Liabilities and Fund Balance	<u>\$ 376,338</u>	<u>\$ 364,346</u>

See independent auditors' report.

2017

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 404,907	\$ 404,907	\$ 404,907	\$ -
-	-	1,729	1,729
85,000	85,000	54,705	(30,295)
2,195,726	2,195,726	2,102,623	(93,103)
800	800	928	128
2,686,433	2,686,433	2,564,892	(121,541)
2,699,189	2,699,189	2,514,569	184,620
(12,756)	(12,756)	50,323	63,079
12,756	12,756	(31,812)	(44,568)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,511</u>	<u>\$ 18,511</u>

County of Orange, New York

Sewer District Fund  
 Comparative Balance Sheet  
 December 31,

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 2,083,418	\$ 4,017,450
Receivables		
Accounts	2,370,827	2,267,248
Sewer rents, net	1,259,198	1,197,243
	<u>3,630,025</u>	<u>3,464,491</u>
Prepaid expenditures	<u>43,185</u>	<u>44,560</u>
Total Assets	<u>\$ 5,756,628</u>	<u>\$ 7,526,501</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 435,754	\$ 464,133
Accrued liabilities	128,548	68,786
Due to other funds	254,969	1,309,669
Unearned revenues	6,389	22,140
Total Liabilities	<u>825,660</u>	<u>1,864,728</u>
Fund balance		
Nonspendable	2,153,441	2,013,761
Assigned	2,777,527	3,648,012
Total Fund Balance	<u>4,930,968</u>	<u>5,661,773</u>
Total Liabilities and Fund Balance	<u>\$ 5,756,628</u>	<u>\$ 7,526,501</u>

See independent auditors' report.

2017

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 6,766,183	\$ 6,766,183	\$ 6,935,599	\$ 169,416
2,558,102	2,558,102	2,537,642	(20,460)
-	-	30,659	30,659
25,000	25,000	46,125	21,125
-	-	2,061	2,061
209,452	209,452	28,925	(180,527)
<u>9,558,737</u>	<u>9,558,737</u>	<u>9,581,011</u>	<u>22,274</u>
2,831,253	2,831,253	2,670,828	160,425
5,398,112	5,398,112	4,584,161	813,951
<u>8,229,365</u>	<u>8,229,365</u>	<u>7,254,989</u>	<u>974,376</u>
1,329,372	1,329,372	2,326,022	996,650
<u>(1,339,906)</u>	<u>(2,529,906)</u>	<u>(2,451,134)</u>	<u>78,772</u>
(10,534)	(1,200,534)	(125,112)	1,075,422
<u>10,534</u>	<u>1,200,534</u>	<u>5,786,885</u>	<u>4,586,351</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,661,773</u>	<u>\$ 5,661,773</u>

County of Orange, New York

Airport Fund  
Comparative Balance Sheet  
December 31,

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 443,292	\$ 555,907
Accounts receivable	179,968	100,539
Prepaid expenditures	<u>13,042</u>	<u>13,559</u>
Total Assets	<u>\$ 636,302</u>	<u>\$ 670,005</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 42,536	\$ 60,690
Accrued liabilities	20,302	18,573
Due to other funds	33,908	37,833
Unearned revenues	<u>27,418</u>	<u>23,270</u>
Total Liabilities	<u>124,164</u>	<u>140,366</u>
Fund balance		
Nonspendable	95,814	58,579
Assigned	<u>416,324</u>	<u>471,060</u>
Total Fund Balance	<u>512,138</u>	<u>529,639</u>
Total Liabilities and Fund Balance	<u>\$ 636,302</u>	<u>\$ 670,005</u>

See independent auditors' report.

2017

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 155,349	\$ 155,349	\$ 155,349	\$ -
1,209,190	1,209,190	1,267,780	58,590
-	-	3,433	3,433
-	-	5,934	5,934
75,000	75,000	-	(75,000)
2,000	2,000	-	(2,000)
1,441,539	1,441,539	1,432,496	(9,043)
1,301,194	1,301,194	1,193,299	107,895
140,345	140,345	239,197	98,852
-	-	-	-
(141,660)	(141,660)	(141,660)	-
(141,660)	(141,660)	(141,660)	-
(1,315)	(1,315)	97,537	98,852
1,315	1,315	432,102	430,787
\$ -	\$ -	\$ 529,639	\$ 529,639

County of Orange, New York

Sanitary Landfill Fund  
Comparative Balance Sheet  
December 31,

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 679,211	\$ 1,848,594
Receivables		
Accounts	1,434,114	842,071
State and Federal aid	<u>331,921</u>	<u>329,506</u>
	<u>1,766,035</u>	<u>1,171,577</u>
Prepaid expenditures	<u>53,736</u>	<u>54,795</u>
Total Assets	<u>\$ 2,498,982</u>	<u>\$ 3,074,966</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 706,923	\$ 1,076,170
Accrued liabilities	136,366	66,628
Due to other funds	<u>94,441</u>	<u>123,387</u>
Total Liabilities	<u>937,730</u>	<u>1,266,185</u>
Fund balance		
Nonspendable	450,657	440,905
Restricted	37,771	37,771
Assigned	<u>1,072,824</u>	<u>1,330,105</u>
Total Fund Balance	<u>1,561,252</u>	<u>1,808,781</u>
Total Liabilities and Fund Balance	<u>\$ 2,498,982</u>	<u>\$ 3,074,966</u>

See independent auditors' report.

2017

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 1,318,796	\$ 1,318,796	\$ 1,318,796	\$ -
11,050,000	11,260,000	11,324,297	64,297
25,000	25,000	31,431	6,431
10,000	10,000	9,415	(585)
205,812	250,812	306,023	55,211
-	-	-	-
28,000	73,000	60,322	(12,678)
-	-	31,662	31,662
-	-	-	-
12,637,608	12,937,608	13,081,946	144,338
12,358,746	12,658,746	12,632,955	25,791
278,862	278,862	448,991	170,129
(927,590)	(927,590)	(927,590)	-
(648,728)	(648,728)	(478,599)	170,129
648,728	648,728	2,287,380	1,638,652
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,808,781</u>	<u>\$ 1,808,781</u>

**County of Orange, New York**

Off-Street Parking Fund  
Comparative Balance Sheet  
December 31,

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	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash and equivalents	<u>\$ 87,896</u>	<u>\$ 87,896</u>
<b>FUND BALANCE</b>		
Restricted	\$ 93,661	\$ 93,661
Unassigned	<u>(5,765)</u>	<u>(5,765)</u>
Total Fund Balance	<u>\$ 87,896</u>	<u>\$ 87,896</u>

See independent auditors' report.

2017

<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	87,896	87,896
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,896</u>	<u>\$ 87,896</u>

County of Orange, New York

Workforce Investment Act Fund  
Comparative Balance Sheet  
December 31,

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
State and Federal aid receivable	\$ 1,926,709	\$ 1,387,034
Prepaid expenditures	<u>37,431</u>	<u>37,551</u>
Total Assets	<u>\$ 1,964,140</u>	<u>\$ 1,424,585</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 1,030,387	\$ 835,965
Accrued liabilities	64,021	58,299
Due to other funds	<u>869,732</u>	<u>530,321</u>
Total Liabilities	<u>1,964,140</u>	<u>1,424,585</u>
Fund balance (deficit)		
Nonspendable	37,431	37,551
Unassigned	<u>(37,431)</u>	<u>(37,551)</u>
Total Fund Balance	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 1,964,140</u>	<u>\$ 1,424,585</u>

See independent auditors' report.

2017

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 99,493	\$ 99,493	\$ 99,493	\$ -
3,538,893	3,538,893	3,220,661	(318,232)
4,915,183	4,915,183	3,054,118	(1,861,065)
-	-	10,472	10,472
8,553,569	8,553,569	6,384,744	(2,168,825)
8,553,569	8,553,569	6,384,744	2,168,825
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

County of Orange, New York

Small Watershed Protection Fund  
Comparative Balance Sheet  
December 31,

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 867,536	\$ 1,324,789
Prepaid expenditures	<u>391</u>	<u>446</u>
Total Assets	<u>\$ 867,927</u>	<u>\$ 1,325,235</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	<u>\$ 40,016</u>	<u>\$ 54,148</u>
Fund balance		
Nonspendable	391	446
Restricted	70,022	70,022
Assigned	<u>757,498</u>	<u>1,200,619</u>
Total Fund Balance	<u>827,911</u>	<u>1,271,087</u>
Total Liabilities and Fund Balance	<u>\$ 867,927</u>	<u>\$ 1,325,235</u>

See independent auditors' report.

2017

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 12,000	\$ 12,000	\$ 12,000	\$ -
559,008	559,008	559,218	210
48,000	48,000	18,456	(29,544)
-	-	7,032	7,032
619,008	619,008	596,706	(22,302)
381,360	381,360	195,632	185,728
237,648	237,648	401,074	163,426
(300,000)	(300,000)	(18,189)	281,811
(62,352)	(62,352)	382,885	445,237
62,352	62,352	888,202	825,850
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,271,087</u>	<u>\$ 1,271,087</u>

County of Orange, New York

Debt Service Fund  
Comparative Balance Sheet  
December 31,

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 1,607,164	\$ 11,335,956
Accounts receivable	<u>100,000</u>	<u>100,000</u>
Total Assets	<u>\$ 1,707,164</u>	<u>\$ 11,435,956</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 2,682	\$ 102,003
Fund balance		
Restricted	<u>1,704,482</u>	<u>11,333,953</u>
Total Liabilities and Fund Balance	<u>\$ 1,707,164</u>	<u>\$ 11,435,956</u>

See independent auditors' report.

2017

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 21,321,251	\$ 21,321,251	\$ 21,321,251	\$ -
100,000	100,000	100,000	-
-	-	116,708	116,708
<u>21,421,251</u>	<u>21,421,251</u>	<u>21,537,959</u>	<u>116,708</u>
 255,000	 255,000	 213,418	 41,582
23,253,091	23,253,091	23,253,090	1
9,445,620	9,445,620	9,445,623	(3)
-	104,285	104,285	-
<u>32,698,711</u>	<u>32,802,996</u>	<u>32,802,998</u>	<u>(2)</u>
<u>32,953,711</u>	<u>33,057,996</u>	<u>33,016,416</u>	<u>41,580</u>
 (11,532,460)	 (11,636,745)	 (11,478,457)	 158,288
-	11,818,437	11,818,437	-
-	1,346,094	3,112,735	1,766,641
-	(13,060,246)	(13,060,246)	-
<u>6,732,460</u>	<u>6,732,460</u>	<u>6,820,514</u>	<u>88,054</u>
<u>6,732,460</u>	<u>6,836,745</u>	<u>8,691,440</u>	<u>1,854,695</u>
 (4,800,000)	 (4,800,000)	 (2,787,017)	 2,012,983
<u>4,800,000</u>	<u>4,800,000</u>	<u>14,120,970</u>	<u>9,320,970</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,333,953</u>	<u>\$ 11,333,953</u>

## INTERNAL SERVICE FUNDS

Internal service funds account for operations that provide services to other departments or agencies of the government, or to other governments, on a cost reimbursement basis.

Motor Pool Fund - This fund is used to account for the rental of motor vehicles to other departments.

Workers' Compensation Benefits Fund - This fund is used to account for the payment of workers' compensation claims.

Self-Insurance Fund - This fund is used to account for the payment of health benefit claims.

Liability and Casualty Fund - This fund is used to account for the payment of liability and casualty claims.

Compensated Absences Fund - This fund is used to account for the compensated absences of the governmental funds.

Compensated Absences	Totals	
	2018	2017
\$ -	\$ 50,370,356	\$ 49,855,085
-	2,969,046	1,873,663
10,834,914	10,834,914	10,314,653
10,834,914	13,803,960	12,188,316
10,834,914	64,174,316	62,043,401
-	6,591,390	6,901,030
-	(5,854,153)	(5,835,160)
-	737,237	1,065,870
10,834,914	64,911,553	63,109,271
-	964,310	693,490
300,000	300,000	300,000
-	10,143,484	8,831,357
300,000	11,407,794	9,824,847
10,534,914	10,534,914	10,014,653
-	29,150,000	29,100,000
10,534,914	39,684,914	39,114,653
10,834,914	51,092,708	48,939,500
-	737,237	1,065,870
-	13,081,608	13,103,901
\$ -	\$ 13,818,845	\$ 14,169,771

Compensated Absences	Totals	
	2018	2017
\$ 520,264	\$ 77,143,962	\$ 70,943,030
-	12,037,610	11,280,615
-	5,579,341	4,705,258
<u>520,264</u>	<u>94,760,913</u>	<u>86,928,903</u>
-	1,381,661	1,264,567
-	4,735,238	4,853,554
520,264	86,180,911	78,892,252
-	430,676	572,448
<u>520,264</u>	<u>92,728,486</u>	<u>85,582,821</u>
-	2,032,427	1,346,082
-	710,272	303,347
-	81,375	78,831
-	791,647	382,178
-	2,824,074	1,728,260
-	(3,175,000)	(5,200,000)
-	(350,926)	(3,471,740)
-	14,169,771	17,641,511
<u>\$ -</u>	<u>\$ 13,818,845</u>	<u>\$ 14,169,771</u>

Compensated Absences	Totals	
	2018	2017
\$ -	\$ 76,590,290	\$ 73,355,969
-	10,975,635	11,280,615
-	5,579,341	4,705,258
-	(90,144,599)	(85,629,627)
-	3,000,667	3,712,215
-	(3,175,000)	(5,200,000)
-	(102,043)	(469,387)
-	81,375	78,831
-	(20,668)	(390,556)
-	710,272	303,347
-	515,271	(1,574,994)
-	49,855,085	51,430,079
<u>\$ -</u>	<u>\$ 50,370,356</u>	<u>\$ 49,855,085</u>
\$ -	\$ 2,032,427	\$ 1,346,082
-	430,676	572,448
-	(1,095,383)	2,339,397
(520,261)	(520,261)	73,539
-	270,820	(482,768)
520,261	520,261	(73,539)
-	1,362,127	(62,944)
<u>\$ -</u>	<u>\$ 3,000,667</u>	<u>\$ 3,712,215</u>

**County of Orange, New York**

Internal Service Fund - Motor Pool Fund  
Comparative Statement of Revenues, Expenses and  
Changes in Net Position  
Years Ended December 31,

	<u>2018</u>	<u>2017</u>
<b>OPERATING REVENUES</b>		
Charges for services - Internal	\$ 1,829,008	\$ 1,832,487
Miscellaneous	737	-
Total Operating Revenues	<u>1,829,745</u>	<u>1,832,487</u>
<b>OPERATING EXPENSES</b>		
Salaries and contractual	1,381,661	1,264,567
Depreciation	430,676	572,448
Total Operating Expenses	<u>1,812,337</u>	<u>1,837,015</u>
Income (Loss) from Operations	<u>17,408</u>	<u>(4,528)</u>
<b>NON-OPERATING REVENUES</b>		
Interest income	10,968	4,994
Sale of property and compensation for loss	81,375	78,831
Total Non-Operating Revenues	<u>92,343</u>	<u>83,825</u>
Income Before Transfers	109,751	79,297
Transfers out	<u>(175,000)</u>	<u>-</u>
Change in Net Position	(65,249)	79,297
<b>NET POSITION</b>		
Beginning of Year	<u>1,442,060</u>	<u>1,362,763</u>
End of Year	<u>\$ 1,376,811</u>	<u>\$ 1,442,060</u>

See independent auditors' report.

**County of Orange, New York**

Internal Service Fund - Workers' Compensation Benefits Fund  
Comparative Statement of Net Position  
December 31,

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 39,828,263	\$ 37,114,597
Accounts receivable	6,940	5,954
Total Assets	<u>39,835,203</u>	<u>37,120,551</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	140,412	150,254
Current portion of claims payable	6,100,000	5,700,000
Total Current Liabilities	6,240,412	5,850,254
Noncurrent Liabilities		
Claims payable, less current portion	<u>28,650,000</u>	<u>28,600,000</u>
Total Liabilities	<u>34,890,412</u>	<u>34,450,254</u>
<b>NET POSITION</b>		
Unrestricted	<u>\$ 4,944,791</u>	<u>\$ 2,670,297</u>

See independent auditors' report.

County of Orange, New York

Internal Service Fund - Workers' Compensation Benefits Fund  
Comparative Statement of Cash Flows  
Years Ended December 31,

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users - Internal	\$ 7,062,622	\$ 5,799,071
Receipts from customers and users - External	400,000	350,000
Miscellaneous	417,780	416,067
Payments to suppliers	<u>(5,668,163)</u>	<u>(6,023,062)</u>
Net Cash from Operating Activities	<u>2,212,239</u>	<u>542,076</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Transfers out	<u>-</u>	<u>(4,200,000)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	<u>501,427</u>	<u>219,421</u>
Net Change in Cash and Equivalents	2,713,666	(3,438,503)
<b>CASH AND EQUIVALENTS</b>		
Beginning of Year	<u>37,114,597</u>	<u>40,553,100</u>
End of Year	<u>\$ 39,828,263</u>	<u>\$ 37,114,597</u>
<b>RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES</b>		
Income from operations	\$ 1,773,067	\$ 820,969
Adjustments to reconcile income from operations to net cash from operating activities		
Changes in assets and liabilities		
Accounts receivable	(986)	(623)
Accounts payable	(9,842)	21,730
Claims payable	<u>450,000</u>	<u>(300,000)</u>
Net Cash from Operating Activities	<u>\$ 2,212,239</u>	<u>\$ 542,076</u>

See independent auditors' report.

**County of Orange, New York**

Internal Service Fund - Self-Insurance Fund  
Comparative Statement of Revenues, Expenses and  
Changes in Net Position  
Years Ended December 31,

	<u>2018</u>	<u>2017</u>
<b>OPERATING REVENUES</b>		
Charges for services - Internal	\$ 62,601,970	\$ 58,408,307
Charges for services - External	11,637,610	10,930,615
Miscellaneous	<u>5,054,250</u>	<u>4,283,503</u>
Total Operating Revenues	79,293,830	73,622,425
<b>OPERATING EXPENSES</b>		
Employee benefits	<u>79,552,326</u>	<u>73,221,002</u>
Income (Loss) from Operations	(258,496)	401,423
<b>NON-OPERATING REVENUES</b>		
Interest income	<u>84,326</u>	<u>35,510</u>
Income (Loss) Before Transfers	(174,170)	436,933
Transfers out	<u>(1,000,000)</u>	<u>(1,000,000)</u>
Change in Net Position	(1,174,170)	(563,067)
<b>NET POSITION</b>		
Beginning of Year	<u>4,641,383</u>	<u>5,204,450</u>
End of Year	<u>\$ 3,467,213</u>	<u>\$ 4,641,383</u>

See independent auditors' report.

County of Orange, New York

Internal Service Fund - Liability and Casualty Fund  
Comparative Statement of Net Position  
December 31,

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 8,840,868	\$ 9,160,414
Accounts receivable	<u>7,091</u>	<u>13,085</u>
Total Assets	<u>8,847,959</u>	<u>9,173,499</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	274,445	126,111
Current portion of claims payable	<u>4,043,484</u>	<u>3,131,357</u>
Total Current Liabilities	4,317,929	3,257,468
Noncurrent liabilities		
Claims payable, less current portion	<u>500,000</u>	<u>500,000</u>
Total Liabilities	<u>4,817,929</u>	<u>3,757,468</u>
<b>NET POSITION</b>		
Unrestricted	<u>\$ 4,030,030</u>	<u>\$ 5,416,031</u>

See independent auditors' report.

**County of Orange, New York**

Internal Service Fund - Liability and Casualty Fund  
 Comparative Statement of Cash Flows  
 Years Ended December 31,

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users - Internal	\$ 5,135,106	\$ 4,968,145
Miscellaneous	106,574	5,688
Payments to suppliers	<u>(3,674,777)</u>	<u>(4,961,685)</u>
Net Cash from Operating Activities	<u>1,566,903</u>	<u>12,148</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Transfers out	<u>(2,000,000)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	<u>113,551</u>	<u>43,422</u>
Net Change in Cash and Equivalents	<u>(319,546)</u>	<u>55,570</u>
<b>CASH AND EQUIVALENTS</b>		
Beginning of Year	<u>9,160,414</u>	<u>9,104,844</u>
End of Year	<u>\$ 8,840,868</u>	<u>\$ 9,160,414</u>
<b>RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES</b>		
Income from operations	\$ 500,448	\$ 128,218
Adjustments to reconcile income from operations to net cash provided by operating activities		
Changes in assets and liabilities		
Accounts receivable	5,994	(7,939)
Accounts payable	148,334	(345,187)
Claims payable	<u>912,127</u>	<u>237,056</u>
Net Cash from Operating Activities	<u>\$ 1,566,903</u>	<u>\$ 12,148</u>

See independent auditors' report.

**County of Orange, New York**

Internal Service Fund - Compensated Absences Fund  
Comparative Statement of Revenues, Expenses and  
Changes in Net Position  
Years Ended December 31,

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	<u>2018</u>	<u>2017</u>
<b>OPERATING REVENUES</b>		
Charges for services - Internal	\$ 520,264	\$ (73,542)
<b>OPERATING EXPENSES</b>		
Employee benefits	<u>520,264</u>	<u>(73,542)</u>
Income from Operations	-	-
<b>NET POSITION</b>		
Beginning of Year	<u>-</u>	<u>-</u>
End of Year	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

## FIDUCIARY FUNDS

The Fiduciary Funds are used to account for assets held by the County in an agency capacity on behalf of others. Among the activities included in the Agency Fund are pending court and trust actions. The Agency fund is also used to account for employee payroll tax withholdings that are payable to other jurisdictions or individuals.

**County of Orange, New York**

Fiduciary Funds - Agency Fund  
Statement of Changes in Assets and Liabilities  
Year Ended December 31, 2018

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	Balance January 1, 2018	Increases	Decreases	Balance December 31, 2018
<b>ASSETS</b>				
Cash and equivalents	\$ 6,149,600	\$ 260,390,719	\$ 260,265,821	\$ 6,274,498
<b>LIABILITIES</b>				
Employee payroll deductions	\$ 740,251	\$ 95,900,313	\$ 96,167,411	\$ 473,153
Deposits payable	5,409,349	13,641,678	13,249,682	5,801,345
Total Liabilities	\$ 6,149,600	\$ 109,541,991	\$ 109,417,093	\$ 6,274,498

See independent auditors' report.

**STATISTICAL  
SECTION  
(unaudited)**

Page

This part of the County's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements and notes disclosures say about the County's overall financial health.

**Financial Trends**

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

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**Revenue Capacity**

These schedules contain information to help the reader assess the County's most significant local revenue sources.

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**Debt Capacity**

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

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**Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

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**Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

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Sources: Unless otherwise noted, the information in these schedules is derived from the County's comprehensive annual financial reports for the relevant year.

2013	2014	2015	2016	2017	2018
\$ 104,007,750 39,874,705 <u>(77,999,692)</u>	\$ 121,758,135 40,794,671 <u>(135,179,323)</u>	\$ 141,432,253 40,704,822 <u>(184,397,200)</u>	\$ 141,252,962 41,503,507 <u>(250,774,296)</u>	\$ 131,558,161 44,475,059 <u>(315,268,274)</u>	\$ 172,381,239 28,921,088 <u>(913,307,242)</u>
<u>\$ 65,882,763</u>	<u>\$ 27,373,483</u>	<u>\$ (2,260,125)</u>	<u>\$ (68,017,827)</u>	<u>\$ (139,235,054)</u>	<u>\$ (712,004,915)</u>
\$ 7,846,736 8,185,110 <u>(28,018,558)</u>	\$ 8,454,553 11,426,437 <u>(22,604,301)</u>	\$ 7,906,485 11,079,866 <u>(25,530,410)</u>	\$ 7,485,015 10,267,460 <u>(16,477,042)</u>	\$ 7,019,910 10,658,353 <u>(16,475,191)</u>	\$ 7,327,287 11,169,989 <u>(117,909,401)</u>
<u>\$ (11,986,712)</u>	<u>\$ (2,723,311)</u>	<u>\$ (6,544,059)</u>	<u>\$ 1,275,433</u>	<u>\$ 1,203,072</u>	<u>\$ (99,412,125)</u>
\$ 111,854,486 48,059,815 <u>(106,018,250)</u>	\$ 130,212,688 52,221,108 <u>(157,783,624)</u>	\$ 149,338,738 51,784,688 <u>(209,927,610)</u>	\$ 148,737,977 51,770,967 <u>(267,251,338)</u>	\$ 138,578,071 55,133,412 <u>(331,743,465)</u>	\$ 179,708,526 40,091,077 <u>(1,031,216,643)</u>
<u>\$ 53,896,051</u>	<u>\$ 24,650,172</u>	<u>\$ (8,804,184)</u>	<u>\$ (66,742,394)</u>	<u>\$ (138,031,982)</u>	<u>\$ (811,417,040)</u>

	2013	2014	2015	2016	2017	2018
\$	149,752,381	\$ 149,232,672	\$ 157,663,085	\$ 167,117,249	\$ 172,318,067	\$ 169,031,096
	56,496,945	51,494,460	58,128,777	58,296,967	60,281,727	63,504,644
	96,751,508	93,116,529	93,388,776	115,691,817	117,940,939	109,043,377
	58,561,531	51,355,303	52,366,041	55,712,429	58,062,089	52,481,252
	41,005,814	24,073,719	22,853,368	23,380,423	23,213,263	23,009,766
	247,698,993	227,762,127	213,857,175	229,676,125	228,725,287	223,910,073
	8,470,830	8,128,421	8,273,586	23,646,922	25,277,974	13,891,888
	38,316,335	34,878,499	42,652,263	38,803,418	46,154,404	49,348,943
	8,083,733	9,684,515	8,703,209	8,113,197	8,781,628	8,980,989
	705,138,070	649,726,245	657,886,280	720,438,547	740,755,378	713,202,028
	55,424,609	51,214,248	53,908,396	61,264,584	62,307,590	56,797,819
\$	<u>760,562,679</u>	<u>\$ 700,940,493</u>	<u>\$ 711,794,676</u>	<u>\$ 781,703,131</u>	<u>\$ 803,062,968</u>	<u>\$ 769,999,847</u>
\$	20,550,637	\$ 19,808,244	\$ 19,649,654	\$ 21,712,753	\$ 23,628,085	\$ 25,916,824
	909,276	303,314	791,488	1,430,517	-	-
	9,620,590	9,530,334	11,081,963	12,585,102	11,524,311	11,848,376
	8,843,906	5,435,903	3,661,978	4,515,437	6,279,069	5,667,393
	1,283,948	1,346,981	1,188,460	1,367,895	1,528,781	1,465,163
	10,160,075	9,124,484	8,809,552	10,159,844	9,864,481	9,231,420
	1,779,164	1,768,706	1,744,990	1,747,107	1,725,708	1,488,789
	22,351,909	21,512,672	21,795,813	22,042,091	21,655,846	23,113,119
	-	-	18,610	17,668	-	-
	159,019,780	147,568,823	158,025,563	155,173,703	162,525,941	165,158,712
	39,538,375	14,416,903	14,864,438	14,751,334	9,008,028	17,329,065
	274,057,660	230,816,364	241,632,509	245,503,451	247,740,250	261,218,861
	37,214,236	41,606,133	48,967,111	42,593,695	44,576,993	46,981,311
\$	<u>311,271,896</u>	<u>\$ 272,422,497</u>	<u>\$ 290,599,620</u>	<u>\$ 288,097,146</u>	<u>\$ 292,317,243</u>	<u>\$ 308,200,172</u>

(Continued)

2013	2014	2015	2016	2017	2018
\$ (431,080,410) (18,210,373)	\$ (418,909,881) (9,608,115)	\$ (416,253,771) (4,941,285)	\$ (474,935,096) (18,670,889)	\$ (493,015,128) (17,730,597)	\$ (451,983,167) (9,816,508)
<u>\$ (449,290,783)</u>	<u>\$ (428,517,996)</u>	<u>\$ (421,195,056)</u>	<u>\$ (493,605,985)</u>	<u>\$ (510,745,725)</u>	<u>\$ (461,799,675)</u>
\$ 101,845,950 13,861,647 261,768,828 462,194 3,955,627 298,001 -	\$ 99,834,016 10,610,181 263,867,043 605,991 4,475,119 251,209 -	\$ 108,781,110 10,316,594 267,427,983 1,106,401 3,829,648 236,264 -	\$ 119,137,484 11,544,583 268,862,803 859,311 7,735,341 224,447 141,700 671,725 -	\$ 121,344,486 12,657,322 283,904,249 237,022 3,386,989 206,531 -	\$ 122,919,419 10,759,876 293,796,641 862,780 3,399,998 50,013 -
<u>383,174,566</u>	<u>380,400,601</u>	<u>392,273,283</u>	<u>409,177,394</u>	<u>421,797,901</u>	<u>433,778,474</u>
8,870,986 10,186,897 -	9,967,637 8,903,879 -	2,899,063 -	- 26,490,381 -	- 17,658,236 -	- 10,698,729 -
<u>19,057,883</u>	<u>18,871,516</u>	<u>2,899,063</u>	<u>26,490,381</u>	<u>17,658,236</u>	<u>10,698,729</u>
<u>\$ 402,232,449</u>	<u>\$ 399,272,117</u>	<u>\$ 395,172,346</u>	<u>\$ 435,667,775</u>	<u>\$ 439,456,137</u>	<u>\$ 444,477,203</u>
\$ (47,905,844) 847,510	\$ (38,509,280) 9,263,401	\$ (23,980,488) (2,042,222)	\$ (65,757,702) 7,819,492	\$ (71,217,227) (72,361)	\$ (18,204,693) 882,221
<u>\$ (47,058,334)</u>	<u>\$ (29,245,879)</u>	<u>\$ (26,022,710)</u>	<u>\$ (57,938,210)</u>	<u>\$ (71,289,588)</u>	<u>\$ (17,322,472)</u>

	2013	2014	2015	2016	2017	2018
\$	34,947,013	\$ 34,442,109	\$ 3,017,851	\$ 5,045,409	\$ 4,888,751	\$ 4,657,902
	4,209,836	4,251,058	5,062,753	5,563,262	4,876,751	4,937,347
	10,506,214	4,621,108	3,352,479	1,459,240	784,482	787,257
	51,049,382	31,240,582	25,012,287	26,725,327	23,962,784	21,519,970
	21,151,168	25,588,329	42,369,130	43,771,034	50,214,918	56,864,523
	-	-	-	-	-	-
	-	-	-	-	-	-
<u>\$</u>	<u>121,863,613</u>	<u>\$ 100,143,186</u>	<u>\$ 78,814,500</u>	<u>\$ 82,564,272</u>	<u>\$ 84,727,686</u>	<u>\$ 88,566,999</u>
\$	2,059,301	\$ 1,951,076	\$ 1,945,730	\$ 2,199,426	\$ 2,609,071	\$ 2,783,419
	2,928,852	4,018,077	(13,840,449)	9,694,915	2,608,151	1,905,936
	12,115,623	12,426,858	10,425,900	15,852,396	20,156,864	9,843,424
	(4,450,038)	(92,542)	(190,942)	(12,824,243)	(7,339,905)	(33,533,509)
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
<u>\$</u>	<u>12,653,738</u>	<u>\$ 18,303,469</u>	<u>\$ (1,659,761)</u>	<u>\$ 14,922,494</u>	<u>\$ 18,034,181</u>	<u>\$ (19,000,730)</u>
<u>\$</u>	<u>134,517,351</u>	<u>\$ 118,446,655</u>	<u>\$ 77,154,739</u>	<u>\$ 97,486,766</u>	<u>\$ 102,761,867</u>	<u>\$ 69,566,269</u>

2013	2014	2015	2016	2017	2018
\$ 103,367,767	\$ 101,476,995	\$ 113,447,890	\$ 122,404,475	\$ 121,161,668	\$ 122,494,108
13,861,647	10,610,181	10,316,594	11,544,584	12,657,322	10,759,876
263,309,708	265,404,077	269,010,341	270,427,092	285,391,860	295,561,047
51,376,341	44,134,280	43,660,876	46,139,921	48,927,978	48,578,420
9,341,101	9,010,651	10,343,261	12,061,346	11,864,315	12,430,405
5,640,155	6,099,372	6,202,041	8,072,270	6,099,218	6,986,892
126,276	441,483	57,024	15,792	55,540	1,418,752
629,514	763,149	837,694	1,081,478	909,344	715,740
1,032,906	1,202,741	1,005,349	863,470	736,171	629,680
15,189,433	13,179,762	13,712,167	13,739,251	13,930,103	14,481,977
101,640,517	89,044,323	90,422,077	89,986,665	94,735,536	94,960,244
95,972,428	72,137,268	81,443,579	79,009,109	73,762,419	83,764,946
5,932,676	5,985,005	5,288,296	9,047,999	4,556,265	6,390,615
667,420,469	619,489,287	645,747,189	664,393,452	674,787,741	699,172,701
138,027,892	134,262,938	164,585,965	139,797,922	143,753,760	149,834,886
53,065,898	53,648,849	52,931,913	54,197,450	56,086,709	59,396,108
85,142,825	82,557,628	82,634,512	88,230,704	91,082,474	95,906,793
56,126,820	48,979,915	49,504,398	49,789,021	52,053,434	50,535,201
18,104,127	17,056,829	17,901,230	16,716,478	17,648,345	17,644,780
243,843,727	223,430,750	207,514,364	228,410,101	227,674,795	225,317,730
7,359,433	6,891,908	6,935,013	7,155,464	7,519,661	7,264,862
36,348,734	32,655,562	40,453,131	35,320,492	42,500,435	46,737,309
1,399,762	373,610	223,364	(1,807,150)	836,833	360,320
21,200,833	21,840,234	21,262,918	22,590,177	23,253,090	26,827,982
10,418,000	10,059,595	9,789,015	8,639,689	9,445,623	10,763,609
-	-	412,718	167,902	104,285	-
59,415,020	38,195,593	39,503,282	60,970,810	63,930,688	44,953,719
730,453,071	669,953,411	693,651,823	710,179,060	735,890,132	735,543,299
(63,032,602)	(50,464,124)	(47,904,634)	(45,785,608)	(61,102,391)	(36,370,598)
9,309,756	28,393,428	-	56,132,845	59,306,566	-
13,884,746	13,839,781	15,714,211	12,744,770	13,376,157	15,543,422
(9,884,746)	(7,839,781)	(9,514,211)	(7,544,770)	(8,176,157)	(12,368,422)
-	-	51,868,337	26,553,034	11,818,437	-
-	-	6,386,368	9,113,195	3,112,735	-
-	-	(57,841,987)	(30,881,439)	(13,060,246)	-
13,309,756	34,393,428	6,612,718	66,117,635	66,377,492	3,175,000
\$ (49,722,846)	\$ (16,070,696)	\$ (41,291,916)	\$ 20,332,027	\$ 5,275,101	\$ (33,195,598)
4.5%	5.0%	4.6%	4.7%	4.8%	5.5%

County of Orange, New York

Tax Revenues By Source, Governmental Funds  
Last Ten Fiscal Years

Fiscal Year	Real Property Taxes	Non-Property Taxes			Total
		Sales Taxes	Hotel Occupancy Taxes	911 Emergency Surcharge	
2009	\$ 97,770,998	\$ 214,204,408	\$ 472,662 a	\$ 1,472,916	\$ 313,920,984
2010	107,475,567	223,723,703	2,605,732	1,520,398	335,325,400
2011	104,118,220	238,849,558	2,746,810	1,523,908	347,238,496
2012	90,452,607	253,925,511	2,954,683	1,522,743	348,855,544
2013	103,367,767	258,803,242	2,965,586	1,540,880	366,677,475
2014	101,476,995	260,763,479	3,103,564	1,537,034	366,881,072
2015	113,447,890	264,227,178	3,200,805	1,582,358	382,458,231
2016	122,404,475	265,357,072	3,505,731	1,564,289	392,831,567
2017	121,161,668	280,313,340	3,590,909	1,487,611	406,553,528
2018	122,494,108	289,862,271	3,934,370	1,764,406	418,055,155

a) Effective September 15, 2009, the County instituted a 5% local hotel occupancy tax.

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
4.000 %	4.000 %	4.000 %	4.000 %	4.000 %	4.000 %
0.375	0.375	0.375	0.375	0.375	0.375
<u>3.750</u>	<u>3.750</u>	<u>3.750</u>	<u>3.750</u>	<u>3.750</u>	<u>3.750</u>
<u>8.125 %</u>					

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<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
40,312,863	31.68 %
37,942,705	33.07
34,980,010	35.77
33,278,092	37.40
31,609,549	40.11
29,439,610	42.15
29,723,206	41.71
30,135,880	41.30
31,035,438	40.53
31,885,408	41.36

2013	2014	2015	2016	2017	2018
\$ 3.550	\$ 3.880	\$ 3.903	\$ 3.868	\$ 3.838	\$ 3.838
78.683	75.576	76.488	76.801	76.873	78.597
17.843	18.470	19.227	19.513	19.643	19.557
22.624	23.290	23.418	25.404	27.350	29.574
33.55-1.20	31.98-1.20	37.68-1.21	41.82-1.22	42.25-1.22	42.20-1.10
50.00-2.23	50.96-2.21	46.36-2.13	48.86-3.32	53.74-6.81	50.27-6.30
224.70-16.88	233.00-18.49	233.00-19.05	257.73-19.33	248.73-19.89	241.30-20.64

County of Orange, New York

Principal Taxpayers  
Current Year and Nine Years Ago

2018			
Taxpayer	Type of Business	Assessed Valuation	Percent of Total Assessed Valuation
Orange & Rockland Utilities	Public Utility	\$ 233,749,868	1.77 %
Chelsea GCA Realty	Shopping Center	159,479,400	1.21
Central Hudson & Gas	Public Utility	142,837,950	1.08
Roseton Generating	Public Utility	44,691,500	0.34
Allegiance Healthcare	Healthcare	30,955,000	0.23
Crystal Run Newco	Shopping Center	30,510,280	0.23
Middletown I Resources LP	Shopping Center	26,636,724	0.20
Verizon	Public Utility	16,537,371	0.13
US Bank	Financial	16,164,220	0.12
East Coast Imperial Garden	Apartment Complex	7,700,100	0.06
		<u>\$ 709,262,413</u>	<u>5.37 %</u>

Note: Total assessed valuation on the 2018 roll is \$13,187,370,113

2009			
Taxpayer	Type of Business	Assessed Valuation	Percent of Total Assessed Valuation
Dynegy	Public Utility	\$ 262,698,400	2.09 %
Orange & Rockland Utilities	Public Utility	140,075,129	1.12
Central Hudson & Gas	Public Utility	98,138,701	0.78
Simon Group	Shopping Center	69,838,400	0.56
Allegiance Healthcare	Professional Building	34,114,100	0.27
Middletown I Resources	Shopping Center	19,737,700	0.16
IWS Transfer Systems of NY Inc	Waste Removal	12,106,400	0.10
East Coast Imperial Gardens Inc	Apartment Complex	7,700,100	0.06
Ballard Road Holdings LLC	Food Warehouse	7,700,000	0.06
ELT Harriman	Manufacturer	6,003,200	0.05
		<u>\$ 658,112,130</u>	<u>5.25 %</u>

Note: Total assessed valuation on the 2009 roll is \$12,548,076,991

Source: Orange County Real Property Tax Service Agency

Late Penalties and fees	Late Penalties and fees	Total	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
\$ 1,685,985	\$ 3,800,078	\$ 302,103,203	\$ 285,585,452	94.53 %	\$ 16,318,389	\$ 301,903,841	99.93 %
1,677,882	3,987,062	302,766,356	286,229,351	94.54	15,665,107	301,894,458	99.71
1,703,816	3,979,323	306,186,156	289,381,449	94.51	15,884,846	305,266,295	99.70
1,828,956	4,103,381	312,061,414	289,623,677	92.81	21,420,755	311,044,432	99.67
3,036,700	6,527,863	337,078,954	320,845,041	95.18	15,323,720	336,168,761	99.73
1,603,457	3,722,787	320,993,574	305,780,532	95.26	14,217,766	319,998,298	99.69
1,562,948	3,694,782	322,392,214	307,501,065	95.38	13,996,308	321,497,373	99.72
1,489,911	3,620,582	326,134,498	312,978,446	95.97	11,733,870	324,712,316	99.56
1,469,475	3,589,452	331,651,051	318,319,188	95.98	8,368,852	326,688,040	98.50
1,496,121	3,692,927	337,778,614	323,196,537	95.68	-	323,196,537	95.68

Gross		
Percentage of Personal Income (3)	Percentage of Estimated Actual Taxable Value of Property (4)	Per Capita (3)
1.91	0.66	711.38
1.73	0.65	662.97
1.69	0.73	678.94
1.73	0.84	744.98
1.62	0.84	709.12
1.61	0.92	721.77
1.43 (2)	0.85	666.06
1.46	0.96	764.99
n/a	1.05	853.55
n/a	0.93	778.43
0.10	0.03	35.70
0.08	0.03	29.26
0.06	0.03	25.26
0.05	0.02	21.36
0.04	0.02	17.72
0.03	0.02	13.27
0.02 (2)	0.01	11.37
0.02	0.01	10.38
n/a	0.01	10.78
n/a	0.01	9.21
2.00	0.69	747.08
1.80	0.68	692.23
1.75	0.75	704.20
1.78	0.86	766.34
1.66	0.86	726.84
1.64	0.94	735.04
1.46	0.86	677.43
1.48 (2)	0.98	775.37
n/a	1.06	864.33
n/a	0.94	787.63

**County of Orange, New York**

Direct and Underlying Governmental Activities Debt  
December 31, 2018

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<u>Governmental Unit</u>	<u>Gross Long-Term Debt (1)</u>
Cities (three)	\$ 136,711,641
Towns (twenty)	107,074,185
Villages (seventeen)	104,825,408
School Districts (eighteen)	744,463,670
Fire Districts (thirty-eight)	<u>21,198,932</u>
Subtotal, Underlying Debt	1,114,273,836
Direct Bonded Debt of the County	<u>297,320,547</u>
Direct and Underlying Debt	<u><u>\$ 1,411,594,383</u></u>

Sources - New York State Comptroller's Office for local municipalities fiscal year ending in 2018.

**(1) Excludes enterprise fund bonds.**

Note: County percentage is 100% since all of the above municipalities and School Districts fall within the boundaries of the County.

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 2,493,725	\$ 2,341,500	\$ 2,226,427	\$ 2,158,609	\$ 2,127,212	\$ 2,131,074
<u>244,106</u>	<u>249,055</u>	<u>217,729</u>	<u>247,433</u>	<u>283,443</u>	<u>265,041</u>
<u>\$ 2,249,619</u>	<u>\$ 2,092,445</u>	<u>\$ 2,008,697</u>	<u>\$ 1,911,175</u>	<u>\$ 1,843,769</u>	<u>\$ 1,866,033</u>
9.79%	10.64%	9.78%	11.46%	13.32%	12.44%

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<u>School Enrollment (4)</u>	<u>Unemployment Rate (5)</u>
64,148	7.9 %
63,613	8.3
62,568	8.0
61,697	8.3
60,599	6.8
59,867	5.5
58,989	4.7
58,130	4.3
57,572	4.6
57,373	3.9

COUNTY OF ORANGE, NEW YORK

PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO

2018

<u>EMPLOYER</u>	<u>EMPLOYEES</u>	<u>PERCENTAGE OF TOTAL COUNTY EMPLOYMENT</u>
United States Military Academy at West Point	4,000	2.29 %
Orange Regional Medical Center	2,524	1.44
Orange County Government	2,262	1.29
Crystal Run Healthcare	2,050	1.17
SUNY Orange	1,299	0.74
Access: Supports for Living	1,289	0.74
St. Luke's / Cornwall Hospital * <sup>1</sup>	1,247	0.71
Elant, Inc.	1,200	0.69
C & S Wholesale Grocers, Inc.	800	0.46
Empire Blue Cross/Blue Shield	795	0.45
	<u>17,466</u>	<u>9.98 %</u>

2009

<u>EMPLOYER</u>	<u>EMPLOYEES</u>	<u>PERCENTAGE OF TOTAL COUNTY EMPLOYMENT</u>
United States Military Academy at West Point	2,635	1.55 %
Orange Regional Medical Center	2,524	1.48
Orange County Government	2,434	1.43
St. Luke's Hospital	1,700	1.00
105th Airlift Wing	1,500	0.88
Elant, Inc.	1,200	0.70
U.S. Postal Service**	1,102	0.65
Empire Blue Cross/Blue Shield	1,044	0.61
SUNY Orange	900	0.53
C & S Wholesale Grocers, Inc.	850	0.50
	<u>15,889</u>	<u>9.33 %</u>

Source: 2018 and 2009 Directory of Major Employers, Orange County Partnership

\*\* Provided By The Postal Service

\*<sup>1</sup> Formerly named St. Luke's Hospital

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
554	521	523	525	525	580
554	533	542	554	555	562
584	517	532	529	518	531
523	490	471	471	491	519
38	35	36	36	36	45
18	17	17	22	23	25
<u>2,271</u>	<u>2,113</u>	<u>2,121</u>	<u>2,137</u>	<u>2,148</u>	<u>2,262</u>

2013	2014	2015	2016	2017	2018
58,529	54,863	53,862	53,937	64,557	95,246
258,917	262,856	270,188	278,322	314,480	242,782
6,310	6,074	5,968	5,988	6,175	5,555
11.47 4.64	13.10 4.50	14.20 6.30	16.88 6.56	16.74 7.39	13.45 -
41,494	39,889	39,365	41,717	38,897	34,790
152,548	123,575	129,594	130,494	130,735	139,911
4,549,750	4,375,167	4,146,417	4,375,833	4,552,667	4,485,333
941,580	981,115	995,762	1,008,428	983,462	987,302
333	340	334	332	336	336

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2013	2014	2015	2016	2017	2018
16 2	17 1	30 -	36 3	45 4	37 12
3,415	3,415	3,415	3,415	3,415	3,415
83	84	84	85	85	85

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of the County in a separate letter.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*PKF O'Connor Davies, LLP*  
**PKF O'Connor Davies, LLP**  
Harrison, New York  
July 5, 2019

**APPENDIX C**

**FORM OF BOND COUNSEL OPINION**

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

April 16, 2020

The County Legislature of the  
County of Orange, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the County of Orange (the “County”), New York, a municipal corporation of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the \$28,180,331 Public Improvement Serial Bonds-2020 (the “Bonds”), dated and delivered on the date hereof.

In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds are valid and legally binding general obligations of the County for which the County has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the County is subject to the levy of ad valorem real estate taxes to pay the Bonds and interest thereon, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended. The enforceability of rights or remedies with respect to such Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors’ rights or remedies heretofore or hereafter enacted.

2. Under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code.

The Code establishes certain requirements which must be met subsequent to the issuance of the Bonds in order that the interest on the Bonds be and remain excluded from gross income for federal income tax purposes under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Bonds, restrictions on the investment of proceeds of the Bonds prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Bonds to become subject to federal income taxation retroactive to the date of issuance thereof, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of issuance of the Bonds, the County will execute a Tax Certificate relating to the Bonds containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the County represents that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that the interest on the Bonds will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in this paragraph 2, we have relied upon and assumed (i) the material accuracy of the County's representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of the interest on the Bonds, and (ii) compliance by the County with the procedures and representations set forth in the Tax Certificate as to such tax matters.

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

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Bonds, or the ownership or disposition thereof, except as stated in paragraphs 2 and 3 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Bonds.

We give no assurances as to the adequacy, sufficiency or completeness of the Preliminary Official Statement and/or Official Statement related to the Bonds or any proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the County, which have been or may hereafter be furnished or disclosed to purchasers of ownership interests in the Bonds.

Very truly yours,

/s/ Hawkins Delafield & Wood LLP

**APPENDIX D**

**FORM OF CONTINUING DISCLOSURE UNDERTAKING**

## UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

### Section 1. Definitions

“Annual Information” shall mean the information specified in Section 3 hereof.

“EMMA” shall mean the Electronic Municipal Market Access System implemented by the MSRB.

“GAAP” shall mean generally accepted accounting principles as in effect from time to time in the United States.

“Holder” shall mean any registered owner of the Securities and any beneficial owner of Securities within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934.

“Issuer” shall mean the **County of Orange**, a municipal corporation of the State of New York.

“MSRB” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Agreement.

“Purchaser” shall mean the financial institution referred to in the Certificate of Award, executed by the Commissioner of Finance as of April 1, 2020.

“Rule” shall mean Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as amended, as in effect on the date of this Undertaking, including any official interpretations thereof issued either before or after the effective date of this Undertaking which are applicable to this Undertaking.

“Securities” shall mean the Issuer’s **\$28,180,331 PUBLIC IMPROVEMENT SERIAL BONDS-2020**, dated April 16, 2020, maturing in various principal amounts on April 15 in each of the years 2022 to 2032, inclusive, and delivered on the date hereof.

Section 2. Obligation to Provide Continuing Disclosure. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided either directly or through Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York, to the EMMA System:

- (i) (A) no later than the last day of the sixth (6<sup>th</sup>) month after the end of each fiscal year, commencing with the fiscal year ending December 31, 2020, the Annual Information relating to such fiscal year, and (B) no later than six (6) months after the end of each fiscal year, commencing with the fiscal year ending December 31, 2020, the audited financial statements of the Issuer for each fiscal year, if audited financial statements are prepared by the Issuer and then available; provided, however, that if audited financial statements are not prepared or are not then available, unaudited financial statements shall be provided and audited financial statements, if any, shall be delivered

to the EMMA System within sixty (60) days after they become available and in no event later than one (1) year after the end of each fiscal year; provided further, however, that the unaudited financial statement shall be provided for any fiscal year only if the Issuer has made a determination that providing such unaudited financial statement would be compliant with federal securities laws, including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17 (a)(2) of the Securities Act of 1933; and

(ii) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of any of the following events with respect to the Securities:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Securities, or other events affecting the tax status of the Securities;
- (7) modifications to rights of Securities holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Securities, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Issuer;

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or

government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;

- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; and
- (15) incurrence of a financial obligation, as defined in Rule 15c2-12, of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

(iii) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of a failure to provide by the date set forth in Section 2(a)(i) hereof any Annual Information required by Section 3 hereof.

(b) Nothing herein shall be deemed to prevent the Issuer from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated hereunder.

(c) Nothing herein shall be deemed to prevent the Issuer from providing notice of the occurrence of certain other events, in addition to those listed above, if the Issuer determines that any such other event is material with respect to the Securities; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any event except those events listed above.

Section 3. Annual Information. (a) The required Annual Information shall consist of the financial information and operating data for the preceding fiscal year, in a form generally consistent with the information contained or cross-referenced in the Issuer's final official statement

relating to the Securities under the headings “THE COUNTY,” “ECONOMIC AND DEMOGRAPHIC INFORMATION,” “INDEBTEDNESS OF THE COUNTY,” “DISCUSSION OF CERTAIN FINANCIAL MATTERS,” “TAX INFORMATION”, “LITIGATION” AND APPENDIX A.

(b) All or any portion of the Annual Information may be incorporated in the Annual Information by cross reference to any other documents which are (i) available to the public on the EMMA System or (ii) filed with the SEC. If such a document is a final official statement, it also must be available from the EMMA System.

(c) Annual Information for any fiscal year containing any modified operating data or financial information (as contemplated by Section 7(e) hereof) for such fiscal year shall explain, in narrative form, the reasons for such modification and the effect of such modification on the Annual Information being provided for such fiscal year. If a change in accounting principles is included in any such modification, such Annual Information shall present a comparison between the financial statements or information prepared on the basis of the modified accounting principles and those prepared on the basis of the former accounting principles.

Section 4. Financial Statements. The Issuer’s annual financial statements for each fiscal year, if prepared, shall be prepared in accordance with GAAP or New York State regulatory requirements as in effect from time to time. Such financial statements, if prepared, shall be audited by an independent accounting firm. The Issuer’s Annual Financial Report Update Document prepared by the Issuer and filed annually with New York State in accordance with applicable law, shall not be subject to the foregoing requirements.

Section 5. Remedies. If the Issuer shall fail to comply with any provision of this Undertaking, then any Holder of Securities may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Undertaking against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Undertaking; provided that the sole and exclusive remedy for breach of this Undertaking shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Undertaking shall not constitute an event of default on the Securities.

Section 6. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with paragraph (b)(5) of the Rule and is delivered for the benefit of the Holders. No other person shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 7. Amendments. Without the consent of any holders of Securities, the Issuer at any time and from time to time may enter into any amendments or changes to this Undertaking for any of the following purposes:

- (a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);

- (b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;
- (c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;
- (d) to add to the duties of the Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the Issuer;
- (e) to modify the contents, presentation and format of the Annual Information from time to time to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Issuer or to reflect changes in the identity, nature or status of the Issuer or in the business, structure or operations of the Issuer or any mergers, consolidations, acquisitions or dispositions made by or affecting any such person; provided that any such modifications shall comply with the requirements of Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such modification; or
- (f) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

provided that no such action pursuant to this Section 7 shall adversely affect the interests of the Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 8. Termination. This Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Securities shall have been paid in full or the Securities shall have otherwise been paid or legally defeased pursuant to their terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to the EMMA System. Such notice shall state whether the Securities have been defeased to maturity or to redemption and the timing of such maturity or redemption.

In addition, this Agreement, or any provision hereof, shall be null and void in the event that those portions of the Rule which require this Agreement, or such provision, as the case may be, do not or no longer apply to the Securities, whether because such portions of the Rule are invalid, have been repealed, or otherwise.

Section 9. Undertaking to Constitute Written Agreement or Contract. This Undertaking shall constitute the written agreement or contract for the benefit of Holders of Securities, as contemplated under Rule 15c2-12.

Section 10. Governing Law. This Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of April 16, 2020.

COUNTY OF ORANGE

By \_\_\_\_\_  
Commissioner of Finance and Chief Fiscal Officer