

**DASNY****\$22,485,000**

**DORMITORY AUTHORITY OF THE STATE OF NEW YORK  
COURT FACILITIES LEASE REVENUE BONDS  
(THE COUNTY OF WESTCHESTER ISSUE), SERIES 2016**

**Dated: Date of Delivery****Due: August 1, as shown on inside cover**

**Payment:** The Court Facilities Lease Revenue Bonds (The County of Westchester Issue), Series 2016 (the "Series 2016 Bonds") will be special obligations of the Dormitory Authority of the State of New York (the "DASNY"). Principal and Redemption Price of and interest on the Series 2016 Bonds are payable primarily from the Basic Rent to be paid by the County of Westchester (the "County") under the Lease and Agreement between DASNY and the County, dated as of December 17, 1998, as amended by Amendment No. 1 to Lease and Agreement dated October 17, 2005 (the "Agreement"), as further amended by Amendment No. 2 to Lease and Agreement, dated the date of delivery of the Series 2016 Bonds. The obligation of the County to pay the Rentals, including the Basic Rent, is subject to the appropriation of moneys by the County for such purpose. In the event the County fails to pay to DASNY when due all or any part of the Rentals, the Act directs the State Comptroller, upon receipt of a certificate from DASNY, to make such payment from certain moneys appropriated by the State of New York (the "State") as State aid or local assistance to the County. The Basic Rent is to be paid directly to The Bank of New York Mellon, New York, New York, as trustee (the "Trustee") in installments payable quarterly on each February 10, May 10, August 10 and November 10.

**The Series 2016 Bonds will not be a debt of the State or of the County nor will the State or the County be liable on them. DASNY has no taxing power.**

**Description:** The Series 2016 Bonds will be issued as fully registered bonds in denominations of principal of \$5,000 or any integral multiple thereof. Interest on the Series 2016 Bonds will be paid on February 1, 2017 and on each August 1 and February 1 thereafter, as more fully described herein. The Series 2016 Bonds will be issued under a Book-Entry Only System, registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"). Individual purchases of beneficial interests in the Series 2016 Bonds will be made in book-entry form, without certificates. So long as Cede & Co., as nominee of DTC, is the registered owner of the Series 2016 Bonds, payments of the principal or Redemption Price of and interest on the Series 2016 Bonds will be made directly to DTC. Disbursement of such payments to DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and Indirect Participants. See "PART 3 - THE SERIES 2016 BONDS - Book-Entry Only System" herein.

**Redemption:** The Series 2016 Bonds are not subject to redemption prior to maturity.

**Tax Exemption:** In the opinion of Nixon Peabody LLP, under existing law and assuming compliance with the tax covenants described herein, and the accuracy of certain representations and certifications made by DASNY and the County described herein, interest on the Series 2016 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Nixon Peabody LLP is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. In addition, Nixon Peabody LLP and Drohan Lee LLP, Co-Bond Counsel, are of the opinion that the interest on the Series 2016 Bonds is exempt from personal income taxes of the State of New York and its political subdivisions, including The City of New York and the City of Yonkers. See "PART 9 - TAX MATTERS" herein regarding certain other tax considerations.

*The Series 2016 Bonds are offered when, as and if issued and received by the Underwriter. The offer of the Series 2016 Bonds may be subject to prior sale or withdrawn or modified at any time without notice. The offer is subject to the approval of legality by Nixon Peabody LLP, New York, New York, and Drohan Lee LLP, New York, New York, Co-Bond Counsel to DASNY, and to certain other conditions. Certain legal matters will be passed upon for the County by its County Attorney, and by Hawkins Delafield & Wood LLP, New York, New York, special counsel to the County, and for the Underwriter by its Counsel, Dentons US LLP, New York, New York. DASNY expects to deliver the Series 2016 Bonds in definitive form in New York, New York, on or about October 26, 2016.*

**Citigroup**

\$22,485,000

**DORMITORY AUTHORITY OF THE STATE OF NEW YORK  
COURT FACILITIES LEASE REVENUE BONDS  
(THE COUNTY OF WESTCHESTER ISSUE), SERIES 2016**

<u>Maturing August 1,</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number†</u>
2017	\$ 4,270,000	5.00%	0.86%	64990CFZ9
2018	11,195,000	5.00	0.93	64990CGA3
2019	1,270,000	5.00	1.02	64990CGB1
2020	1,335,000	5.00	1.15	64990CGC9
2021	1,400,000	5.00	1.25	64990CGD7
2022	1,470,000	5.00	1.34	64990CGE5
2023	1,545,000	5.00	1.43	64990CGF2

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† Copyright, American Bankers Association (ABA). CUSIP data herein are provided by CUSIP Global Services, operated on behalf of the ABA by S&P Capital IQ, a division of McGraw-Hill Financial, Inc. CUSIP numbers have been assigned by an independent company not affiliated with DASNY and are included solely for the convenience of the holders of the Series 2016 Bonds. Neither DASNY nor the Underwriter is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Series 2016 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the Series 2016 Bonds.

No dealer, broker, salesperson or other person has been authorized by DASNY or the County to give any information or to make any representations with respect to the Series 2016 Bonds, other than the information and representations contained in this Official Statement. If given or made, any such information or representations must not be relied upon as having been authorized by DASNY or the County.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be a sale of the Series 2016 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

Certain information in this Official Statement has been supplied by the County and other sources that DASNY believes are reliable. Neither DASNY nor the Underwriter guarantees the accuracy or completeness of such information and such information is not to be construed as a representation of DASNY or the Underwriter.

References in this Official Statement to the Act, the Resolution and the Agreement do not purport to be complete. Refer to the Act, the Resolution and the Agreement for full and complete details of their provisions. Copies of the Resolution and the Agreement are on file with DASNY and the Trustee.

The order and placement of material in this Official Statement, including its appendices, are not to be deemed a determination of relevance, materiality or importance, and all material in this Official Statement, including its appendices, must be considered in its entirety.

Under no circumstances will the delivery of this Official Statement or any sale made after its delivery create any implication that the affairs of DASNY, the County or the State have remained unchanged after the date of this Official Statement.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of its, responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guaranty the accuracy or completeness of such information.

**IN CONNECTION WITH THE OFFERING OF THE SERIES 2016 BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2016 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

**TABLE OF CONTENTS**

<u>Part</u>	<u>Page</u>	<u>Part</u>	<u>Page</u>
<b>PART 1 - INTRODUCTION</b> .....	1	<b>PART 15 - CONTINUING DISCLOSURE</b> .....	21
Purpose of the Official Statement .....	1	<b>PART 16 - RATINGS</b> .....	21
Purpose of the Issue .....	1	<b>PART 17 - MISCELLANEOUS</b> .....	21
Authorization of Issuance .....	1	Appendix A - CERTAIN DEFINITIONS .....	A-1
DASNY .....	2	Appendix B - THE COUNTY OF WESTCHESTER.....	B-1
The County .....	2	Appendix C - SUMMARY OF CERTAIN PROVISIONS OF	
The Series 2016 Bonds .....	2	THE AGREEMENT.....	C-1
Payment of the Bonds .....	2	Appendix D - SUMMARY OF CERTAIN PROVISIONS OF	
Security for the Bonds .....	2	THE RESOLUTION .....	D-1
<b>PART 2 - SOURCES OF PAYMENT AND SECURITY FOR</b>		Appendix E - FORM OF CONTINUING DISCLOSURE	
<b>THE BONDS</b> .....	2	AGREEMENT .....	E-1
Payment of the Bonds .....	3	Appendix F - PROPOSED FORM OF APPROVING	
Security for the Bonds .....	7	OPINIONS OF CO-BOND COUNSEL .....	F-1
Defaults and Remedies under the Agreement.....	7		
Issuance of Additional Bonds .....	8		
<b>PART 3 - THE SERIES 2016 BONDS</b> .....	8		
General Description .....	8		
Redemption.....	9		
Book-Entry Only System.....	9		
Principal and Interest Requirements .....	11		
<b>PART 4 - THE REFUNDING PLAN</b> .....	12		
Bonds to be Refunded.....	12		
<b>PART 5 - ESTIMATED SOURCES AND USES OF FUNDS</b> 13			
<b>PART 6 - DASNY</b> .....	13		
<b>PART 7 - LEGALITY FOR INVESTMENT AND DEPOSIT</b> 18			
<b>PART 8 - NEGOTIABLE INSTRUMENTS</b> .....	18		
<b>PART 9 - TAX MATTERS</b> .....	18		
<b>PART 10 - STATE NOT LIABLE ON THE SERIES 2016</b>			
<b>BONDS</b> .....	19		
<b>PART 11 - COVENANT BY THE STATE</b> .....	19		
<b>PART 12 - LEGAL MATTERS</b> .....	20		
<b>PART 13 - UNDERWRITING</b> .....	20		
<b>PART 14 - VERIFICATION OF MATHEMATICAL</b>			
<b>COMPUTATIONS</b> .....	20		

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**DORMITORY AUTHORITY - STATE OF NEW YORK - 515 BROADWAY, ALBANY, N.Y. 12207**  
**GERRARD P. BUSHELL - PRESIDENT** **ALFONSO L. CARNEY JR. - CHAIR**

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## **OFFICIAL STATEMENT RELATING TO**

**\$22,485,000**

### **DORMITORY AUTHORITY OF THE STATE OF NEW YORK COURT FACILITIES LEASE REVENUE BONDS (THE COUNTY OF WESTCHESTER ISSUE), SERIES 2016**

#### **PART 1 - INTRODUCTION**

##### **Purpose of the Official Statement**

The purpose of this Official Statement, including the cover page and appendices, is to provide information about DASNY and the County in connection with the offering by DASNY of \$22,485,000 principal amount of its Court Facilities Lease Revenue Bonds (The County of Westchester Issue), Series 2016 (the "Series 2016 Bonds").

The following is a brief description of certain information concerning the Series 2016 Bonds, DASNY and the County. A more complete description of such information and additional information that may affect decisions to invest in the Series 2016 Bonds is contained throughout this Official Statement, which should be read in its entirety. Certain terms used in this Official Statement are defined in Appendix A hereto.

##### **Purpose of the Issue**

The Series 2016 Bonds are being issued and the proceeds will be used, together with other available moneys: (i) to refund all of DASNY's Court Facilities Lease Revenue Bonds (The County of Westchester Issue), Series 2006A and Court Facilities Lease Revenue Bonds (The County of Westchester Issue), Series 2006B (collectively, the "Series 2006 Bonds" or the "Refunded Bonds"), currently outstanding in the aggregate principal amount of \$29,190,000, and (ii) to pay the Costs of Issuance of the Series 2016 Bonds. See "PART 4 - THE REFUNDING PLAN" and "PART 5 - ESTIMATED SOURCES AND USES OF FUNDS."

The Series 2006A Bonds were originally issued to refund a portion of DASNY's Court Facilities Lease Revenue Bonds (The County of Westchester Issue), Series 1998 (the "Refunded Series 1998 Bonds"). The proceeds of the Series 2006B Bonds were used, together with other available moneys, to pay a portion of the Costs of a Project consisting of the completion of renovation of the existing Richard J. Daronco Westchester County Courthouse, a 20-story, 292,900 square foot tower, which accommodates the civil division of Westchester County's Supreme Court as well as the Surrogate Court, County and Family Courts, including related administrative facilities, and the District Attorney and Probation Department, and constituting a Facility under the Agreement.

##### **Authorization of Issuance**

The Series 2016 Bonds will be issued pursuant to DASNY's Court Facilities Lease Revenue Bond Resolution (The County of Westchester Issue), adopted on October 28, 1998, as it may be thereafter amended and supplemented (the "Resolution") and the Act. In addition to DASNY's Court Facilities Lease Revenue Bonds (The County of Westchester

Issue), Series 1998 (the “Series 1998 Bonds”), the Series 2006 Bonds, and the Series 2016 Bonds, the Resolution authorizes the issuance of other Series of Bonds to pay other Costs of one or more Facilities, to make deposits to the Debt Service Reserve Fund, to pay the Costs of Issuance of such Series of Bonds and to refund all or a portion of Outstanding Bonds or other notes or bonds of DASNY issued on behalf of the County to finance or refinance Facilities. All Bonds issued under the Resolution will rank on a parity with each other and will be secured equally and ratably with each other. The Series 2016 Bonds are the fourth Series of Bonds issued under the Resolution. Upon the issuance of the Series 2016 Bonds and after giving effect to the refunding of the Refunded Bonds, there will be \$76,410,000<sup>1</sup> of Bonds Outstanding under the Resolution.

## **DASNY**

DASNY is a public benefit corporation of the State, created for the purpose of financing and constructing a variety of public-purpose facilities for certain educational, governmental and not-for-profit institutions. See “PART 6 - DASNY.”

## **The County**

The County, incorporated in 1683, is a suburban county located in the northern sector of the New York metropolitan area. It is bordered on the south by New York City, on the east by the State of Connecticut and Long Island Sound, on the north by Putnam County and on the west by the Hudson River. The County had a 2015 Federal census estimated population of 976,396 and has an area of 450 square miles. See “Appendix B - The County of Westchester.”

## **The Series 2016 Bonds**

The Series 2016 Bonds will be dated the date of delivery of the Series 2016 Bonds and will bear interest from such date, payable each February 1 and August 1, commencing February 1, 2017. The Series 2016 Bonds will bear interest at the rates and mature at the times set forth on the inside cover page of this Official Statement. See “PART 3 - THE SERIES 2016 BONDS - General Description.”

## **Payment of the Bonds**

The principal of and interest on the Bonds, including the Series 2016 Bonds, are payable primarily from the Basic Rent to be paid by the County under the Agreement.

*The County’s obligation to pay the Rentals, which includes the Basic Rent, is subject to annual appropriation by the County and to the availability of moneys for such payment. The Agreement and the County’s obligation to pay the Rentals do not constitute a debt of the County under or within the meaning of the State Constitution or the Local Finance Law of the State. See “PART 2 - SOURCES OF PAYMENT AND SECURITY FOR THE BONDS - Payment of the Bonds.” In the event the County fails to pay the Rentals to DASNY when due, the Act directs the State Comptroller, upon receipt of a certificate from DASNY, to pay to DASNY the amount of unpaid Rentals from certain moneys appropriated by the State as State aid or local assistance to the County.*

Neither the State nor the County is legally required to make such annual appropriations, and neither the State nor the County may make any payment except pursuant to an appropriation.

## **Security for the Bonds**

The Bonds issued under the Resolution are secured by a pledge of the Revenues, which include the Basic Rent payable by the County, the proceeds of all Bonds, including the Series 2016 Bonds, subject to application of the proceeds in accordance with the terms of the Resolution, and all funds and accounts established under the Resolution (with the exception of the Arbitrage Rebate Fund). See “PART 2 - SOURCES OF PAYMENT AND SECURITY FOR THE BONDS - Security for the Bonds.”

## **PART 2 - SOURCES OF PAYMENT AND SECURITY FOR THE BONDS**

*Set forth below is a narrative description of certain contractual and legislative provisions relating to the sources of payment and security for the Bonds, including the Series 2016 Bonds, and for the Rentals. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Act, the Resolution and the Agreement for a more complete description of such provisions. Copies of the Resolution and the Agreement are on file with DASNY and the Trustee. See also “Appendix C - Summary of Certain Provisions of the Agreement” and “Appendix D -*

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<sup>1</sup> Reflects the Maturity Value of Series 1998 Bonds that are Capital Appreciation Bonds.

*Summary of Certain Provisions of the Resolution” for a more complete statement of the rights, duties and obligations of the parties thereto.*

## **Payment of the Bonds**

### *Special Obligations*

The Bonds issued under the Resolution, including the Series 2016 Bonds, are special obligations of DASNY payable solely from the Revenues. The Revenues consist of the Basic Rent payable by the County under the Agreement, all rents, income and profits from the operation, reletting or sale of Facilities upon DASNY’s re-entry upon them and amounts paid to DASNY from certain moneys appropriated by the State as State aid or local assistance to the County. The Revenues and the right to receive them have been pledged to the Trustee for the benefit of the Holders of the Bonds, including the Series 2016 Bonds.

DASNY has no taxing power and the Bonds, including the Series 2016 Bonds, are not a debt of the State nor will the State be liable on them.

### *Payment of the Rentals*

The Rentals include, among other amounts, the Basic Rent which is comprised of payments in amounts which are sufficient to pay debt service as it becomes due on the Bonds. Payment of the Rentals by the County is subject to the appropriation and availability of moneys therefor, as hereinafter described.

The Basic Rent is to be paid directly to the Trustee in installments payable quarterly on each February 10, May 10, August 10 and November 10. Each quarterly payment will be equal to the sum of (i) one-half the interest on Outstanding Bonds payable on the next succeeding interest payment date and (ii) one-quarter of the principal and Sinking Fund Installments of Outstanding Bonds payable on the next succeeding August 1, which includes the Accreted Value and Appreciated Value of Capital Appreciation Bonds and Deferred Income Bonds payable on such August 1. In addition, the installment payable on November 10, 2016 will reflect the previously scheduled amount of such payment prior to the refunding of the Refunded Bonds, and the installments payable on February 10, 2017 and May 10, 2017 will fund the balance of the principal and interest on the Series 2016 Bonds payable on August 1, 2017.

### *State Appropriations Backup*

In the event the County fails to pay all or any part of the Rentals when due, whether or not as a result of the failure of the County to appropriate moneys therefor, the Act directs the State Comptroller to pay DASNY the amount of unpaid Rentals from certain moneys appropriated by the State as State aid and local assistance to the County. The State Comptroller is to make such payment upon receipt of a certificate of DASNY setting forth the amount required to have been paid by the County which remains unpaid. Under the Act, the amount of unpaid Rentals is to be certified to the State Comptroller on or within 30 days prior to each January 25, April 25, July 25 and October 25. DASNY has covenanted in the Resolution to certify to the State Comptroller the amount of unpaid Rentals not later than the earlier of 10 days after the County fails pay the Basic Rent or the January 25, April 25, July 25 or October 25 immediately following such failure to pay.

The total amount of State aid and local assistance of the character available to be intercepted and paid to DASNY in the event the County fails to make a payment which was received by the County during its 2015 fiscal year was approximately \$47.7 million. The maximum annual debt service on the Bonds Outstanding upon the issuance of the Series 2016 Bonds and the refunding of the Refunded Bonds is expected to be \$12,407,500. The amount of such State aid and local assistance estimated to be received by the County in its current fiscal year is approximately \$49.5 million. No assurance can be given that such State aid and local assistance will continue to be available in such amounts in future fiscal years. See “Limitations on Appropriations” in this “PART 2 - SOURCES OF PAYMENT AND SECURITY FOR THE BONDS” and, for a discussion of the various types and amounts of State assistance historically received by the County, see “Sources of State Assistance” in this “PART 2 - SOURCES OF PAYMENT AND SECURITY FOR THE BONDS.”

### *Sources of State Assistance*

The Act provides that the State Comptroller, upon receipt of a certificate from DASNY, is required to deduct the amount of Rentals and other payments set forth in such certificate as unpaid to DASNY, in the following order of priority: first, from the aid payable to the County from the Court Facilities Incentive Aid Fund, then, from the next succeeding payments of State aid apportioned to the County as revenue sharing, per capita aid, and certain other aid pursuant to the State Finance Law, then, from the next succeeding payments of State aid for local governmental administrative costs that are reimbursable to the County pursuant to State law, then, from the next succeeding payments of certain State aid appropriated

pursuant to the Public Health Law and, then, from the next succeeding payments of certain State aid apportioned pursuant to the Highway Law. However, since 1988 the County has not been eligible under State law to receive State revenue sharing or per capita aid. Accordingly, no information about the nature of the State’s revenue sharing and per capita aid program and the historical receipts of such aid by the County is included herein.

The County has no control over the timing of the State aid payments to the County or the amounts of such payments. All such State aid payments shown below represent the amounts reimbursable to the County, and are not necessarily cash payments from the State.

The following table sets forth the amount of State assistance available by the Act to be intercepted and paid to DASNY which was received by the County during its last five fiscal years and which is projected to be received during its current fiscal year.

**Annual Receipts of State Assistance**

<b>Fiscal Year Ended December 31,</b>	<b>Amount</b>
2011	\$53,375,097
2012	51,976,058
2013	50,597,490
2014	55,796,099
2015	47,741,924
2016*	49,572,345

\* Projected

Discussed below are the various programs of State assistance to the County from which moneys are available to be intercepted for the payment of the Rentals. There is no obligation upon the State to appropriate moneys for such purposes and the State may reduce the amount of moneys appropriated for such State assistance or alter or modify the manner in which it provides such assistance. Furthermore, it is conceivable that in the future these programs of State assistance to the County might become subject to intercept or competing claims by entities other than DASNY. To the extent such State assistance is also legally available to satisfy other obligations of the County under State law, the extent to which such State assistance is available to satisfy unpaid Rentals to DASNY could be affected by the existence and timing of competing claims by entities other than DASNY.

*Court Facilities Incentive Aid.* Section 54-j of the State Finance Law apportions to certain local governments, including the County, State assistance for the costs incurred for the maintenance of court facilities under the locality’s jurisdiction and for interest on indebtedness incurred by DASNY or local government to finance capital expenditures for court facilities. The State assistance is payable out of the Court Facilities Incentive Aid Fund, a special State fund into which 50% of the State moneys derived from increases enacted during and after August 1987 in fees charged in connection with certain civil judicial proceedings are to be deposited.

The amount of aid to which a local government is entitled is determined based upon (i) the actual maintenance and interest costs incurred by it and (ii) the amount of State moneys available in the Court Facilities Incentive Aid Fund for such payments. The Office of Court Administration (“OCA”), based upon the OCA approved local capital plans for court facilities, its estimates of required capital expenditures by localities that do not have approved capital plans and its estimates of Facility maintenance expenses by all local governments entitled to aid, has projected that the moneys available in the Court Facilities Incentive Aid Fund from time to time will be sufficient to pay the aid payable in each year during which the Series 2016 Bonds will be outstanding. OCA’s projections are based upon various assumptions, including the amount to be financed by each locality, interest rates to be paid on the amounts financed, the rate of inflation of capital and maintenance expenses and the level of judicial fees to be deposited in the Court Facilities Incentive Aid Fund. While OCA believes that its assumptions are reasonable, no assurance can be given that such assumptions and the projections based upon them will be achieved.

In each fiscal year since its 1993 fiscal year, the County’s real property wealth entitled it to receive assistance in an amount equal to 25% of its interest expenses associated with the financing of court facilities. These percentages may change based on the County’s real property tax wealth relative to the State-wide average. The relative tax wealth of each locality and the percentage of assistance to which it is entitled is calculated by the State Comptroller annually. The State assistance for interest costs may vary from 25% to 33% and the State assistance for court facilities maintenance costs is 25%. In addition, the State reimburses localities for 100% of court cleaning and minor repair costs incurred pursuant to contracts entered into



by those localities with the State, and reimburses localities for 100% of the costs associated with providing, operating and maintaining facilities for the transaction of business by the Appellate Division of the Supreme Court, as well as reimburses 100% of the costs associated with providing residential chambers for a judge of the Court of Appeals. Set forth below is the amount of assistance received by the County during its past five fiscal years and projected to be received during its current fiscal year.

**Court Facilities Incentive Aid  
Fiscal Years ended December 31,**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016*</u>
Interest Costs**	\$ 960,208	\$ 860,456	\$ 754,803	\$ 643,535	\$ 527,219	\$ 405,232
Maintenance Costs	<u>2,201,382</u>	<u>2,765,312</u>	<u>2,247,583</u>	<u>2,271,147</u>	<u>1,856,968</u>	<u>2,116,000</u>
Total Aid	<u>\$3,161,590</u>	<u>\$3,625,768</u>	<u>\$3,002,386</u>	<u>\$2,914,682</u>	<u>\$2,384,187</u>	<u>\$2,521,232</u>

\* Projected

\*\* The County has not received any State assistance for interest costs on the Series 2016 Bonds. It expects to start receiving aid during its fiscal year ending December 31, 2016 for interest on the Series 2016 Bonds.

*State Assisted Administrative Expenses.* The Act provides that State assistance for “any local governmental administrative costs that are reimbursable” pursuant to State law is to be available to be intercepted for payment to DASNY. Historically, the County has received assistance to reimburse it for costs related to the administration of various services.

Shown below is the amount of State assistance received by the County during each of its last five fiscal years and projected to be received during its current fiscal year on account of the administrative costs of various public assistance and social services programs which by State law are expressly reimbursable. For purposes of presentation, the County has not identified any administrative costs incurred in connection with the provision of any other services, but believes that it receives additional amounts of State aid for administrative expenses which are not included below.

**Administrative Aid**

<u>Fiscal Year Ended December 31,</u>	<u>Amount</u>
2011	\$48,038,856
2012	45,397,522
2013	44,868,991
2014	50,064,362
2015	42,519,110
2016*	44,325,000

\*Projected

*Public Health Law Assistance.* Section 608 of the Public Health Law of the State apportions to the County aid equal to 50% of the costs of the medical services provided at the County’s expense to physically handicapped children if the services are provided pursuant to the authorization of the County’s Commissioner of Health. Commencing in 2011, payments of Public Health Law Assistance to the County were discontinued and it is not anticipated that such aid will be made available to the County in the future.

*Highway Law Assistance.* Section 10-c of the Highway Law apportions aid to the County for costs incurred by it for the construction, operation and maintenance of local roads and bridges which are not part of the State highway system. Shown below are the amounts of State assistance payable pursuant to Section 10-c of the Highway Law which were received by the County during each of its last five fiscal years and which are projected to be received during its current fiscal year.

**Aid Received Pursuant to  
Section 10-c of the Highway Law**

<b><u>Fiscal Year</u></b> <b><u>Ended December 31.</u></b>	<b><u>Amount</u></b>
2011	\$2,174,651
2012	2,952,768
2013	2,726,113
2014	2,817,055
2015	2,838,627
2016*	2,726,113

\*Projected

The County is obligated by provisions of State law to pay or reimburse the State’s Metropolitan Transportation Authority (the “MTA”) for a portion of the costs of maintaining the MTA’s commuter rail stations within the County. If the County fails to meet this obligation the MTA may certify to the State Comptroller the amount owed and unpaid by the County. The State Comptroller is then to deduct the amount certified from various categories of State assistance payable to the County and pay it over to the MTA. Among the sources of State assistance from which the State Comptroller is to make such payment is the assistance payable pursuant to Section 10-c of the Highway Law, which is the only category of State assistance that is available to both DASNY and the MTA in the event of the County’s failure to meet its obligations to them. The County’s station maintenance/operating aid obligations to the MTA are established by a State statutory formula. For its fiscal year ending December 31, 2016, the County’s obligation to the MTA is expected to be \$27,091,018. If the County failed to meet its station maintenance/operating aid obligation to the MTA and the amount of State assistance payable to the County from the other categories of State assistance from which the State Comptroller may deduct amounts for payment to the MTA was less than the County’s unpaid station maintenance/operating aid obligation, the State assistance under Section 10-c of the Highway Law could be required to be paid by the State Comptroller to the MTA. While the MTA’s right to this source of State assistance does not have a priority over DASNY’s right to it, if a claim was asserted by the MTA before DASNY asserted a claim it is likely that the MTA’s claim would be paid before moneys from this source would be paid to DASNY.

*State Assistance Coverage*

The following table sets forth (i) for the County’s fiscal year ending December 31, 2016, the amount of State assistance expected to be paid to the County for the administrative costs for which the State provides assistance and pursuant to Section 608 of the Public Health Law and Section 10-c of the Highway Law, (ii) the amount of Court Facilities Incentive Aid expected to be received by the County during its fiscal year ending December 31, 2016 for the maintenance expenses of court facilities and the amount of Court Facilities Incentive Aid projected to be received by the County during its fiscal year ending December 31, 2016 on account of interest on the Bonds, (iii) the greatest amount of Basic Rent payable in any fiscal year of the County on account of debt service on the Bonds (after issuance of the Series 2016 Bonds and the refunding of the Refunded Bonds) and (iv) the coverage ratio of the Basic Rent from the sources of State assistance described above.

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**State Assistance Coverage Ratio**

<u>State Assistance</u>	
Administrative Costs* .....	\$44,325,000
Public Health Law*/***** .....	0
Highway Law* .....	2,726,113**
Court Facilities Incentive Aid	
Maintenance of Facilities .....	2,116,000
Interest*** .....	405,232
Total State Assistance	<u>\$49,572,345</u>
 Maximum Basic Rent****	 \$12,406,750
 Coverage Ratio	 4.00

\* For the County fiscal year ending December 31, 2016.

\*\* Assumes no claim is asserted by the MTA for station maintenance obligations of the County.

\*\*\* Assumes aid on account of interest is received during the County’s fiscal year ending December 31, 2017 at the level of 25% of the interest paid.

\*\*\*\* Payable during the County’s fiscal year ending December 31, 2019.

\*\*\*\*\* Commencing 2011, payments of Public Health Law Assistance to the County were discontinued and it is not anticipated that such aid will be made available to the County in the future

*Limitations on Appropriations*

The County’s obligation to pay Rentals is dependent upon an annual appropriation by the County and the availability of moneys for such payment. The County is not legally obligated to make any such appropriation and the failure to make an appropriation will not constitute an Event of Default under the Resolution or the Agreement. However, if the County appropriates moneys for the payment of Rentals and the appropriation has not lapsed or been repealed, the County’s obligation to pay Rentals will be enforceable up to the amount appropriated and available therefor and the failure of the County to pay the Rentals will be an Event of Default under the Agreement.

*The Agreement and the County’s obligation to pay the Rentals do not constitute a debt of the County under or within the meaning of the State Constitution or the Local Finance Law of the State.*

The determination of the amount of State aid and local assistance to be appropriated by the State, and the apportionment of such aid and assistance to the County, are legislative acts and the State is not legally obligated to appropriate moneys for the payment of State aid and local assistance to the County. Under the State Constitution, no money may be paid by the State except pursuant to an appropriation. The State is not required to maintain any particular level of State aid and local assistance to the County or to continue to provide such aid and assistance. Neither the reduction of the amount of such aid and assistance appropriated or apportioned to the County nor the discontinuance of any such aid and assistance will constitute an Event of Default under the Resolution or the Agreement.

**Security for the Bonds**

The Series 2016 Bonds and other Bonds Outstanding under the Resolution will be secured by the payments described above to be made under the Agreement and all funds and accounts established under the Resolution (with the exception of the Arbitrage Rebate Fund). See “Appendix D - Summary of Certain Provisions of the Resolution.”

*Debt Service Reserve Fund*

The Debt Service Reserve Fund Requirement under the Resolution is zero.

**Defaults and Remedies under the Agreement**

Among the events which would constitute an “Event of Default” under the Agreement are the failure by the County to pay, from moneys appropriated by it, the Rentals within seven days after they become due or to observe or perform any of the covenants, conditions or agreements contained in the Agreement which continues for the applicable grace period after notice of such failure has been given to the County. Upon the occurrence of an Event of Default resulting from a failure by

the County to make payments due under the Agreement, DASNY may (i) re-enter one or more of the Facilities without terminating the Agreement and sublet the same for the account of the County, holding the County liable for the difference in the Rentals and other amounts required to be paid under the Agreement and the rents and other amounts paid upon such subletting or (ii) terminate the Lease Term and lease one or more of the Facilities for the account of the County, holding the County liable for all rents and other amounts required under the Agreement and not paid by such other lessee or (iii) to the extent permitted by law, terminate the Lease Term and sell one or more Facilities, holding the County liable for all Rentals and other amounts due under the Agreement and not paid by such purchasers. Upon the occurrence of any Event of Default under the Agreement, DASNY may exercise any other remedies available by law. For a more complete description of the defaults and remedies under the Agreement, see “Appendix C - Summary of Certain Provisions of the Agreement.”

If the County cures an Event of Default under the Agreement and fully pays all amounts required to be paid by it under the Agreement, such Event of Default will be waived and, if the Agreement or the Lease Term has been terminated, the Agreement will be reinstated with respect to any Facility or Leased Property which has not been sold or relet for a period of a year or more.

The failure of the County to pay when due any payment required to be made under the Agreement or to observe and perform its other obligations under the Agreement, which results from the failure by the County to appropriate moneys for such purpose, will not constitute an “Event of Default” under the Agreement. However, upon such failure DASNY may terminate the Agreement upon at least 30 days prior notice. Upon termination, the County’s obligation to pay the Rentals will terminate and DASNY is to exclude the County from possession of the Leased Property and the Facilities and use its best efforts to lease the same to another party or, to the extent permitted by law, sell the Leased Property and the Facilities. The rents paid upon such reletting and the proceeds of any sale are pledged by DASNY to the Trustee for the benefit of the Bondholders.

#### **Issuance of Additional Bonds**

In addition to the Series 1998 Bonds, the Series 2006 Bonds, and the Series 2016 Bonds, the Resolution authorizes the issuance of other Series of Bonds to finance one or more Facilities and for other specified purposes, including to refund Outstanding Bonds or other notes or bonds of DASNY issued to finance or refinance Facilities. The Bonds which may be issued include Capital Appreciation Bonds and Deferred Income Bonds. All Bonds issued under the Resolution will rank on a parity with each other and will be secured equally and ratably with each other.

### **PART 3 - THE SERIES 2016 BONDS**

#### **General Description**

The Series 2016 Bonds will be issued pursuant to the Resolution. The Series 2016 Bonds will be dated the date of delivery of the Series 2016 Bonds and will bear interest from such date. Interest on such Series 2016 Bonds will be payable February 1, 2017 and on each August 1 and February 1 thereafter at the rates set forth on the inside cover page of this Official Statement.

The Series 2016 Bonds will be issued as fully registered bonds in denominations of principal of \$5,000 or any integral multiple thereof. All Series 2016 Bonds will be exchangeable for other fully registered Series 2016 Bonds in any other authorized denomination of the same maturity. The Trustee may impose a charge sufficient to reimburse DASNY or the Trustee for any tax, fee or other governmental charge required to be paid with respect to such exchange or any transfer of a Series 2016 Bond. The cost, if any, of preparing each new Series 2016 Bond issue upon such exchange or transfer and any other expenses of DASNY or the Trustee incurred in connection therewith, will be paid by the person requesting such exchange or transfer.

Interest on the Series 2016 Bonds is payable to the registered owners of Series 2016 Bonds who are such registered owners at the close of business on the Record Date, which is the fifteenth day next preceding an interest payment date. The principal or Redemption Price of the Series 2016 Bonds will be payable in lawful money of the United States of America at the principal corporate trust office of The Bank of New York Mellon, New York, New York, the Trustee and Paying Agent. However, interest on Series 2016 Bonds will be paid, upon request of the registered owner of \$1,000,000 or more in principal amount of such Series 2016 Bonds, by wire transfer to the wire transfer address within the continental United States to which such registered owner has, not later than at the time of presentation and surrender of the Series 2016 Bonds to be redeemed, directed the Trustee in writing to wire such Redemption Price.

The Series 2016 Bonds, when issued, will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). Purchases of beneficial interests in the Series 2016 Bonds will

be made in book-entry form, without certificates, in authorized denominations of principal amount and, under certain circumstances, such beneficial interests are exchangeable for one or more fully registered Series 2016 Bond certificates of like maturity in authorized denominations.

So long as DTC or its nominee, Cede & Co., is the registered owner of the Series 2016 Bonds, payments of the principal and Redemption Price of and interest on the Series 2016 Bonds will be made by the Trustee directly to Cede & Co.

Disbursement of such payments to the DTC Participants (as hereinafter defined) is the responsibility of DTC and disbursement of such payments to the owners of beneficial interests in the Series 2016 Bonds is the responsibility of the DTC Participants and the Indirect Participants (as hereinafter defined). See “PART 3 - THE SERIES 2016 BONDS - Book-Entry Only System.”

## **Redemption**

The Series 2016 Bonds are not subject to redemption prior to maturity.

## **Book-Entry Only System**

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2016 Bonds. The Series 2016 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 Series 2016 Bond certificate will be issued for each maturity of the Series 2016 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Series 2016 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2016 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2016 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, but Beneficial Owners are 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 Series 2016 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2016 Bonds, except in the event that use of the book entry system for the Series 2016 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2016 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 Series 2016 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2016 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2016 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices will be sent to DTC. If less than all of the Bonds within a maturity of the Series 2016 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other nominee) will consent or vote with respect to Series 2016 Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an omnibus proxy (the "Omnibus Proxy") to DASNY 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 Series 2016 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption premium, if any, and interest payments on the Series 2016 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 receipt of funds and corresponding detail information from DASNY or the Trustee 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, the Trustee or DASNY, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of DASNY or the Trustee, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its service as securities depository with respect to the Series 2016 Bonds at any time by giving notice to DASNY or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, the Series 2016 Bond certificates are required to be delivered as described in the Resolution.

DASNY, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the Series 2016 Bonds if DASNY determines that (i) DTC is unable to discharge its responsibilities with respect to the Series 2016 Bonds, or (ii) a continuation of the requirement that all of the Series 2016 Bonds be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, is not in the best interests of Beneficial Owners. In the event that no substitute securities depository is found by DASNY or restricted registration is not in effect, Series 2016 Bond certificates will be delivered as described in the Resolution.

Each person for whom a Participant acquires an interest in the Series 2016 Bonds, as nominee, may desire to make arrangements with such Participant to receive a credit balance in the records of such Participant, and may desire to make arrangements with such Participant to have all notices of redemption or other communications to DTC, which may affect such persons, to be forwarded in writing by such Participant and to have notification made of all interest payments. **NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 2016 BONDS.**

So long as Cede & Co. is the registered owner of the Series 2016 Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the Series 2016 Bonds (other than under the captions "PART 9 – TAX MATTERS" and "PART 15 – CONTINUING DISCLOSURE" herein) means Cede & Co., as aforesaid, and not the Beneficial Owners of the Series 2016 Bonds.

Any references to any action required or permitted by the Beneficial Owner relates only to those permitted by act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they will be sent by the Trustee to DTC only.

For every transfer and exchange of Series 2016 Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

**Principal and Interest Requirements**

The following table sets forth for each twelve month period ending August 1 of the years shown the interest payable on the Series 2016 Bonds on February 1 and August 1 of such period, the principal and Sinking Fund Installments of the Series 2016 Bonds payable August 1 of such period and the total Debt Service payable during each twelve month period.

<b>12 Month Period Ending August 1</b>	<b>Debt Service Payments on Outstanding Series 1998 Bonds</b>	<b>Series 2016 Bonds</b>			<b>Total Debt Service on all Bonds</b>
		<b>Principal Payments</b>	<b>Interest Payments</b>	<b>Total Debt Service</b>	
2017	\$ 0	\$ 4,270,000	\$ 858,802	\$ 5,128,802	\$ 5,128,802
2018	0	11,195,000	910,750	12,105,750	12,105,750
2019	10,785,000	1,270,000	351,000	1,621,000	12,406,000
2020	10,785,000	1,335,000	287,500	1,622,500	12,407,500
2021	10,785,000	1,400,000	220,750	1,620,750	12,405,750
2022	10,785,000	1,470,000	150,750	1,620,750	12,405,750
2023	10,785,000	1,545,000	77,250	1,622,250	12,407,250
<b>Total</b>	<b>\$53,925,000</b>	<b>\$22,485,000</b>	<b>\$2,856,802</b>	<b>\$25,341,802</b>	<b>\$79,266,802</b>

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#### PART 4 - THE REFUNDING PLAN

A portion of the proceeds of the Series 2016A Bonds will be used, together with other available moneys, to purchase noncallable direct obligations of the United States of America (the “Investment Securities”), the maturing principal of and interest on which will be sufficient, together with any uninvested cash, to pay the Redemption Price of and interest due and to become due on and prior to November 28, 2016 on the Refunded Bonds. Simultaneously with the issuance and delivery of the Series 2016A Bonds, such Investment Securities will be deposited with the trustee for the Refunded Bonds in a separate escrow fund and will be held in trust solely for the payment of such Redemption Price of and interest on the Refunded Bonds. See “PART 14 - VERIFICATION OF MATHEMATICAL COMPUTATIONS.” At the time of such deposit, DASNY will give the trustee irrevocable instructions to give notice of the redemption of the Refunded Bonds, and to apply the maturing principal of and interest on the Investment Securities, together with any uninvested cash, for the payment of the Redemption Price of and interest on such Refunded Bonds.

In the opinion of Co-Bond Counsel to DASNY, upon making such deposits with the trustee for the Refunded Bonds and the issuance of certain irrevocable instructions to such trustee, the Refunded Bonds, will, under the terms of the Resolution, be deemed to have been paid and will no longer be Outstanding under the Resolution and the pledge of the revenues or other moneys and securities pledged to the Refunded Bonds and all other rights granted by the Resolution to the Refunded Bonds will be discharged and satisfied.

#### Bonds to be Refunded

<u>Series</u>	<u>Maturity Date</u>	<u>Principal Amount Outstanding</u>	<u>Principal Amount to be Redeemed</u>	<u>Interest Rate</u>	<u>Redemption Date</u>	<u>Redemption Price</u>	<u>CUSIP</u>
2006A	08/01/2017	\$9,510,000	\$9,510,000	5.000%	11/28/2016	100%	64983QWX3
	08/01/2018	9,985,000	9,985,000	5.000	11/28/2016	100	64983QWY1
2006B	08/01/2017	\$1,225,000	\$1,225,000	4.000%	11/28/2016	100%	64983QXP9
	08/01/2018	990,000	990,000	4.000	11/28/2016	100	64983QXR5
	08/01/2018	285,000	285,000	4.100	11/28/2016	100	64983QXQ7
	08/01/2019	255,000	255,000	4.000	11/28/2016	100	64983QXT1
	08/01/2019	1,070,000	1,070,000	4.125	11/28/2016	100	64983QXS3
	08/01/2020	1,380,000	1,380,000	4.000	11/28/2016	100	64983QXU8
	08/01/2021	1,110,000	1,110,000	4.125	11/28/2016	100	64983QXW4
	08/01/2021	325,000	325,000	4.250	11/28/2016	100	64983QXV6
	08/01/2022	1,370,000	1,370,000	4.125	11/28/2016	100	64983QXY0
	08/01/2022	125,000	125,000	4.250	11/28/2016	100	64983QXX2
	08/01/2023	1,235,000	1,235,000	4.250	11/28/2016	100	64983QYA1
	08/01/2023	325,000	325,000	4.300	11/28/2016	100	64983QXZ7

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## PART 5 - ESTIMATED SOURCES AND USES OF FUNDS

Estimated sources and uses of funds are as follows:

### Sources and Uses of Funds

#### Sources of Funds

Principal Amount of Series 2016 Bonds .....	\$22,485,000.00
Original Issuance Premium .....	2,149,280.15
Transferred Funds.....	<u>5,421,658.46</u>
Total Sources.....	<u>\$30,055,938.61</u>

#### Uses of Funds

Deposit to Escrow Fund for Refunded Bonds .....	\$29,629,094.64
Costs of Issuance .....	299,284.99
Underwriter's Discount .....	<u>127,558.98</u>
Total Uses .....	<u>\$30,055,938.61</u>

## PART 6 - DASNY

### Background, Purposes and Powers

DASNY is a body corporate and politic constituting a public benefit corporation. DASNY was created in 1944 to finance and build dormitories at State teachers' colleges to provide housing for the large influx of students returning to college on the G.I. Bill following World War II. Over the years, the State Legislature has expanded DASNY's scope of responsibilities. Today, pursuant to the Dormitory Authority Act, DASNY is authorized to finance, design, construct or rehabilitate facilities for use by a variety of public and private not-for-profit entities.

DASNY provides financing services to its clients in three major areas: public facilities; not-for-profit healthcare; and independent higher education and other not-for-profit institutions. DASNY issues State-supported debt, including State Personal Income Tax Revenue Bonds and State Sales Tax Revenue Bonds, on behalf of public clients such as The State University of New York, The City University of New York, the Departments of Health and Education of the State, the Office of Mental Health, the Office of People with Developmental Disabilities, the Office of Alcoholism and Substance Abuse Services, the Office of General Services, and the Office of General Services of the State on behalf of the Department of Audit and Control. Other public clients for whom DASNY issues debt include Boards of Cooperative Educational Services ("BOCES"), State University of New York, the Workers' Compensation Board, school districts across the State and certain cities and counties that have accessed DASNY for the purpose of providing court facilities. DASNY's private clients include independent colleges and universities, private hospitals, certain private secondary schools, special education schools, facilities for the aged, primary care facilities, libraries, museums, research centers and government-supported voluntary agencies, among others.

To carry out its programs, DASNY is authorized to issue and sell negotiable bonds and notes to finance the construction of facilities for such institutions, to issue bonds or notes to refund outstanding bonds or notes and to lend funds to such institutions. At September 30, 2016, DASNY had approximately \$49 billion aggregate principal amount of bonds and notes outstanding. DASNY also is authorized to make tax-exempt leases, with its Tax-Exempt Leasing Program (TELP). As part of its operating activities, DASNY also administers a wide variety of grants authorized by the State for economic development, education and community improvement and payable to both public and private grantees from proceeds of State Personal Income Tax Revenue Bonds issued by DASNY.

DASNY is a conduit debt issuer. Under existing law, and assuming continuing compliance with tax law, interest on most bonds and notes issued by DASNY has been determined to be excludable from gross income for federal tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. All of DASNY's outstanding bonds and notes, both fixed and variable rate, are special obligations of DASNY payable solely from payments required to be made by or for the account of the client institution for which the particular special obligations were issued. DASNY has no obligation to pay its

special obligations other than from such payments. DASNY has always paid the principal of and interest on all of its obligations on time and in full; however, as a conduit debt issuer, payments on DASNY's special obligations are solely dependent upon payments made by DASNY's client for which the particular special obligations were issued and the security provisions relating thereto.

DASNY also offers a variety of construction services to certain educational, governmental and not-for-profit institutions in the areas of project planning, design and construction, monitoring project construction, purchasing of furnishings and equipment for projects, interior design of projects and designing and managing projects to rehabilitate older facilities.

In connection with the powers described above, DASNY has the general power to acquire real and personal property, give mortgages, make contracts, operate certain facilities and fix and collect rentals or other charges for their use, contract with the holders of its bonds and notes as to such rentals and charges, borrow money and adopt a program of self-insurance.

DASNY has a staff of approximately 507 employees located in three main offices (Albany, New York City and Buffalo) and at approximately 46 field sites across the State.

## **Governance**

DASNY is governed by an eleven-member board. Board members include the Commissioner of Education of the State, the Commissioner of Health of the State, the State Comptroller or one member appointed by him or her who serves until his or her successor is appointed, the Director of the Budget of the State, one member appointed by the Temporary President of the State Senate, one member appointed by the Speaker of the State Assembly and five members appointed by the Governor, with the advice and consent of the Senate, for terms of three years. The Commissioner of Education of the State, the Commissioner of Health of the State and the Director of the Budget of the State each may appoint a representative to attend and vote at DASNY meetings. The members of DASNY serve without compensation, but are entitled to reimbursement of expenses incurred in the performance of their duties. The appointment by the Speaker of the State Assembly and one of the appointments to the Board by the Governor are currently vacant.

The Governor of the State appoints a Chair from the members appointed by him or her and the members of DASNY annually choose the following officers, of which the first two must be members of DASNY: Vice-Chair, Secretary, Treasurer, Assistant Secretaries and Assistant Treasurers.

The current members of DASNY are as follows:

ALFONSO L. CARNEY, JR., Chair, New York.

Alfonso L. Carney, Jr. was reappointed as a Member of DASNY by the Governor on June 19, 2013. Mr. Carney is a principal of Rockwood Partners, LLC, which provides medical consulting services in New York City. He has served as Acting Chief Operating Officer and Corporate Secretary for the Goldman Sachs Foundation in New York where, working with the President of the Foundation, he managed the staff of the Foundation, provided strategic oversight of the administration, communications and legal affairs teams, and developed selected Foundation program initiatives. Mr. Carney has held senior level legal positions with Altria Group Inc., Philip Morris Companies Inc., Philip Morris Management Corporation, Kraft Foods, Inc. and General Foods Corporation. Mr. Carney holds a Bachelor's degree in philosophy from Trinity College and a Juris Doctor degree from the University of Virginia School of Law. His term expired on March 31, 2016 and by law he continues to serve until a successor shall be chosen and qualified.

JOHN B. JOHNSON, JR., Vice-Chair, Watertown.

John B. Johnson, Jr. was reappointed as a Member of DASNY by the Governor on June 19, 2013. Mr. Johnson is Chairman of the Board of the Johnson Newspaper Corporation, which publishes the Watertown Daily Times, Batavia Daily News, Malone Telegram, Catskill Daily Mail, Hudson Register Star, Ogdensburg Journal, Massena-Potsdam Courier Observer, seven weekly newspapers and three shopping newspapers. He holds a Bachelor's degree from Vanderbilt University, and Master's degrees in Journalism and Business Administration from the Columbia University Graduate School of Journalism and Business. Mr. Johnson was awarded an Honorary Doctor of Science degree from Clarkson University. Mr. Johnson's term expired on March 31, 2016 and by law he continues to serve until a successor shall be chosen and qualified.

SANDRA M. SHAPARD, Secretary, Delmar.

Sandra M. Shapard was appointed as a Member of DASNY by the State Comptroller on January 21, 2003. Ms. Shapard served as Deputy Comptroller for the Office of the State Comptroller from 1995 until her retirement in 2001, during which time she headed the Office of Fiscal Research and Policy Analysis and twice served as Acting First Deputy Comptroller. Previously, Ms. Shapard held the positions of Deputy Director and First Deputy Director for the New York State Division of the Budget from 1991 to 1994. She began her career in New York State government with the Assembly where she held the positions of Staff Director of the Office of Counsel to the Majority, Special Assistant to the Speaker, and Deputy Director of Budget Studies for the Committee on Ways and Means. A graduate of Mississippi University for Women, Ms. Shapard received a Masters of Public Administration from Harvard University, John F. Kennedy School of Government, where she has served as visiting lecturer, and has completed graduate work at Vanderbilt University.

JONATHAN H. GARDNER, ESQ., Buffalo.

Jonathan H. Gardner was appointed as a Member of DASNY by the Governor on June 17, 2014. Mr. Gardner is a partner of the law firm Kavinoky Cook, LLP in Buffalo, New York. His practice areas include corporate and securities law, commercial transactions, private placements, venture capital financing and business combinations representing private and public companies. Mr. Gardner is also an adjunct professor at the University of Buffalo Law School. He holds a Bachelor of Arts degree from Brown University and a Juris Doctor degree from the University of Chicago Law School. Mr. Gardner's term expired on March 31, 2015 and by law he continues to serve until a successor shall be chosen and qualified.

BERYL L. SNYDER, J.D., New York.

Beryl L. Snyder was reappointed as a member of DASNY by the Governor on June 19, 2013. Ms. Snyder is a principal in HBJ Investments, LLC, an investment company where her duties include evaluation and analysis of a wide variety of investments in, among other areas: fixed income, equities, alternative investments and early stage companies. She holds a Bachelor of Arts degree in History from Vassar College and a Juris Doctor degree from Rutgers University. Her current term expired on August 31, 2016 and by law she continues to serve until a successor shall be chosen and qualified.

GERARD ROMSKI, ESQ., Mount Kisco.

Gerard Ronski was reappointed as a Member of DASNY by the Temporary President of the State Senate on May 9, 2016. He is Counsel and Project Executive for "Arverne by the Sea," where he is responsible for advancing and overseeing all facets of "Arverne by the Sea," one of New York City's largest mixed-use developments located in Queens, New York. Mr. Ronski is also of counsel to the New York City law firm of Rich, Intelisano & Katz, LLP. Mr. Ronski holds a Bachelor of Arts degree from the New York Institute of Technology and a Juris Doctor degree from Brooklyn Law School.

MARYELLEN ELIA, Commissioner of Education of the State of New York, Loudonville; ex-officio.

MaryEllen Elia was appointed by the Board of Regents to serve as Commissioner of Education and President of the University of the State of New York effective July 6, 2015. As Commissioner of Education, Ms. Elia serves as Chief Executive Officer of the State Education Department and as President of the University of the State of New York which is comprised of public and non-public elementary and secondary schools, public and independent colleges and universities, libraries, museums, broadcasting facilities, historical repositories, proprietary schools and services for children and adults with disabilities. Prior to her appointment in New York, Ms. Elia served as Superintendent of Schools in Hillsborough County, Florida for 10 years. She began her career in education in 1970 as a social studies teacher in Buffalo's Sweet Home Central School District and taught for 19 years before becoming an administrator. She holds a Bachelor of Arts degree in History from Daemen College in Buffalo, a Master of Education from the University at Buffalo and a Master of Professional Studies from SUNY Buffalo.

HOWARD A. ZUCKER, M.D., J.D., Commissioner of Health of the State of New York, Albany; ex-officio.

Howard A. Zucker, M.D., J.D., was appointed Commissioner of Health on May 5, 2015 after serving as Acting Commissioner of Health since May 5, 2014. Prior to that, he served as First Deputy Commissioner leading the State Department of Health's preparedness and response initiatives in natural disasters and emergencies. Before joining the State Department of Health, Dr. Zucker was professor of Clinical Anesthesiology at Albert Einstein College of Medicine of Yeshiva University and a pediatric cardiac anesthesiologist at Montefiore Medical Center. He was also an adjunct professor at Georgetown University Law School where he taught biosecurity law. Dr. Zucker earned his medical degree from George

Washington University School of Medicine. He also holds a Juris Doctor degree from Fordham University School of Law and a Master of Laws degree from Columbia Law School.

ROBERT F. MUJICA, JR., Budget Director of the State of New York, Albany; ex-officio.

Robert F. Mujica Jr. was appointed Director of the Budget by the Governor and began serving on January 14, 2016. He is responsible for the overall development and management of the State's fiscal policy, including overseeing the preparation of budget recommendations for all State agencies and programs, economic and revenue forecasting, tax policy, fiscal planning, capital financing and management of the State's debt portfolio. Prior to his appointment, Mr. Mujica was Chief of Staff to the Temporary President and Majority Leader of the Senate and concurrently served as the Secretary to the Senate Finance Committee. For two decades, he advised various elected and other government officials in New York on State budget, fiscal and policy issues. Mr. Mujica received his Bachelor of Arts degree in Sociology from Brooklyn College at the City University of New York. He received his Master's degree in Government Administration from the University of Pennsylvania and holds a Juris Doctor degree from Albany Law School.

The principal staff of DASNY is as follows:

GERRARD P. BUSHHELL is the President and chief executive officer of DASNY. Mr. Bushell is responsible for the overall management of DASNY's administration and operations. Prior to joining DASNY, Mr. Bushell was Director, Senior Institutional Advisor of BNY Mellon's alternative and traditional investment management businesses. Prior thereto, he held a number of senior advisory roles, including Director, Client Partner Group at Kohlberg Kravis Roberts & Co. (KKR), Managing Director, Institutional Sales at Arden Asset Management LLC and Head of Institutional Sales at ClearBridge: a Legg Mason Company (formerly Citi Asset Management). Mr. Bushell previously served as Director of Intergovernmental Affairs for New York State Comptroller H. Carl McCall. Mr. Bushell holds a Bachelor of Arts degree, Master of Arts degree and Ph.D. in Political Science from Columbia University.

MICHAEL T. CORRIGAN is the Vice President of DASNY, and assists the President in the administration and operation of DASNY. Mr. Corrigan came to DASNY in 1995 as Budget Director, and served as Deputy Chief Financial Officer from 2000 until 2003. He began his government service career in 1983 as a budget analyst for Rensselaer County and served as the County's Budget Director from 1986 to 1995. Immediately before coming to DASNY, he served as the appointed Rensselaer County Executive for a short period. Mr. Corrigan holds a Bachelor of Arts degree in Economics from the State University of New York at Plattsburgh and a Master of Arts degree in Business Administration from the University of Massachusetts.

KIMBERLY J. NADEAU is the Chief Financial Officer and Treasurer of DASNY. As Chief Financial Officer and Treasurer, Ms. Nadeau is responsible for supervising DASNY's investment program, general accounting, accounts payable, accounts receivable, financial reporting functions, budget, payroll, and insurance, as well as the development and implementation of financial policies, financial management systems and internal controls for financial reporting. She previously was Vice President-Accounting and Controller for US Light Energy. Prior to that she was Vice President-Accounting and Controller for CH Energy Group, Inc. and held various positions culminating in a director level position at Northeast Utilities. Ms. Nadeau also held various positions with increasing responsibility at Coopers & Lybrand LLP. She holds a Bachelor of Science degree in Accounting, a Master of Business Administration with a concentration in Management and a Juris Doctor degree from the University of Connecticut. She is licensed to practice law in New York and Connecticut.

MICHAEL E. CUSACK is General Counsel to DASNY. Mr. Cusack is responsible for all legal services including legislation, litigation, contract matters, and the legal aspects of all DASNY financings. He is licensed to practice law in the State of New York and the Commonwealth of Massachusetts, as well as the United States District Court for the Northern District of New York. Mr. Cusack has over twenty years of combined legal experience, including management of an in-house legal department and external counsel teams (and budgets) across a five-state region. He most recently served as of counsel to the Albany, New York law firm of Young/Sommer, LLC, where his practice included representation of upstate New York municipalities, telecommunications service providers in the siting of public utility/personal wireless service facilities and other private sector clients. He holds a Bachelor of Science degree from Siena College and a Juris Doctor degree from Albany Law School of Union University.

PORTIA LEE is the Managing Director of Public Finance and Portfolio Monitoring. She is responsible for supervising and directing DASNY bond issuance in the capital markets, implementing and overseeing financing programs, overseeing DASNY's compliance with continuing disclosure requirements and monitoring the financial condition of existing DASNY clients. Ms. Lee previously served as Senior Investment Officer at the New York State Comptroller's Office where

she was responsible for assisting in the administration of the long-term fixed income portfolio of the New York State Common Retirement Fund, as well as the short-term portfolio, and the Securities Lending Program. From 1995 to 2005, Ms. Lee worked at Moody's Investors Service where she most recently served as Vice President and Senior Credit Officer in the Public Finance Housing Group. She holds a Bachelor of Arts degree from the State University of New York at Albany.

STEPHEN D. CURRO is the Managing Director of Construction. Mr. Curro is responsible for DASNY's construction groups, including design, project management, resource acquisition, contract administration, interior design, and engineering, as well as other technical services. Mr. Curro joined DASNY in 2001 as Director of Technical Services, and most recently served as Director of Construction Support Services. He is a registered Professional Engineer in New York and has worked in the construction industry for more than 30 years. He holds a Bachelor of Science in Civil Engineering from the University of Rhode Island, a Master of Engineering in Structural Engineering from Rensselaer Polytechnic Institute and a Master of Business Administration from Rensselaer Polytechnic Institute's Lally School of Management.

CAROLINE V. GRIFFIN is the Chief of Staff of DASNY. She is responsible for overseeing intergovernmental relations and managing the Communications & Marketing Department, as well as coordinating policy and operations across DASNY's multiple business lines. Ms. Griffin most recently served as the Director of Intergovernmental Affairs for Governor Andrew M. Cuomo where she worked as the Governor's liaison with federal, state and local elected officials and managed staff serving in various capacities in the Governor's Office. Prior to that she served as the Assistant Executive Deputy Secretary for Governor Andrew M. Cuomo overseeing the operations staff and Assistant Secretary for Intergovernmental Affairs for both Governor David A. Paterson and Governor Eliot Spitzer. She holds a Bachelor of Arts degree in Communications from Boston College.

### **Claims and Litigation**

Although certain claims and litigation have been asserted or commenced against DASNY, DASNY believes that such claims and litigation either are covered by insurance or by bonds filed with DASNY, or that DASNY has sufficient funds available or the legal power and ability to seek sufficient funds to meet any such claims or judgments resulting from such matters.

### **Other Matters**

#### *New York State Public Authorities Control Board*

The New York State Public Authorities Control Board (the "PACB") has authority to approve the financing and construction of any new or reactivated projects proposed by DASNY and certain other public authorities of the State. The PACB approves the proposed new projects only upon its determination that there are commitments of funds sufficient to finance the acquisition and construction of the projects. DASNY obtains the approval of the PACB for the issuance of all of its bonds and notes.

#### *Legislation*

From time to time, bills are introduced into the State Legislature which, if enacted into law, would affect DASNY and its operations. DASNY is not able to represent whether such bills will be introduced or become law in the future. In addition, the State undertakes periodic studies of public authorities in the State (including DASNY) and their financing programs. Any of such periodic studies could result in proposed legislation which, if adopted, would affect DASNY and its operations.

#### *Environmental Quality Review*

DASNY complies with the New York State Environmental Quality Review Act and with the New York State Historic Preservation Act of 1980, and the respective regulations promulgated thereunder to the extent such acts and regulations are applicable.

#### *Independent Auditors*

The accounting firm of KPMG LLP audited the financial statements of DASNY for the fiscal year ended March 31, 2016. Copies of the most recent audited financial statements are available upon request at the offices of DASNY.

## **PART 7 - LEGALITY FOR INVESTMENT AND DEPOSIT**

Under New York State law, the Series 2016 Bonds are securities in which all public officers and bodies of the State and all municipalities and municipal subdivisions, all insurance companies and associations, all savings banks and savings institutions, including savings and loan associations, administrators, guardians, executors, trustees, committees, conservators and other fiduciaries in the State may properly and legally invest funds in their control.

The Series 2016 Bonds may be deposited with the State Comptroller to secure deposits of State moneys in banks, trust companies and industrial banks.

## **PART 8 - NEGOTIABLE INSTRUMENTS**

The Series 2016 Bonds are negotiable instruments as provided in the Act, subject to the provisions for registration and transfer contained in the Resolution and in the Series 2016 Bonds.

## **PART 9 - TAX MATTERS**

### **Federal Income Taxes**

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met subsequent to the issuance and delivery of the Series 2016 Bonds for interest thereon to be and remain excluded from gross income for Federal income tax purposes. Noncompliance with such requirements could cause the interest on the Series 2016 Bonds to be included in gross income for Federal income tax purposes retroactive to the date of issue of the Series 2016 Bonds. DASNY has covenanted in the Resolution and the Tax Certificate as to the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986 (the "Tax Certificate") and the County has covenanted in the Agreement and the Tax Certificate to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Series 2016 Bonds from gross income for Federal income tax purposes pursuant to Section 103 of the Code. In addition, DASNY has made certain representations and certifications in the Resolution and the Tax Certificate and the County has made certain representations and certifications in the Agreement and the Tax Certificate. Nixon Peabody LLP will not independently verify the accuracy of those representations and certifications.

In the opinion of Nixon Peabody LLP, under existing law and assuming compliance with the aforementioned covenants, and the accuracy of certain representations and certifications made by DASNY and the County described above, interest on the Series 2016 Bonds is excluded from gross income for Federal income tax purposes under Section 103 of the Code. Nixon Peabody LLP is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the Series 2016 Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations.

### **State Taxes**

Nixon Peabody LLP and Drohan Lee LLP, Co-Bond Counsel, are of the opinion that, by virtue of the Act, interest on the Series 2016 Bonds is exempt from personal income taxes of the State of New York and its political subdivisions.

### **Original Issue Premium**

Series 2016 Bonds sold at prices in excess of their principal amounts are "Premium Bonds". An initial purchaser with an initial adjusted basis in a Premium Bond in excess of its principal amount will have amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Bond based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, over the period to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation with an amortizable bond premium is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Series 2016 Bonds. Owners of the Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Bonds.

## **Ancillary Tax Matters**

Ownership of the Series 2016 Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, and individuals seeking to claim the earned income credit. Ownership of the Series 2016 Bonds may also result in other federal tax consequences to taxpayers who may be deemed to have incurred or continued indebtedness to purchase or to carry the Series 2016 Bonds. Prospective investors are advised to consult their own tax advisors regarding these rules.

Interest paid on tax-exempt obligations such as the Series 2016 Bonds is subject to information reporting to the Internal Revenue Service (the “IRS”) in a manner similar to interest paid on taxable obligations. In addition, interest on the Series 2016 Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner’s taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Nixon Peabody LLP is not rendering any opinion as to any federal tax matters other than those described in the opinion attached as Appendix E to this Official Statement. Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series 2016 Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

## **Changes in Law and Post Issuance Events**

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Series 2016 Bonds and for federal or state income tax purposes, and thus on the value or marketability of the Series 2016 Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest on the Series 2016 Bonds from gross income for federal or state income tax purposes, or otherwise. We note that in each year since 2011, President Obama released legislative proposals that would limit the extent of the exclusion from gross income of interest on obligations of states and political subdivisions under Section 103 of the Code (including the Series 2016 Bonds) for taxpayers whose income exceeds certain thresholds. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the Series 2016 Bonds may occur. Prospective purchasers of the Series 2016 Bonds should consult their own tax advisers regarding the impact of any change in law on the Series 2016 Bonds.

Co-Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Series 2016 Bonds may affect the tax status of interest on the Series 2016 Bonds. Co-Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Series 2016 Bonds, or the interest thereon, if any action is taken with respect to the Series 2016 Bonds or the proceeds thereof upon the advice or approval of other counsel.

## **PART 10 - STATE NOT LIABLE ON THE SERIES 2016 BONDS**

The Act provides that notes and bonds of DASNY are not a debt of the State, that the State is not liable on them and that such notes or bonds are not payable out of any funds other than those of DASNY. The Resolution specifically provides that the Series 2016 Bonds are not a debt of the State and that the State is not liable on them.

## **PART 11 - COVENANT BY THE STATE**

The Act states that the State pledges and agrees with the holders of DASNY’s notes and bonds that the State will not limit or alter the rights vested in DASNY to provide projects, to establish and collect rentals therefrom and to fulfill agreements with the holders of DASNY’s notes and bonds or in any way impair the rights and remedies of the holders of such notes or bonds until such notes or bonds and interest thereon and all costs and expenses in connection with any action or proceeding by or on behalf of the holders of such notes or bonds are fully met and discharged. Notwithstanding the State’s pledges and agreements contained in the Act, the State may in the exercise of its sovereign power enact or amend its laws which, if determined to be both reasonable and necessary to serve an important public purpose, could have the effect of impairing these pledges and agreements with DASNY and with the holders of DASNY’s notes or bonds.

## **PART 12 - LEGAL MATTERS**

Certain legal matters incidental to the authorization and issuance of the Series 2016 Bonds by DASNY are subject to the approval of Nixon Peabody LLP, New York, New York, and Drohan Lee LLP, New York, New York, Co-Bond Counsel, whose approving opinion will be delivered with the Series 2016 Bonds. The proposed form of Co-Bond Counsels' opinions is set forth in Appendix F hereto.

Certain legal matters will be passed upon for the County by its County Attorney and by its special counsel, Hawkins Delafield & Wood LLP, New York, New York, and for the Underwriter by its Counsel, Dentons US LLP, New York, New York.

There is not now pending any litigation restraining or enjoining the issuance or delivery of the Series 2016 Bonds or questioning or affecting the validity of the Series 2016 Bonds or the proceedings and authority under which they are to be issued. There is no litigation pending which in any manner questions the right of DASNY to finance the Project in accordance with the provisions of the Act, the Resolution, the Series 2016 Resolution and the Agreement.

## **PART 13 - UNDERWRITING**

The Underwriter, Citigroup Global Markets Inc., has agreed, subject to certain conditions, to purchase the Series 2016 Bonds from DASNY at an aggregate purchase price, exclusive of accrued interest, of \$24,506,721.17 and to make a public offering of Series 2016 Bonds at prices that are not in excess of the public offering prices stated on the inside cover page of this Official Statement, plus accrued interest. The Underwriter will be obligated to purchase all such Series 2016 Bonds if any are purchased.

The Series 2016 Bonds may be offered and sold to certain dealers (including the Underwriter) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

Citigroup Global Markets Inc., the underwriter of the Series 2016 Bonds, has entered into a retail distribution agreement with each of TMC Bonds L.L.C. ("TMC") and UBS Financial Services Inc. ("UBSFS"). Under these distribution agreements, Citigroup Global Markets Inc. may distribute municipal securities to retail investors through the financial advisor network of UBSFS and the electronic primary offering platform of TMC. As part of this arrangement, Citigroup Global Markets Inc. may compensate TMC (and TMC may compensate its electronic platform member firms) and UBSFS for their selling efforts with respect to the Series 2016 Bonds.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriter and its affiliates have, from time to time, performed, and may in the future perform, various investment banking services for DASNY and the County for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of DASNY and the County.

## **PART 14 - VERIFICATION OF MATHEMATICAL COMPUTATIONS**

Samuel Klein and Company, a firm of independent public accountants, will deliver to DASNY on or before the date of delivery of the Series 2016 Bonds its report indicating that it has verified the mathematical accuracy of the computations in the schedules provided by DASNY and its representatives. Included in the scope of its verification report will be a verification of the mathematical accuracy of (a) the computations of the adequacy of the cash, the maturing principal amounts and the interest on the Investment Securities deposited with the Trustee to pay the principal, redemption price and interest coming due on the Refunded Bonds on and prior to their respective maturity or redemption dates as described in "PART 4 - THE REFUNDING PLAN" and (b) the computations supporting the conclusion of Co-Bond Counsel to DASNY that the Series 2016 Bonds are not "arbitrage bonds" under the Code and the regulations promulgated thereunder.



## **PART 15 - CONTINUING DISCLOSURE**

In order to assist the Underwriter in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), the County will enter into a written agreement (the “Continuing Disclosure Agreement”) with the Trustee and DASNY. The proposed form of the Continuing Disclosure Agreement is attached hereto as Appendix E.

In addition to its continuing disclosure agreements with respect to the County’s general obligation bonds, the County is a party to two continuing disclosure agreements with respect to DASNY Court Facilities Lease Revenue Bonds. Pursuant to those agreements, the County undertook to provide certain specified annual financial information regarding (i) certain incentive and other aid paid to the County by the State and (ii) County specific information. The County specific information was otherwise filed by the County in connection with those continuing disclosure agreements that related to the County’s own bonds, although the filed information had not been linked to the DASNY Court Facilities Lease Revenue Bonds. The information regarding the State aid had not been filed. The County has since filed all the information required under the DASNY agreements, and has implemented procedures that are intended to ensure that such information continues to be filed in a timely manner.

On November 20, 2013, Moody’s changed the ratings on the DASNY Court Facilities Lease Revenue Bonds from “Aa1” to “Aa2”, and a notice of such rating change was filed by DASNY on June 16, 2014.

## **PART 16 - RATINGS**

Fitch, Inc. (“Fitch”) has assigned a rating of “AA+”, Moody’s Investors Service, Inc. (“Moody’s”) has assigned a rating of “Aa2” and S&P Global Ratings, a division of The McGraw Hill Companies, Inc. (“Standard & Poor’s”) has assigned a rating of “AA+” to the Series 2016 Bonds. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agencies at the following addresses: Fitch, 33 Whitehall St, New York, NY 10004; Moody’s, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007; and Standard & Poor’s, 55 Water Street, New York, New York 10041. There is no assurance that such ratings will prevail for any given period of time or that they will not be revised downward or withdrawn entirely by any or both of such rating agencies if, in the judgment of any or both of them, circumstances so warrant. Any such downward revision or withdrawal of such rating or ratings may have an adverse effect on the market price of the Series 2016 Bonds.

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

## **PART 17 - MISCELLANEOUS**

Reference in this Official Statement to the Act, the Resolution, and the Agreement do not purport to be complete. Refer to the Act, the Resolution and the Agreement for full and complete details of their provisions. Copies of the Resolution, the Series 2016 Resolution and the Agreement are on file with DASNY and the Trustee.

The agreements of DASNY with Holders of the Series 2016 Bonds are fully set forth in the Resolution and the Series 2016 Resolution. Neither any advertisement of the Series 2016 Bonds nor this Official Statement is to be construed as a contract with purchasers of the Series 2016 Bonds.

Any statements in this Official Statement involving matters of opinion, whether or not expressly stated, are intended merely as expressions of opinion and not as representations of fact.

The information regarding the County was supplied by the County. DASNY believes that this information is reliable, but DASNY makes no representations or warranties whatsoever as to the accuracy or completeness of this information.

“Appendix A - Certain Definitions”, “Appendix C - Summary of Certain Provisions of the Agreement”, “Appendix D - Summary of Certain Provisions of the Resolution” and “Appendix F - Form of Approving Opinions of Co-Bond Counsel” have been prepared by Nixon Peabody LLP, New York, New York, and Drohan Lee LLP, New York, New York, Co-Bond Counsel.

“Appendix B - The County of Westchester” contains economic, demographic, financial and operating information about the County and includes the audited financial statements of the County for the year ended December 31, 2015 and the report of the County’s independent auditors on such financial statements. The County has reviewed the parts of this Official

Statement describing the County, Sources of Payment and Security for the Series 2016B Bonds, the Refunding Plan, and information pertaining to the County in “PART 1 – INTRODUCTION – The County”, “PART 1 – INTRODUCTION – Payment of the Bonds”, “PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Payment of the Bonds – State Appropriations Backup”, “PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Payment of the Bonds – Sources of State Assistance”(all subsections), “PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Payment of the Bonds – State Assistance Coverage”, PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Payment of the Bonds – Limitations on Appropriations”, “PART 4 – “THE REFUNDING PLAN”, “PART 5 – ESTIMATED SOURCES AND USES OF FUNDS”, and “Appendix B – The County of Westchester”. It is a condition to the sale and delivery of the Series 2016 Bonds that the County certify that, as of the date of this Official Statement and the date of delivery of the Series 2016 Bonds, such parts do not contain any untrue statement of a material fact and do not omit any material fact necessary to make the statements made therein, in the light of the circumstances under which the statements are made, not misleading.

The County has agreed to indemnify DASNY and certain others against losses, claims, damages and liabilities arising out of any untrue statements or omissions of statements of any material fact as described in the preceding paragraph.

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The execution and delivery of this Official Statement by an Authorized Officer have been duly authorized by DASNY.

DORMITORY AUTHORITY OF THE STATE OF NEW YORK

By: /s/ Gerrard P. Bushell  
Authorized Officer

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**CERTAIN DEFINITIONS**

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## CERTAIN DEFINITIONS

The following definitions of certain of the terms defined herein or in the Resolution or the Agreement and used in this Official Statement.

*Accreted Value* means with respect to any Capital Appreciation Bond (i) as of any Valuation Date, the amount set forth for such date in the Series Resolution authorizing such Capital Appreciation Bond or the Bond Series Certificate relating to such Bond and (ii) as of any date other than a Valuation Date, the sum of (a) the Accreted Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date, calculated based on the assumption that Accreted Value accrues during any semiannual period in equal daily amounts on the basis of a year of twelve (12) thirty-day months, and (2) the difference between the Accreted Values for such Valuation Dates.

*Act* means the Dormitory Authority Act, being and constituting Title 4 of Article 8 of the Public Authorities Law of the State, as amended.

*Administrative Expenses* means the reasonable expenses incurred by DASNY in carrying out its duties under the Agreement and the Resolution, including, without limitation, accounting, administrative, financial advisory and legal expenses incurred in connection with the financing and construction of the Project, the fees and expenses of the Trustee, any Paying Agents or any other fiduciaries acting under the Resolution, the fees and expenses of any Facility Provider, the cost of providing insurance with respect to a Facility, the portion of the State Acost recovery fee@ imposed pursuant to Section 2975 of the Public Authorities Law of the State allocable to the Bonds, and expenditures to compel full and punctual performance of the Agreement in accordance with its terms.

*Amendment No. 1* means Amendment No. 1 to Lease and Agreement dated October 17, 2005, between the County and DASNY.

*Amendment No. 2* means Amendment No. 2 to Lease and Agreement dated October 26, 2016, between the County and DASNY.

*Annual Administrative Fee* means a fee payable during each Bond Year for a portion of the general administrative and overhead expenses of DASNY in such amount as DASNY and the County may agree.

*Appreciated Value* means with respect to any Deferred Income Bond (i) as of any Valuation Date, the amount set forth for such date in the Series Resolution authorizing such Deferred Income Bond or in the Bond Series Certificate relating to such Bond and (ii) as of any date other than a Valuation Date, the sum of (a) the Appreciated Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date, calculated based on the assumption that Appreciated Value accrues during any semiannual period in equal daily amounts on the basis of a year of twelve (12) thirty-day months, and (2) the difference between the Appreciated Values for such Valuation Dates, and (iii) as of any date of computation on and after the Interest Commencement Date, the Appreciated Value on the Interest Commencement Date.

*Arbitrage Rebate Fund* means the fund so designated, created and established pursuant to the Resolution.

*Authority Project* means the Facility comprising Phases I and II of the Project as more particularly described in Schedule C to the Agreement.

*Authorized Newspaper* means *The Bond Buyer* or any other newspaper of general circulation printed in the English language and customarily published at least once a day for at least five days (other than legal holidays) in each calendar week in the Borough of Manhattan, City and State of New York, designated by DASNY.

*Authorized Officer* means (i) in the case of DASNY, the Chair, the Executive Director, the General Counsel, the Deputy Executive Director, the Chief Financial Officer and Treasurer, the Managing Director of Construction, the Managing Director of Public Finance, an Assistant Treasurer and an Assistant Secretary, and when used with reference to any act or document also means any other person authorized by a resolution or the by-laws of DASNY to perform such act or execute such document; (ii) in the case of the County, when used with reference to any act or document, means the person identified

herein or in the Agreement as authorized to perform such act or execute such document, and in all other cases means the County Executive of the County or an officer or employee of the County authorized in a written instrument signed by the County Executive to act on behalf of the County Executive or authorized by law to act on behalf of the County Executive; and (iii) in the case of the Trustee, the President, a Vice President, a Corporate Trust Officer, an Assistant Corporate Trust Officer, a Trust Officer or an Assistant Trust Officer of the Trustee, and when used with reference to any act or document also means any other person authorized to perform any act or sign any document by or pursuant to a resolution of the Board of Directors of the Trustee or the by-laws of the Trustee.

*Basic Rent* means that portion of the Rentals payable pursuant to Section 4.01(a) of the Agreement.

*Bond or Bonds* means any of the bonds of DASNY authorized and issued pursuant to the Resolution and to a Series Resolution.

*Bondholder, Holder of Bonds or Holder* or any similar term, when used with reference to a Bond or Bonds, means the Holder of any Bond.

*Bond Series Certificate* means the certificate of an Authorized Officer of DASNY fixing terms, conditions and other details of Bonds of a Series in accordance with the delegation of power to do so under the Resolution or under the Series Resolution authorizing the issuance of such Bonds.

*Bond Year* means a period of twelve (12) consecutive months beginning August 1 in any calendar year and ending on July 31 of the succeeding calendar year.

*Business Day* means any day which is not a Saturday, Sunday or a day on which the Trustee or banking institutions chartered by the State or the United States of America are legally authorized to close in the City of New York.

*Capital Appreciation Bond* means any Bond as to which interest is compounded on each Valuation Date therefor and is payable only at the maturity or prior redemption thereof.

*Chief Administrator* means the Chief Administrator of the Unified Court System of the State.

*Construction Fund* means the fund so designated, created and established pursuant to the Resolution.

*Construction Management Agreement* means the Construction Management Agreement, dated as of December 31, 1997 by and between the County and DASNY as such has been amended by Amendment No. 1 or any subsequent amendments thereto.

*Cost or Costs of the Project* means costs and expenses or the refinancing of costs and expenses determined by DASNY to be necessary in connection with the Project, including, but not limited to, (i) costs and expenses of the acquisition of the title to or other interest in real property, including easements, rights-of-way and licenses, (ii) costs and expenses incurred for labor and materials and payments to contractors, builders and materialmen, for the acquisition, construction, reconstruction, rehabilitation, repair and improvement of the Facilities, (iii) the cost of surety bonds and insurance of all kinds, including premiums and other charges in connection with obtaining title insurance, that may be required or necessary prior to completion of the Project, which is not paid by a contractor or otherwise provided for, (iv) the costs and expenses for design, test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, and for supervising the Project, (v) costs and expenses required for the acquisition and installation of equipment or machinery, (vi) all other costs which the County or DASNY shall be required to pay or cause to be paid for the acquisition, construction, reconstruction, rehabilitation, repair, improvement and equipping of the Facilities, (vii) any sums required to reimburse the County, or DASNY for advances made by them for any of the above items or for other costs incurred and for work done by them in connection with the Project (including interest on borrowed money), (viii) interest on the Bonds prior to, during and for a reasonable period after completion of the acquisition, construction, reconstruction, rehabilitation, repair, improvement or equipping of the Facilities, and (ix) fees, expenses and liabilities of DASNY incurred in connection with the Project or pursuant to the Resolution or to the Agreement or a Credit Facility or a Reserve Fund Facility.

*County Project* means the Facility comprising Phase III of the Project as more particularly described in Schedule C to the Agreement.



*Credit Facility* means an irrevocable letter of credit, surety bond, loan agreement, Standby Purchase Agreement or other agreement, facility or insurance or guaranty arrangement issued or extended by a bank, a trust company, a national banking association, an organization subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank, a savings and loan association, an insurance company or association chartered or organized under the laws of any state of the United States of America, the Government National Mortgage Association or any successor thereto, the Federal National Mortgage Association or any successor thereto, or any other federal agency or instrumentality approved by DASNY, pursuant to which DASNY is entitled to obtain moneys to pay the principal or Redemption Price of Bonds due in accordance with their terms, plus accrued interest thereon to the date of payment or redemption thereof, in accordance with the Resolution and with the Series Resolution authorizing such Bonds or a Bond Series Certificate, whether or not DASNY is in default under the Resolution.

*Debt Service Fund* means the fund so designated, created and established pursuant to the Resolution.

*Debt Service Reserve Fund* means the fund so designated, created and established pursuant to the Resolution.

*Debt Service Reserve Fund Requirement* means, pursuant to the amendments made by the First Supplemental Indenture, \$0.

*Deferred Income Bond* means any Bond as to which interest accruing thereon prior to the Interest Commencement Date of such Bond is compounded on each Valuation Date for such Deferred Income Bond, and as to which interest accruing after the Interest Commencement Date is payable semiannually on August 1 and February 1 of each Bond Year.

*Depository* means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State, or its nominee, or any other person, firm, association or corporation designated in the Series Resolution authorizing a Series of Bonds or a Bond Series Certificate relating to a Series of Bonds to serve as securities depository for the Bonds of such Series.

*Design Agreement* means the Design Agreement dated October 22, 1997 by and between the County and DASNY.

*Event of Default* means, when used in relation to the Agreement, an event so designated pursuant to the Agreement, and, when used in relation to the Resolution or a Bond, an event so designated in the Resolution.

*Exempt Obligation* means, an obligation of any state or territory of the United States of America, any political subdivision of any state or territory of the United States of America, or any agency, authority, public benefit corporation or instrumentality of such state, territory or political subdivision, the interest on which is excludable from gross income under Section 103 of the Code, which is not a "specified private activity bond" within the meaning of Section 57 (a)(5) of the Code, and which, at the time an investment therein is made or such obligation is deposited in any fund or account hereunder, is rated, without regard to qualification of such rating by symbols such as "+" or "-" and numerical notation, in not less than the second highest rating category of each Rating Service.

*Facility* when used in Amendment No. 1 means a building or improvement acquired or to be acquired, constructed, reconstructed, rehabilitated or improved for use as a "court facility" or a "combined occupancy structure," as such terms are defined in the Act, more particularly described from time to time in Schedule C to the Agreement, which Schedule is revised by Amendment No. 1 to define Phases I and II of the Project as one Facility for purposes of the Agreement and Phase III of the Project as a separate Facility for purposes of the Agreement.

*Facility Provider* means the issuer of a Credit Facility or a Reserve Fund Facility delivered to the Trustee pursuant to the Resolution.

*Government Obligation* means a direct obligation of the United States of America, an obligation the principal of and interest on which are guaranteed by the United States of America, an obligation (other than an obligation the payment of the principal of which is not fixed as to amount or time of payment) to which the full faith and credit of the United States of America are pledged, an obligation of any federal agency approved by DASNY, a certificate or other instrument which evidences the ownership of, or the right to receive all or a portion of the payment of the principal of or interest on, direct obligations of the United States of America or a share or interest in a mutual fund, partnership or other fund wholly comprised of such obligations.

*Investment Agreement* means an agreement for the investment of moneys with a Qualified Financial Institution.

*Lease Term* means the duration of the leasehold estate created by the Agreement as specified in the Agreement unless sooner terminated in accordance with the provisions of the Agreement.

*Leased Property* means the real property described from time to time in the Agreement and the buildings and improvements thereon or to be erected thereon and the rights of DASNY with respect thereto.

*Operating Expenses* means, in the event that upon a default under the Agreement or termination of the Agreement pursuant to the Agreement, DASNY re-enters a Facility, the costs and expenses for or in connection with the operation and maintenance thereof, administrative expenses, insurance premiums, auditing and legal expenses and any other expenses incurred as a result or by reason of the re-entry upon and the operation, reletting or sale of the Facility, including the expenses and compensation of the Trustee and each Paying Agent incurred under the Resolution or by reason of the Resolution.

*Operating Fund* means the fund so designated, created and established pursuant to the Resolution.

*Opinion of Bond Counsel* means, when used in connection with any act, the written opinion of Nixon Peabody LLP, or other counsel to DASNY that qualifies as a Bond Counsel within the meaning of the Resolution, to the effect that such act will not adversely affect the exclusion of interest on any Bonds from gross income for the purposes of federal income taxation.

*Outstanding*, when used in reference to Bonds, means, as of a particular date, all Bonds authenticated and delivered hereunder and under any applicable Series Resolution except: (i) any Bond canceled by the Trustee at or before such date; (ii) any Bond deemed to have been paid in accordance with the Resolution; and (iii) any Bond in lieu of or in substitution for which another Bond shall have been authenticated and delivered pursuant to the Resolution.

*Paying Agent* means, with respect to the Bonds of any Series, the Trustee and any other bank or trust company and its successor or successors, appointed pursuant to the provisions of the Resolution or of a Series Resolution, a Bond Series Certificate or any other resolution of DASNY adopted prior to authentication and delivery of the Series of Bonds for which such Paying Agent or Paying Agents shall be so appointed.

*Planning Costs* means costs and expenses determined by DASNY to be necessarily incurred in connection with the planning for and design of a Facility, including, but not limited to, costs and expenses for design, test borings, soil sampling, surveys, cost estimates, Plans and Specifications and preliminary investigations therefor.

*Plans and Specifications* means, when used with respect to a Facility, the final design for a Facility prepared pursuant to the Agreement, including a complete set of architectural, structural, HVAC, plumbing, electrical, landscape and furniture and equipment drawings, specifications and a shop drawings list which comply with all applicable laws, as well as all required regulatory approvals and utility acceptances.

*Project* means the acquisition, design, construction, reconstruction, rehabilitation, improvement and equipping of the Facilities.

*Provider Payments* means the amount, certified by a Facility Provider to the Trustee, payable to such Facility Provider on account of amounts advanced by it under a Reserve Fund Facility, including interest on amounts advanced and fees and charges with respect thereto.

*Qualified Financial Institution* means (i) a securities dealer, the liquidation of which is subject to the Securities Investors Protection Corporation or other similar corporation, (ii) a bank, a trust company, a national banking association, a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank, a savings and loan association, an insurance company or association chartered or organized under the laws of any state of the United States of America, (iii) a corporation affiliated with or which is a subsidiary of any entity described in (i) or (ii) above or which is affiliated with or a subsidiary of a corporation which controls or wholly owns any such entity or (iv) the Government National Mortgage Association or any successor thereto, the Federal National Mortgage Association or any successor thereto, or any other federal agency or instrumentality approved by DASNY; provided, however, that in the case of

any entity described in (ii) or (iii) above, the unsecured or uncollateralized long-term debt obligations of which, or obligations secured or supported by a letter of credit, contract, agreement or surety bond issued by any such organization, at the time an Investment Agreement is entered into by DASNY are rated, without regard to qualification of such rating by symbols such as “+” or “-” or numerical notation, in not less than the third highest rating category of each Rating Service but in no event shall such obligations be rated lower than the lowest rating assigned by a Rating Service to any Outstanding Bonds.

*Rating Confirmation* means the written confirmation of each Rating Service to the effect that the ratings assigned, without regard to any insurance or other credit enhancement, to each of the Bonds rated by such Rating Service will remain unchanged and will not be withdrawn, suspended or reduced as a consequence of some act of DASNY or the County.

*Rating Service* means on any date each of Fitch, Inc., Moody’s Investors Service, Inc. and Standard & Poor’s Rating Services that then has, at the request of DASNY, assigned a rating to Outstanding Bonds, and their successors.

*Redemption Price* when used with respect to a Bond, means the principal amount of such Bond plus the applicable premium, if any, payable upon redemption prior to maturity thereof pursuant to the Resolution or to the applicable Series Resolution or Bond Series Certificate.

*Rentals* means the rent payable pursuant to the Agreement.

*Reserve Fund Facility* means a surety bond, insurance policy or letter of credit which constitutes any part of the Debt Service Reserve Fund Requirement authorized to be delivered to the Trustee pursuant to the Resolution.

*Revenues* means (i) the Basic Rent paid by the County pursuant to the Agreement, (ii) all rents, income and profits derived by or for the account of DASNY upon its re-entry upon the Facilities and the operation, reletting or sale thereof in accordance with the Agreement, after deducting the Operating Expenses therefrom, (iii) amounts paid to DASNY by the Comptroller of the State pursuant to Section 1680-b(4) of the Act from State aid or local assistance, and (v) the right to receive the same and the proceeds thereof and of such right.

*Series* means all of the Bonds authenticated and delivered on original issuance and pursuant to the Resolution and to the Series Resolution authorizing such Bonds as a separate Series of Bonds, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Resolution, regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions.

*Series Resolution* means a resolution of DASNY authorizing the issuance of a Series of Bonds adopted by DASNY pursuant to the Resolution.

*Sinking Fund Installment* means, as of any date of calculation, when used with respect to any Bonds of a Series, so long as any such Bonds are Outstanding, the amount of money required hereby or by the Series Resolution pursuant to which such Bonds were issued or by the Bond Series Certificate relating thereto, to be paid on a single future August 1 for the retirement of any Outstanding Bonds of said Series which mature after said future August 1, but does not include any amount payable by DASNY by reason only of the maturity of a Bond, and said future August 1 is deemed to be the date when a Sinking Fund Installment is payable and the date of such Sinking Fund Installment and said Outstanding Bonds are deemed to be Bonds entitled to such Sinking Fund Installment.

*Supplemental Resolution* means any resolution of DASNY amending or supplementing the Resolution, any Series Resolution or any Supplemental Resolution adopted and becoming effective in accordance with the terms and provisions of the Resolution.

*Term Bonds* means the Bonds so designated in a Series Resolution or a Bond Series Certificate and payable from Sinking Fund Installments.

*Trustee* means the bank or trust company appointed as Trustee for the Bonds pursuant to the Resolution and having the duties, responsibilities and rights provided for in the Resolution, and its successor or successors and any other bank or trust company.

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**THE COUNTY OF WESTCHESTER**

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**TABLE OF CONTENTS**

<b>Part I.....</b>	<b>B-4</b>	Real Property Tax .....	B-22
<b>COUNTY OF WESTCHESTER.....</b>	<b>B-4</b>	Full Valuation, General Fund County Tax	
General Information.....	B-4	Levy and Rates .....	B-24
Population Characteristics .....	B-4	Tax Collection Record .....	B-25
Personal Income.....	B-5	The Tax Levy Limit Law .....	B-25
Economy .....	B-5	Sales Tax.....	B-26
Transportation .....	B-7	Other Revenues.....	B-27
Utility Services.....	B-8	Expenditures .....	B-27
Recreational and Cultural Facilities .....	B-11	County Deposits and Investments.....	B-28
Governmental Organization .....	B-11	<b>BUDGETARY PROCESS.....</b>	<b>B-29</b>
<b>COUNTY INDEBTEDNESS .....</b>	<b>B-12</b>	<b>FINANCIAL CONTROLS.....</b>	<b>B-29</b>
Nature of County Indebtedness and Procedure for		<b>FINANCIAL STATEMENTS AND ACCOUNTING</b>	
Authorization .....	B-12	<b>PROCEDURES .....</b>	<b>B-30</b>
Remedies Upon Default .....	B-15	<b>RESULTS OF OPERATIONS FOR THE GENERAL</b>	
Outstanding County Debt.....	B-16	<b>FUND FOR THE 2015 FISCAL YEAR AND THE</b>	
Debt Ratios.....	B-16	<b>BUDGET FOR THE 2016 FISCAL YEAR.....</b>	<b>B-30</b>
Debt Service Schedule .....	B-17	<b>EMPLOYEES.....</b>	<b>B-30</b>
Trend of Outstanding Long-Term County		Pension Systems .....	B-31
Indebtedness.....	B-18	GASB 45 and Other Post-employment	
Summary of Significant Contingencies and		Benefits (OPEB).....	B-33
Commitments.....	B-18	<b>LITIGATION .....</b>	<b>B-33</b>
State Assistance Coverage.....	B-18	Self Insurance .....	B-34
Future Issuance of General Obligation Indebtedness ..	B-19	<b>PART II.....</b>	<b>B-37</b>
Temporary Borrowing.....	B-21	Audited Financials of the County .....	B-37
Underlying Indebtedness of Political Subdivisions			
Within the County .....	B-22		
<b>FINANCIAL FACTORS.....</b>	<b>B-22</b>		
Revenues .....	B-22		

**Part I**

**COUNTY OF WESTCHESTER**

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

**General Information**

Westchester County, incorporated in 1683, is a suburban county located in the northern sector of the New York City metropolitan area. It is bordered on the south by New York City, on the east by the State of Connecticut and Long Island Sound, on the north by Putnam County and on the west by the Hudson River. The County had a 2015 Federal census estimated population of 976,396 and has an area of 450 square miles.

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

**Population Characteristics**

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

**TABLE I**

Population (in thousands)

<u>Year</u>	<u>Westchester</u>	<u>New York City</u>	<u>New York State</u>	<u>United States</u>
1960	809	7,782	16,782	179,323
1970	894	7,895	18,237	203,212
1980	867	7,072	17,558	226,546
1990	875	7,323	17,990	248,710
2000	923	8,008	18,976	283,868
2010	950	8,175	19,378	308,746
2015	976	8,550	19,796	321,419

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

The most recent Bureau of the Census estimate of the County's population in 2015 is 976,396.

The County's 48 municipalities vary greatly in population size. Four cities: Yonkers, New Rochelle, Mount Vernon and White Plains (the County seat), contain over 42% of Westchester's population. The southern portion of the County, with about 7,940 people per square mile, is almost 10 times more densely populated than the northern area, which has about 825 people per square mile. Within the metropolitan area, Westchester's overall population density in 2013 of 2,153 people per square mile is much lower than is that of the central parts of the region and much higher than that of the more outlying exurban areas. Westchester is approximately eight percent as densely populated as New York City (27,560 per square mile) and less than one-half as densely populated as Nassau County (4,761 per square mile). However, it is more densely populated than Rockland County (1,795 per square mile), Suffolk County (1,637 per square mile), Putnam County (433 per square mile) or Dutchess County (373 per square mile).



## Personal Income

Total personal income of Westchester residents was \$85.3 billion in 2014. The County's 2014 per capita personal income is among the highest in the nation. As reported by the U.S. Department of Commerce, Bureau of Economic Analysis, Westchester County's per capita personal income of \$87,777 in 2014 placed it in the top 1% among the 3,113 counties nationwide. Among the 62 counties of New York State, Westchester ranked second only to New York County (Manhattan). In addition, Westchester County's 2014 per capita personal income of \$87,777 compared favorably to New York State and the U.S., which were \$55,611 and \$46,069, respectively.

## Economy

From 2006 through 2015 (most recent year available), employment in the County has for the most part stabilized along with the County population. From 2006 through 2015 the County's rate of unemployment has been consistently lower than the State and national rates as shown in Table 2.

**TABLE 2**

**Employment and Unemployment, 2006-2015**  
(Employment figures in thousands)

	Westchester <sup>(a)</sup>		New York State		United States	
	Employment	Unemployment Rate	Employment	Unemployment Rate	Employment	Unemployment Rate
2006	469.0	3.8%	9,077	4.5%	144,427	4.6%
2007	471.4	3.7	9,088	4.6	146,047	4.6
2008	472.1	4.8	9,139	5.4	145,362	5.8
2009	453.1	7.1	8,844	8.3	154,142	9.3
2010	443.5	7.4	8,769	8.6	153,889	9.6
2011	440.3	7.1	8,728	8.3	141,637	8.9
2012	442.7	7.3	8,796	8.5	142,469	8.1
2013	445.7	6.3	8,894	7.7	143,929	7.4
2014	447.4	5.1	8,989	6.3	147,442	5.6
2015	457.4	4.6	9,166	5.3	151,030	5.0

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

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

**TABLE 3**

**Non-Farm Average Employment in Westchester/Rockland/Orange Counties\***  
**2011 – 2015**  
(Figures in thousands)

	Total Non-Farm	Services	Trade Transportation and Utilities	Education & Health Services	Government	Finance, Insurance & Real Estate	Manufacturing	Construction/ Mining	Other
2011	645.5	138.3	133.5	126.8	108.6	47.2	30.8	31.3	29.0
2012	647.8	143.7	135.2	127.2	104.8	47.0	30.6	30.4	28.9
2013	652.7	146.4	136.2	128.3	102.9	47.6	30.4	31.9	29.0
2014	663.1	151.2	138.0	129.7	102.9	47.5	29.6	34.7	29.5
2015	674.4	153.5	139.5	134.9	102.4	47.4	29.6	37.4	29.7

Source: New York State Department of Labor.  
Annual Averages

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

Approximately 96 percent of the wage and salary jobs in the metropolitan statistical area which includes Westchester County in 2015 were with firms whose major activity was other than manufacturing. During the period 2011-2015, employment in the government sector declined approximately 6 percent. There were a total of approximately 457,400 County residents employed in 2015. Approximately 28 percent of the County's professional, technical and managerial workers travel to work in New York City and are among the approximately 35 percent of County residents working outside the County.

Current overall commercial vacancy rates in the County are approximately 20.8%. Westchester County rents are competitive, however significantly less than commercial rents in New York City (averaging approximately \$23-\$30 per square foot vs. approximately \$70-\$100 per square foot). These facts continue to be a major economic development attraction for the County. As such, the professional services sector has increased jobs in 2015 in part by filling these vacant spaces. Further, there has been a major effort in the repurposing of Class A office space in Westchester County, particularly along the I-287 corridor, which has been led by the Health Care sector which continues to grow.

The expansion of the Health Care sector is led by a number of major initiatives. WestMed Medical Group has completed a state-of-the-art 85,000 square foot facility which opened its doors in White Plains in May 2015. The facility is home to over 65 doctors and over 140 employees. This facility is the first new construction completed on the I-287 corridor in over 20 years. In addition, Montefiore Medical Center and White Plains Hospital have completed their merger as well as Montefiore's completion of its acquisition of both Mt. Vernon Hospital and Sound Shore Hospital systems. As part of its expansion, White Plains Hospital is in the final stages of an over \$175 million new construction project of the White Plains campus. New York-Presbyterian Hospital has completed its acquisition of Lawrence Hospital in Bronxville as well as its acquisition of Hudson Valley Hospital in Cortlandt. Additionally, Northwell Health, formerly North Shore-LIJ Health System, the largest employer in New York State with over 61,000 employees, acquired Phelps Memorial Hospital in Sleepy Hollow. The introduction of these major players in the hospital community system are expected to introduce tens of millions of dollars into the capital infrastructure of the County with equal impact on technological advances and jobs that are expected to follow.

Other development and retail highlights include:

Shopping attractions in the County include Ridge Hill, The Westchester Mall, the Galleria at White Plains, Jefferson Valley Mall and the Cross County Mall. Major department stores in the County include Bloomingdale's, Lord & Taylor, Macy's, Neiman Marcus, Nordstrom, Sears, Target, and Wal-Mart.

- Flexjet - The relocation of Flexjet, a fractional jet charter company, from Teterboro, New Jersey to Westchester County Airport in White Plains. Flexjet will occupy hangar "F" in the Westchester County Airport.
- Marriott Spring Hill Suites (Tuckahoe) -A new hotel with 163-rooms.
- Rivertowns Square (Dobbs Ferry) – This is a mixed-use retail and housing complex which began construction in the summer of 2015 and is set to open in 2016.
- Pace University - This is a major renovation to their Pleasantville campus. Construction commenced in 2014 and is set to be completed in the Spring of 2016 for a major renovation to its Pleasantville campus.

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

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**TABLE 4**

Major Employers (Non-Municipal) in Westchester County

<u>Firms</u>	<u>Business Activity</u>
Consolidated Edison Inc.	Utility services
Entergy Nuclear Northeast	Energy provider and plant operator
IBM Corp.	Computer hardware and software
ITT Corp.	Water and fluid management
MasterCard	Credit card services
Pace University	Private co-educational university
PepsiCo Inc.	Soft drinks and snack foods
Regeneron Pharmaceuticals Inc.	Pharmaceuticals
St. John's Riverside Hospital	Hospital and health care services
Westchester Medical Center	Hospital and health care services
White Plains Hospital	Hospital and health care services

\*Source: Westchester Business Journal as of February 2016.

**Transportation**

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

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

All parkways are owned and operated by the New York State Department of Transportation with the exception of the Bronx River Parkway, which is owned and patrolled by the County. Pursuant to an agreement with the State, the County patrols the Saw Mill, Hutchinson River and Cross County Parkways and is reimbursed by the State for a portion of those patrol costs.

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

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

## Utility Services

### *Wastewater Services*

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

On December 9, 2008, the Westchester County Board of Legislators (the "Board") by Act No. 240-2008, authorized the County to enter into a new Order on Consent (the "2008 Consent Order") with the State of New York Department of Environmental Conservation ("NYSDEC"), which was fully executed on December 30, 2008. The 2008 Consent Order is in place of and in order to adjust the County's obligations under an existing Order on Consent, which was entered into on December 24, 2004 ("2004 Consent Order"). The 2004 Consent Order was executed in settlement of the administrative claims of the NYSDEC relating to, among other things, the County's anticipated noncompliance with state and federally mandated nitrogen removal standards to be imposed in the State Pollutant Discharge Elimination System ("SPDES") permits for the four County-owned wastewater treatment plants ("WWTPs") which discharge into the Long Island Sound ("LIS"), namely: (1) the New Rochelle WWTP; (2) the Mamaroneck Valley WWTP; (3) the Blind Brook WWTP; and (4) the Port Chester WWTP. The 2004 Consent Order was the result of a multi-year study of nitrogen-based pollution in the Long Island Sound, known as the Long Island Sound Study ("LISS") which began in 1985, and the subsequent agreement of the United States Environmental Protection Agency ("USEPA"), and the States of New York and Connecticut to impose mandatory nitrogen reductions on all municipal WWTPs which discharge into the Long Island Sound and require them to reduce nitrogen discharges. The 2008 Consent Order requires improvements be undertaken at only two of the four LIS WWTPs, namely the Mamaroneck Valley and New Rochelle WWTPs (the "BNR Project") to meet nitrogen discharge standards set forth in the NYSDEC-issued SPDES permits for all four Long Island Sound WWTPs, in the aggregate, by 2017. This substantially reduces the overall cost of compliance, because it is more efficient to reduce aggregate nitrogen discharges by making more comprehensive improvements at the two selected WWTPs than it would be to achieve the same reductions by making improvements at all four WWTPs. It further requires the equitable apportionment of all the costs associated with the BNR Project among the four (4) Long Island Sound Sanitary Sewer Districts ("SSDs"), namely: (1) the New Rochelle SSD; (2) the Mamaroneck Valley SSD; (3) the Blind Brook SSD; and (4) the Port Chester SSD, as the Board has determined that all of the properties in the four LIS SSDs are benefited thereby. This is anticipated to have a substantial financial impact on those SSDs. The 2008 Consent Order extends the date for compliance from 2014 to 2017. It should be noted that, during construction to upgrade the Mamaroneck Valley WWTP (the "Plant") there were unintended releases of plastic media disks from the Plant into the Long Island Sound, which constituted violations of Environmental Conservation Law Section 17-0803. As a consequence of the violations, and subsequent work to prevent future occurrences, the Plant suffered setbacks with respect to implementation of its plan to upgrade the treatment facilities in accordance with the 2008 Consent Order. In October 2012, the 2008 Consent Order was modified to extend interim deadlines to "Complete construction at the Mamaroneck WWTP" and to "Operate to Meet the 12 Month Rolling Average" in addition to a "Green Beaches, Clean Beaches Media Disk Recovery Program" (the 2004 Consent Order and 2008 Consent Order, as modified are collectively referred to as the "Consent Order"), noting that said amendment does not change the December 31, 2017 termination date of the Consent Order.

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

On May 28, 2013, the Board, by Act No. 113-2013, authorized the County to enter into an Order on Consent with the NYSDEC regarding force main breaks in 2010 and 2012 on the Tarrytown Pumping Station Force Main, which resulted in discharge of sewage into the Hudson River. The Consent Order, executed on August 22, 2013, included a Schedule of Compliance, which required submission of an approvable schedule for upgrade of the Tarrytown Pumping Station and construction of a new Force Main (the "Force Main Project"). Said schedule was delivered in a timely manner and subsequently approved by the NYSDEC. On March 10, 2014, the Board, by Act

No. 18-2014, authorized the County to issue \$14,600,000 in bonds to finance the Force Main Project and by Act No. 19-2014, authorized the County to acquire all property rights necessary to construct the Force Main Project. The entire \$14,600,000 was sold to the New York State Environmental Facilities Corporation as a Bond Anticipation Note on July 10, 2014. On March 13, 2015, all necessary property rights in connection with the Force Main Project were obtained and the construction of the Project has commenced.

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

#### *Electrical Services*

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

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

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

#### *Water Services*

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

Delaware systems. The County operates two water districts, County Water Districts 1 and 3, and there are a variety of private and municipal reservoir and well systems which supply the remainder of public water needs.

Effective January 1, 2002, Water District Number 2, which had previously been operated by the County, was leased to Northern Westchester Joint Water Works pursuant to State legislation and an intermunicipal agreement. Under this agreement, the lessee makes lease payments to the County which cover the County's remaining annual debt service for prior capital projects at Water District Number 2.

In January, 1997, the County entered into the New York City Watershed Memorandum of Agreement (the "Watershed MOA") with the City, the State, the USEPA, Putnam County, the Coalition of Watershed Towns, the Catskill Watershed Corporation, certain municipal corporations located within the New York City Watershed and certain environmental organizations. The Watershed MOA provides for (i) a Land Acquisition Program pursuant to which the City will purchase land within the New York City Watershed, (ii) the promulgation of new Watershed Regulations, (iii) Watershed Protection and Partnership Programs pursuant to which the City will fund infrastructure and improvements within the New York City Watershed and has paid \$38 million to the County to create a fund known as the East of Hudson Water Quality Investment Program Fund ("EOH WQIP Fund") to support the implementation of water quality investments in the East of Hudson Watershed to protect the City's drinking water supply, and (iv) the creation of the Watershed Protection and Partnership Council.

Since 1997, the County has exercised fiduciary and administrative responsibilities for EOH WQIP Fund which as of January 2016 had a fund balance of \$40.4 million. Expenditures of the EOH WQIP Fund must be approved by the Board. The 12 municipalities that have land area within the NYC water supply watershed, with the partnership of the County, established an ad hoc organization known as the Northern Westchester Watershed Committee (NWWC) to be a regional forum to oversee implementation of the MOA and its programs. While the NWWC has advised the Board on spending priorities for the EOH Fund, NWWC recommendations are not required for EOH Fund allocations. Many projects, large and small, have been approved by the Board for funding through the EOH WQIP Fund. To date, these projects have been administered and implemented by the municipalities, not the County, through an intermunicipal agreement. Sample projects eligible for funding include: sewer diversion projects, water quality measures identified in the Croton Plan, rehabilitation or replacement of septic systems that are failing or likely to fail in certain areas, storm water Best Management Practices to correct or reduce existing erosion or pollution and new or upgraded sand and salt storage facilities.

On May 6, 1997, the USEPA issued a 1997 Filtration Avoidance Determination for the Catskill and Delaware Water Supply Systems (the "1997 FAD"). The 1997 FAD remained in effect until April of 2002. In May of 2002, USEPA approved a new Filtration Avoidance Determination (the "2002 FAD") and, therein, determined that the City has an adequate long-term watershed protection program for its Catskill/Delaware water supply which meets the established standards for unfiltered water systems. The 2002 FAD established milestones for the City's construction of Ultraviolet (UV) Light Disinfection Facilities, to commence operation on August 31, 2009. In 2005, the City requested an extension of the construction schedule contained in the 2002 FAD. Pursuant thereto, the USEPA prepared the 2005 Draft Modification to the 2002 FAD which would extend the date for commencement of operation at the UV Facility until August 31, 2010. The USEPA released a 10-year New York City Filtration Avoidance Determination ("2007 FAD") for the Catskill/Delaware Water Supply in July 2007. The required UV disinfection plant at Eastview became operational at the end of 2012.

On October 6, 2014, the Board, by Act No. 185-2014, authorized the County to carry out capital project "WD103-County Water District No. 1 Alternate Water Supply" ("WD103") at a maximum estimated cost of \$9,950,000 to bring the County in compliance with the certain Long Term 2 Enhanced Surface Water Treatment Rule and to comply with the Consent Decree filed on September 2, 2015. Further, on October 6, 2014, the Board, by Act No. 187-2014 authorized a Bond Act in the amount of \$765,584 and on April 27, 2015, the Board, by Act No. 65-2015, authorized a Bond Act increasing Bond Act 65-2015 in the amount of \$8,453,416 for an amended total of \$9,219,000 in connection with WD103. To date \$178,891 of bonds have been issued for this initiative.

#### *Refuse Disposal*

The County provides refuse disposal services to a substantial portion of the County through the County Refuse Disposal District Number 1 (the "District"). The District, in 1985, entered into a service agreement with the County of Westchester Industrial Development Agency, which entered into a solid waste disposal agreement with

Westchester Resco Company, L.P., a Delaware limited partnership and Wheelabrator Technologies Inc., a Delaware corporation for the disposal and processing of solid waste at the Charles Point facility in the City of Peekskill, New York. The original service agreement expired on October 21, 2009.

In October 2009, the County, on behalf of the District, reached a new solid waste disposal agreement with Wheelabrator Westchester, L.P. Under the new agreement, the District is obligated to bring all municipal solid waste collected under intermunicipal agreements with participating municipalities ("IMAs") to the Charles Point Facility. The District is not obligated to supply a minimum tonnage of solid waste and the agreement allows the District to divert up to 50,000 tons annually to explore new waste disposal technologies. The agreement has a term of ten years and includes an initial five-year option at the County's discretion, followed by two additional five-year options by mutual consent. The County has executed IMAs with participating municipalities that run concurrent with the solid waste disposal agreement.

### **Recreational and Cultural Facilities**

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

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

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

### **Governmental Organization**

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

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

*The County Executive.* The County Executive is elected every four years in the year following the presidential election. He must be a resident of the County for at least five years prior to his election, is required to devote his full time to the duties of his office and may hold no other public office. Subject to certain exceptions hereafter described, no act of the Board can take effect unless approved by the County Executive. If any act is not returned to the County Board by the County Executive with his written reason for not approving it within ten days of

its presentation to him, it is deemed approved; further any act disapproved by the County Executive nevertheless becomes effective if upon reconsideration it is passed by at least two-thirds vote of all the members of the Board. Pursuant to the Charter, there are several departments of the County established, including the Department of the Budget, responsible for preparation of the budget for submission to the County Executive, and such other duties in regard thereto as the County Executive may direct. Also pursuant to the Charter, the Department of Finance is charged with the administration of the financial affairs of the County, including collection of all taxes and other revenues due to the County, the custody and safekeeping of all funds belonging to the County and the disbursement of all County funds including the keeping and supervision of all accounts.

In 2009, the residents of Westchester County elected a new County Executive, Robert P. Astorino, who was sworn into office on January 1, 2010. Mr. Astorino was elected to a second four-year term on November 5, 2013 for a term commencing January 1, 2014.

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

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

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

## **COUNTY INDEBTEDNESS**

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

#### *Constitutional Requirements*

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

*Purpose and Pledge.* The County shall not give or loan any money or property to or in aid of any individual, or private corporation or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation. However, the County in its discretion has the legal authority to do so for the Westchester County Health Care Corporation ("WCHCC").

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

*Payment and Maturity.* The County is authorized by the State Constitution to contract debt for objects or purposes which the State Legislature has determined to have a "period of probable usefulness" and the maximum



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

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

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

**TABLE 5**

Summary of Constitutional Debt Statement Prepared as of August 31, 2016

Five year average full valuation of taxable real property .....	\$155,151,988,239
Debt limit (7% thereof) .....	<u>10,860,639,177</u>
Outstanding indebtedness:	
Bonds.....	\$ 1,035,183,996 <sup>(a)</sup>
NYSEFC Bond Anticipation Notes.....	73,036,800
Less Exclusions:	
Current year Debt Service Appropriation (principal only)	
General Fund and Special Revenue Fund Airport.....	31,221,779
District Funds.....	1,206,037
Certain Sewer District Debt .....	477,768,396
Water District Debt.....	9,583,049
Total Exclusions .....	<u>519,779,261</u>
Total Net Indebtedness.....	\$ <u>588,441,535</u>
Net Debt — contracting margin .....	<u>\$10,272,197,642</u>
Percentage of Debt Contracting Power Exhausted as of 08/31/2016 .....	<u>5.42%</u>

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

There is no constitutional limitation on the amount that may be raised by the County by tax on real estate in any fiscal year to pay interest and principal on all indebtedness. However, the Tax Levy Limit Law imposes a statutory limit on the amount of taxes the County may levy. See “FINANCIAL FACTORS - The Tax Levy Limit Law” herein.

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

**TABLE 6**

Previously Refunded and Escrowed Bonded Debt as of August 31, 2016

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,470,000	\$ 633,156	\$ 2,103,156
2017	22,650,000	4,775,831	27,425,831
2018	2,210,000	3,843,519	6,053,519
2019	72,680,000	2,499,403	75,179,403
2020	555,000	1,175,488	1,730,488
2021	26,430,000	1,147,738	27,577,738
2022	-	231,750	231,750
2023	<u>4,635,000</u>	<u>231,750</u>	<u>4,866,750</u>
	<u>\$130,630,000</u>	<u>\$14,538,635</u>	<u>\$145,168,635</u>

*General.* The County is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation, assessment, borrowing money, contracting indebtedness and loaning the credit of the County so as to prevent abuses in taxation and assessments and in contracting indebtedness; however, the State Legislature is prohibited by a specific constitutional provision from restricting the power of the County to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limit Law imposes a statutory limit on the power of the County to increase its annual tax levy. (See “FINANCIAL FACTORS - The Tax Levy Limit Law” herein).

*Statutory Procedure*

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

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

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

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

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

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

The Board, as the finance board of the County, has the power to enact bond acts and acts authorizing bond anticipation notes to be issued in anticipation of the bonds authorized by such bond acts. In addition, in that capacity, the Board has the power to authorize the issuance of bonds and notes. However, the Board may delegate its powers in relation to the sale and issuance of the bonds or notes of the County to the Commissioner of Finance, the chief fiscal officer of the County under its Charter.

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

### **Remedies Upon Default**

Under current law, provision is made for contract creditors of the County to enforce payments upon such contracts, if necessary, through court action; although the present statute limits interest on the amount adjudged due to 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, although judicial mandates have been issued to officials to appropriate and pay judgments out of current funds or the proceeds of a tax levy.

The Constitution of the State requires that every county, city, town, village, and school district in the State provide annually by appropriation for payment of all interest and principal on its serial bonds and certain other obligations, and that, 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 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 such obligations.

The State has consented that any municipality in the State (including the County) 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. Subject to such State consent, under the United States Constitution, Congress has jurisdiction over such matters and has enacted amendments to the existing federal bankruptcy statute, generally to the effect and with the purpose of affording municipal corporations, under certain circumstances, with easier access to judicially approved adjustment of debts including judicial control over identifiable and unidentifiable creditors. No current State law purports to create any collateral or priority for owners of the bonds and notes of the County.

In recent times, certain events and legislation affecting remedies on default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of bondholders, such courts might hold that future events including financial crises as they may occur in the State and in municipalities of the State require the exercise by the State of its emergency and police powers to assure the continuation of essential public services.

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

**Outstanding County Debt**

**TABLE 7**

**County Long-Term Bond Indebtedness <sup>(a)</sup>  
Principal Amount Outstanding as of August 31, 2016**

Parks and Recreation.....	\$98,068,948
Roads and Bridges .....	90,196,992
Airport.....	4,958,062
Courthouse.....	102,900
Correctional Facilities.....	34,592,614
Community College.....	38,685,909
WCHCC.....	6,922,924
Transportation.....	5,435,516
Laboratories and Research.....	8,692,516
Other Buildings and Miscellaneous.....	226,375,183
Refuse Disposal District.....	13,605,527 <sup>(b)</sup>
Water District 1.....	1,322,772 <sup>(b)</sup>
Water District 2.....	125,113 <sup>(b)</sup>
Water District 3.....	8,135,164 <sup>(b)</sup>
Sewer Districts.....	497,963,856 <sup>(b)</sup>
Total Net Indebtedness.....	\$1,035,183,996
Deduct District debt.....	(521,152,432)
Net Long-Term debt.....	<u>\$514,031,564</u>

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

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

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

**Debt Ratios**

**TABLE 8**

**Debt Ratios as of August 31, 2016**

	<u>Amount <sup>(a)</sup></u>	<u>Per Capita <sup>(b)</sup></u>	<u>Estimated Percentage Full Value <sup>(c)</sup></u>
Gross Long-Term Bond Debt	\$1,035,183,996	\$1,060	0.63%
Net Long-Term Bond Debt	514,031,564	526	0.31

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

<sup>(b)</sup> Westchester County’s 2015 estimated population was 976,396, according to the U.S. Bureau of the Census.

<sup>(c)</sup> Calculated using Full Value of \$163,815,785,746 as per 2015 Westchester County Equalization Table as per The Westchester County Tax Commission.

## Debt Service Schedule

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

**TABLE 9**  
Summary of Principal and Interest on County Long-Term Bond Indebtedness  
As of August 31, 2016

	<u>Principal</u> <sup>(a)</sup>	<u>Interest</u> <sup>(a)(b)</sup>	<u>Total</u>
2016	\$ 41,138,986	\$ 14,713,751	\$ 55,852,737
2017	94,415,004	40,237,833	134,652,837
2018	91,580,012	36,663,561	128,243,573
2019	87,285,003	33,026,871	120,311,874
2020	83,199,998	29,503,774	112,703,772
2021	82,270,006	26,080,291	108,350,297
2022	79,144,992	22,259,029	101,404,021
2023	67,424,995	19,048,494	86,473,489
2024	54,650,000	16,422,051	70,982,051
2025	44,800,000	14,529,109	59,329,109
2026	45,370,000	12,818,058	58,188,058
2027	34,025,000	11,058,383	45,083,383
2028	22,560,000	9,753,274	32,313,274
2029	22,635,000	8,839,679	31,474,679
2030	22,095,000	7,919,690	30,014,690
2031	21,165,000	6,998,090	28,163,090
2032	19,215,000	6,095,124	25,310,124
2033	18,920,000	5,248,368	24,168,368
2034	16,200,000	4,432,280	20,632,280
2035	15,200,000	3,716,848	18,916,848
2036	15,195,000	3,021,879	18,216,879
2037	15,030,000	2,327,663	17,357,663
2038	14,480,000	1,650,561	16,130,561
2039	8,680,000	1,087,758	9,767,758
2040	7,655,000	680,793	8,335,793
2041	3,655,000	417,693	4,072,693
2042	3,485,000	255,754	3,740,754
2043	3,020,000	106,149	3,126,149
2044	690,000	19,263	709,263
Total	<u>\$1,035,183,996</u>	<u>\$338,932,071</u>	<u>\$1,374,116,067</u>

<sup>(a)</sup> Excludes bond anticipation notes in the amount of \$73,036,800 sold to the New York State Environmental Facilities Corporation (EFC). As of August 31, 2016, \$6.9 million of these Notes have been drawn. It is anticipated that these notes will be refinanced as long-term obligations with the EFC at some point in the future. Included in Table 9 is \$433,362,000 in long-term financing with EFC. The County has converted \$26,494,000 of short-term notes through EFC to Long Term on September 22, 2016. Such Long-Term obligations have not been included in the above chart. Additionally, the County expects to secure new short-term financing of approximately \$20 million in 2016 with EFC.

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

## Trend of Outstanding Long-Term County Indebtedness

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

**TABLE 10**

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

<u>Fiscal Year</u>	<u>Amount</u>	<u>Fiscal Year</u>	<u>Amount</u>
2006	\$699,749,776	2011	\$1,023,060,598
2007	745,084,090	2012	1,012,426,484
2008	672,078,835	2013	1,108,757,834
2009	705,298,834	2014	1,098,445,984 <sup>(c)</sup>
2010	829,750,770 <sup>(c)</sup>	2015	1,103,557,005

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

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

<sup>(c)</sup> Excludes \$100,000,000 Bond Anticipation Note in 2010 and \$40,000,000 in 2014.

## Summary of Significant Contingencies and Commitments

### Commitments-DASNY

The County financed \$133,007,717 over 25 years through the Dormitory Authority of the State of New York (the "DASNY") in connection with the implementation of the County's Court Facilities Capital Plan for the Westchester County Courthouse rehabilitation and facade replacement, and construction of a three-story courthouse annex (the "Project"). In December 1998, the County conveyed to DASNY title to the Courthouse property, including buildings and improvements thereon or to be erected thereon. The parties entered into a Lease and Agreement (the "Lease") by which DASNY leases the property back to the County. When the Lease term has expired and all of the bonds have been paid in full, DASNY will convey back to the County all of the property and the improvements thereon. In 2006 DASNY issued \$21 million of new money bonds for the benefit of the County. Through DASNY, the County also refunded a portion of the outstanding 1998 DASNY bonds issued as described above. The refunding produced an average annual savings of approximately \$268,000 in 2007 through 2018, inclusive. That financing of \$21 million increased County Lease payments by approximately \$1,625,000 in each of the years 2006 through 2023, inclusive. The 2016 adjusted Lease payment is \$12,107,417. DASNY's bonds are not general obligations of the County.

The proceeds of the Series 2016 Bonds, together with other available moneys will be used (i) to refund certain DASNY Bonds described above and (ii) to pay the Cost of Issuance of the Bonds. It is anticipated that the issuance of the Bonds will reduce County Lease payments by approximately \$3.9 million through 2023.

### **State Assistance Coverage**

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

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

on account of the debt service of the Bonds; and the coverage of the Basic Rent from the sources of State assistance described above.

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

	State Assistance						Maximum Basic Rent	Coverage Total
	Administrative Costs	Health Law	Highway Law-CHIPs	Court Facilities Incentive Aid Maintenance of Facilities		Total		
					Interest			
2015	\$42,519,110	\$ -	\$2,838,627	\$1,856,968	\$ 527,219	\$47,741,924	\$12,411,463	3.85
2014	50,064,362	-	2,817,055	2,271,147	643,535	55,796,099	12,411,463	4.50
2013	44,868,991	-	2,726,113	2,247,583	754,803	50,597,490	12,411,463	4.08
2012	45,397,522	-	2,952,768	2,765,312	860,456	51,976,058	12,411,463	4.19
2011	48,038,856	-	2,174,651	2,201,382	960,208	53,375,097	12,411,463	4.30
2010	41,654,718	167,477	2,587,768	2,731,988	796,691	47,938,642	12,411,463	3.86
2009	49,992,061	72,256	2,596,357	2,177,009	1,146,346	55,984,029	12,411,463	4.51
2008	63,140,946	108,424	2,620,069	2,265,925	606,434	68,741,798	12,411,463	5.54
2007	58,027,307	126,174	2,501,044	1,891,068	762,543	63,308,136	12,411,463	5.10
2006	48,621,308	106,805	2,518,151	1,968,817	720,753	53,935,834	12,411,463	4.35

**Future Issuance of General Obligation Indebtedness**

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

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

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

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

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

**TABLE 12**  
**Capital Budget Projection**  
**As of December 2015**  
**(Dollars in Thousands)**

	Financing <sup>(c)</sup>					
	Estimated Total Cost <sup>(a)</sup>	Cumulative Appropriations <sup>(b)</sup>	Operating Budgets <sup>(d)</sup>	Non- County Share <sup>(e)</sup>	Aggregate Bonding Authorized And Anticipated <sup>(f)</sup>	Bonds Authorized <sup>(g)</sup>
Buildings, Land & Misc.	\$ 914,987	\$ 745,928	\$ 5,300	\$ 27,932	\$ 712,696	\$ 445,228
Parkways	154,271	129,566	620	51,911	77,035	34,976
Roads & Bridges	342,180	255,140	-	61,009	194,131	99,118
Recreation Facilities	579,682	336,305	838	1,872	333,595	142,753
Transportation	<u>328,829</u>	<u>108,683</u>	<u>270</u>	<u>59,186</u>	<u>49,228</u>	<u>15,204</u>
<b>Total County</b>	<b>\$2,319,895</b>	<b>\$1,575,622</b>	<b>\$ 7,028</b>	<b>\$201,910</b>	<b>\$1,366,685</b>	<b>\$ 737,279</b>
Airport	\$ 374,467	\$ 276,137	\$ 31,661	\$177,152	\$67,324	\$25,633
Refuse Disposal District No. 1	62,475	49,820	18,900	2,000	28,920	16,720
Sewer and Water Districts <sup>(h)</sup>	<u>1,509,281</u>	<u>1,012,684</u>	<u>14,413</u>	<u>35,270</u>	<u>963,001</u>	<u>733,566</u>
<b>Grand Total</b>	<b><u>\$4,266,118</u></b>	<b><u>\$2,914,263</u></b>	<b><u>\$ 72,002</u></b>	<b><u>\$416,332</u></b>	<b><u>\$2,425,930</u></b>	<b><u>\$1,513,198</u></b>

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

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

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

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

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

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

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

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

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**Temporary Borrowing**

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

**TABLE 13**  
Bond Anticipation Notes

<u>Fiscal Year</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance as of December 31</u>
2007	\$ 39,071,229 <sup>(a)</sup>	\$ 36,825,000	\$ 12,347,429
2008	18,500,000 <sup>(a)</sup>	8,601,200	22,246,229
2009	87,455,000 <sup>(b)</sup>	3,746,229	105,955,000
2010	147,000,000 <sup>(c)</sup>	46,470,000	206,485,000
2011	9,198,000 <sup>(a)</sup>	151,485,000	64,198,000
2012	80,000,000 <sup>(a)</sup>	9,198,000	135,000,000
2013	--	80,000,000	55,000,000
2014	88,727,800 <sup>(d)</sup>	55,000,000	88,727,800
2015	39,136,800 <sup>(a)</sup>	44,827,800 <sup>(e)</sup>	73,036,800
2016	--	--	73,036,800 <sup>(f)</sup>

- <sup>(a)</sup> Sold to the New York State Environmental Facilities Corporation.
- <sup>(b)</sup> \$55,000,000 was sold on August 27, 2009 to the New York State Environmental Facilities Corporation (EFC) and \$32,455,000 was sold in October of 2009 for the settlement of litigation.
- <sup>(c)</sup> \$100,000,000 of Bond Anticipation Notes were issued on December 2, 2010, and retired on November 30, 2011. \$47,000,000 of Bond Anticipation Notes were sold to the EFC on September 2, 2010.
- <sup>(d)</sup> \$40,000,000 of bond anticipation notes were issued on December 4, 2014. \$48,727,800 of Bond Anticipation Notes were sold to the EFC.
- <sup>(e)</sup> Inclusive of the \$40 million bond anticipation notes issued on December 4, 2014 redeemed with a portion of the Series 2015B Bonds on December 3, 2015.
- <sup>(f)</sup> As of August 31, 2016. The County expects to convert \$26,494,000 of this amount to long-term financing in 2016. Additionally, the County expects to secure new short-term financing with EFC of approximately \$20 million in 2016.

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

**TABLE 14**  
As of August 31, 2016  
Tax Anticipation Notes

<u>Fiscal Year</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance as of December 31</u>
2007	--	--	--
2008	--	--	--
2009	--	--	--
2010	--	--	--
2011	\$ 50,000,000	\$ 50,000,000	--
2012	64,720,000	64,720,000	--
2013	89,997,656	89,997,656	--
2014	90,000,000	90,000,000	--
2015	105,000,000	105,000,000	--
2016	105,000,000 <sup>(a)</sup>	105,000,000	--

- <sup>(a)</sup> Note matured on May 26, 2016.

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

## Underlying Indebtedness of Political Subdivisions Within the County

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

**TABLE 15**

Estimated Underlying Indebtedness  
As of June 30, 2015

Cities:	Yonkers	\$ 542,345,000 <sup>(c)</sup>
	Peekskill	61,439,497
	Rye	16,300,000
	White Plains	154,452,742
	Mount Vernon	25,140,000
	New Rochelle	69,966,260
Towns:	Nineteen	303,202,900
Villages:	Twenty-three	468,969,947
School Districts:	Forty-seven	<u>1,382,667,768</u> <sup>(a)</sup>
Overall Estimated Underlying Gross Debt		<u>\$ 3,024,484,114</u> <sup>(b)</sup>

<sup>(a)</sup> Net of State Building Aid of \$56,013,380.

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

<sup>(c)</sup> The amount reported includes the Yonkers School District indebtedness of \$187,986,066.

## FINANCIAL FACTORS

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

### Revenues

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

### Real Property Tax

The County derives its power to levy an ad valorem real property tax from Article 8, Section 10 of the State Constitution. The County's property tax levying powers, other than for debt service and certain other purposes, are limited to one and one-half per centum (subject to increase up to 2% by State legislative enactment) of the average full valuation of taxable real estate of the County. See "REVENUES - Municipally Generated Revenues - Real Property Tax" herein. On June 24, 2011, the Tax Levy Limit Law (as defined below in "FINANCIAL FACTORS -

The Tax Levy Limit Law”) was enacted and imposes a statutory tax levy limitation upon the County’s power to increase its annual tax levy. (See “FINANCIAL FACTORS - The Tax Levy Limit Law” herein).

In 2016 the County levied approximately 30.4% of its annual revenues from a direct real property tax. In 2015 and 2014, the County levied approximately 32% of its annual revenues from a direct real property tax. Set forth in the following table is the amount of the annual tax levy of the County for the past five years.

**TABLE 16**

	<u>Real Property Tax Levy</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Tax Levy for County Purposes	\$548,423,468	\$548,423,468	\$548,423,468	\$548,423,468	\$548,423,468
Tax Levy for Sewer, Water and Refuse Disposal Districts	<u>146,173,838</u>	<u>146,173,838</u>	<u>146,186,075</u>	<u>146,481,473</u>	<u>146,629,869</u>
Total	<u>\$694,597,306</u>	<u>\$694,597,306</u>	<u>\$694,609,543</u>	<u>\$694,904,941</u>	<u>\$695,053,337</u>

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

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The following table sets forth such real estate taxing limit of the County for the fiscal year 2016.

**TABLE 17**  
**Computation of Constitutional Taxing Power-General Fund**  
**For the Fiscal Year 2016**

<u>Tax Year</u>	<u>2016 Full Valuation of Real Estate</u>
2016	\$163,793,687,045
2015	155,963,411,796
2014	149,540,079,541
2013	152,646,977,068
2012	<u>153,793,687,045</u>
<b>Total</b>	<b>775,759,941,196</b>
Five-year average full valuation	155,151,988,239
Tax Limit: (1.5%)	2,327,279,824
Total Additions	<u>132,090,466<sup>(a)</sup></u>
Total taxing power	2,459,370,290
Total levy for 2016	<u>694,597,306</u>
Tax Margin	<u>\$1,764,772,984</u>

<sup>(a)</sup> Excluded from the Constitutional Tax Limit is \$130,828,141 appropriated for Net Debt Service and \$1,262,325 for Equipment replacement/Additional Equipment as per the 2016 adopted budget.

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

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

**TABLE 18**  
**Historic Valuation, Tax Levy and Rates**

<u>Tax Levy Year</u>	<u>Full Valuation</u>	<u>Levied for County Purposes</u>	<u>Rate per \$1,000 of Full Valuation</u>
2016	\$163,793,687,045	\$548,423,468	\$3.35
2015	155,963,411,796	548,423,468	3.52
2014	149,540,079,541	548,423,468	3.67
2013	152,646,977,068	548,423,468	3.59
2012	153,793,687,045	548,423,468	3.57

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

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

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

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

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

**Tax Collection Record**

On May 26, 2016 the County collected \$416,758,384 (60%) of the total 2016 Tax Levy of \$694,597,306. The balance of \$277,838,922 (40%) will be collected on October 15, 2016. Set forth below (and as a result of the statutory requirements above) is the tax collection record of the County and district levies for the most current and past four fiscal years.

**TABLE 19**

Historic Tax Collection Record

<u>Fiscal Year Ending December 31</u>	<u>Total Ad Valorem or General Property Tax</u>	<u>Actual Collection</u>	<u>Uncollected at End of Tax or Fiscal Year</u>
2015	\$ 694,597,306	\$ 694,597,306	\$ --
2014	694,609,543	694,609,543	--
2013	694,904,941	694,904,941	--
2012	695,053,337	695,053,337	--
2011	692,440,664	692,440,664	--

**The Tax Levy Limit Law**

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

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

The Tax Levy Limit Law, as amended, imposes a limitation on increases in the real property tax levy of the County, subject to certain exceptions. The Tax Levy Limit Law permits the County to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor", which is

the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the 20 National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by: (ii) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, with the result expressed as a decimal to four places. The County is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limit Law sets forth certain exclusions to the real property tax levy limitation of the County, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the County. The governing board of the County may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the governing board of the County first enacts, by a vote of at least sixty percent of the total voting power of the governing board of the County, a local law to override such limit for such coming fiscal year.

The Tax Levy Limit Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation bonds or notes of the County or such indebtedness incurred after the effective date of the Tax Levy Limit Law. As such, there can be no assurances that the Tax Levy Limit Law will not come under legal challenge for violating (i) Article VIII, Section 12 of the State Constitution for not providing an exception for debt service on obligations issued prior to the enactment of the Tax Levy Limit Law, (ii) Article VIII, Section 10 of the State Constitution by effectively eliminating the exception for debt service to general real estate tax limitations, and (iii) Article VIII, Section 2 of the State Constitution by limiting the pledge of its faith and credit by a municipality or school district for the payment of debt service on obligations issued by such municipality or school district. Each of the County's 2013, 2014, 2015 and 2016 tax levies were below the respective limitations as prescribed by the Tax Levy Limit Law.

## **Sales Tax**

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

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

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

In July 1991, the State Legislature authorized an additional 1% sales tax (above the 1 1/2% County-wide sales and use tax described above). The additional 1% sales tax is apportioned between the County (33 1/3%), school districts in the County (16 2/3%) and towns, villages and cities in the County which have not imposed sales taxes (50%). The County imposes this additional sales tax in localities other than cities which have their own sales tax. This additional 1% sales tax became effective on October 15, 1991 and has been extended through May 31, 2018.

In February 2004, the State Legislature authorized an increase of 1/2% to the additional 1991 1% sales tax. The County retains 70% of this 1/2 percentage point increase, the municipalities 20% and school districts 10%. This increase became effective March 1, 2004 and expires on May 31, 2018.

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

Set forth below is a summary of Sales Tax revenues.

**TABLE 20**

Fiscal Year	Sales Tax Revenue Westchester County	
	Gross	County Share
2016 <sup>(a)</sup>	\$525,769,000	\$417,143,909
2015	500,642,409	392,017,318
2014	503,322,529	394,068,933
2013	489,522,517	382,767,743
2012	460,997,517	361,665,155
2011	453,013,940	355,035,883
2010	443,664,755	347,619,070

<sup>(a)</sup> Amounts shown are budgeted for the 2016 fiscal year

### Other Revenues

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

**TABLE 21**

Summary of Other Tax Revenue Collected

	Budget <u>2016</u>	Actual <u>2015</u>	Actual <u>2014</u>	Actual <u>2013</u>
Hotel Occupancy Tax	\$ 6,280,000	\$ 6,115,422	\$ 5,581,672	\$ 5,306,491
Motor Vehicle Tax	15,942,000	15,905,840	15,345,870	15,375,989
Mortgage Recording Tax	19,089,000	18,396,878	14,951,342	16,997,949

In 2014 State and Federal Aid totaled \$431.6 million. This included \$256.9 million in Federal and State aid for Social Service programs and \$174.7 million for mental health, public health, transportation and other County programs. Of such amounts 43% (\$186.4 million) is Federal aid and 57% (\$245.2 million) is State aid.

In 2015 State and Federal Aid totaled \$418.5 million. This included \$257.7 million in Federal and State aid for Social Service programs and \$160.8 million for mental health, public health, transportation and other County programs. Of such amounts 44% (\$185.0 million) is Federal aid and 56% (\$233.5 million) is State aid.

The 2016 Adopted Budget anticipates a total of \$423.9 million of Federal and State aid, which includes \$261.9 million in Federal and State aid for Social Service programs and \$162.0 million for mental health, public health, transportation and other County programs. Of such amounts, approximately 43% (\$182.7 million) is Federal aid and 57% (\$241.2 million) is State aid.

### Expenditures

The County's major expenditures are for social services, public health, public safety and transportation. Municipalities and school districts located within the County provide primary police and fire protection, refuse collection and primary and secondary education. General Fund expenditures and other financing uses totaled approximately \$1.756 billion during 2014, of which 34% was spent for economic assistance. The 2015 Audited Operating results for the General Fund expenditures and other financing uses totaled approximately \$1.880 billion, with approximately 34% being spent on economic assistance. The 2016 Adopted Operating Budget for the General Fund expenditures and other financing uses totals approximately \$1.803 billion, with an estimated 33% being spent on economic assistance.

**TABLE 22**

**Expenditures by Major Category  
General Fund  
(Dollars in thousands)**

	2016 Adopted <u>Budget</u>	2015 <u>Actual</u>	2014 <u>Actual</u>	2013 <u>Actual</u>	2012 <u>Actual</u>
General Government	\$ 214,026	\$198,621	\$ 194,069	\$193,267	\$ 199,268
Education	158,382	159,051	155,768	155,264	162,898
Public Safety	262,016	262,828	265,556	267,961	262,350
Health	37,961	37,845	38,194	41,458	44,694
Transportation	159,725	159,311	152,691	148,761	135,986
Economic Assistance	597,245	596,376	599,286	583,705	588,650
Culture and Recreation	44,838	48,100	46,715	45,650	45,376
Home & Community Services	3,629	4,361	3,265	3,027	3,062
Employee Benefits	233,204	223,092	211,317	202,173	188,573
Capital Outlay	385	702	351	909	1,302
Debt Service	88,061	85,830	85,148	83,251	80,922
Transfers Out	<u>3,577</u>	<u>3,617</u>	<u>3,208</u>	<u>3,173</u>	<u>3,896</u>
Total Expenditures	<u>\$1,803,049</u>	<u>\$1,779,734</u>	<u>\$1,755,568</u>	<u>\$1,728,599</u>	<u>\$1,713,081</u>

<sup>(a)</sup> Inclusive of 2014 encumbered expenses.

**County Deposits and Investments**

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

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

The County has the power to invest funds of the County not required for immediate expenditure in special time deposit or money market accounts in, or certificates of deposits issued by, a bank or trust company located and authorized to do business in the State. Any such investments must be payable within such times as the proceeds shall be needed to meet expenditures for which such monies were obtained and must provide that such time deposit account or certificate of deposit be collateralized in the same manner as provided for deposits above. All such temporary investments are structured to be payable or redeemable at the option of the County within such times as



the proceeds will be needed by the County. This “matching” investment policy frees the County from having to sell such investments prior to maturity or redemption and thereby avoids market risk for such investments. The County may also make temporary investments of public funds in obligations of the United States of America where the payment of principal and interest are guaranteed by the United States of America or in obligations of the State of New York or with the approval of the New York State Comptroller in short-term obligations of State municipal corporations.

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

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

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

## **BUDGETARY PROCESS**

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

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

## **FINANCIAL CONTROLS**

During the course of the year, the Budget Department, in addition to the Department of Finance, maintains supervision and control over expenditures and appropriations and monitors revenues. At least monthly, reports on the foregoing are rendered. Once adopted, the annual budget is released to the operating departments. No

expenditures may be made unless they are included as part of an allocation. The County operates a full encumbrance accounting system based on allocations wherein requisitions, purchase orders and contracts are encumbered. In addition, all capital outlays must receive a separate allocation. Pursuant to the County Charter, with certain exceptions, contracts must receive prior approval by the Board of Acquisition and Contract, comprised of the Chairman of the Board, the County Executive and the Budget Director. A position control system is maintained with respect to employment. The Commissioner of Finance may not disburse money unless appropriated and allocated and not in excess of the amount of the appropriation or allocation. No appropriation may be used for any purpose other than that for which it is made. All unencumbered balances in the General Fund appropriation for each fiscal year lapse on the last day of the fiscal year.

## **FINANCIAL STATEMENTS AND ACCOUNTING PROCEDURES**

Included in this Appendix B are the financial statements of the County for the year ended December 31, 2015 together with the report thereon, dated June 24, 2016, of O'Connor Davies LLP, independent certified public accountants. Appendix B contains the budget for the 2016 fiscal year, as adopted.

### **RESULTS OF OPERATIONS FOR THE GENERAL FUND FOR THE 2015 FISCAL YEAR AND THE BUDGET FOR THE 2016 FISCAL YEAR**

The audited 2015 fiscal year resulted in a year-end unassigned General Fund balance of \$54.7 million compared to the unassigned 2014 General Fund balance of \$56.6 million. The December 31, 2015 General Fund balance totaled \$164.7 million. This balance is made up of the following items: unassigned - \$54.7, non-spendable - \$25.5 million, assigned - \$84.6 million. The detail of the assigned balance is as follows: New York State Retirement Stabilization - \$28 million, other post-employment benefits (GASB 45) - \$41 million, purchases on order - \$8.2 million, subsequent year's expenditures - \$3.0 million Medicaid claims - \$4.4 million.

The County Executive released his proposed 2016 budget on November 13, 2015. The Board adopted the 2016 budget, as modified by the Board, on December 14, 2015. Total expenditures are budgeted at \$1.803 billion.

The County Executive released his proposed 2015 budget on November 10, 2014. The Board adopted the 2015 budget, as modified by the Board, on December 10, 2014. Total expenditures are budgeted at \$1.749 billion.

Pursuant to the County Charter, the County Executive is expected to release the 2017 Executive Budget on or before November 10, 2016. By law, the Board of Legislators must adopt a County budget by December 27th of each year for the ensuing fiscal year.

## **EMPLOYEES**

As of February 2016, the County provides services through approximately 4,562 full-time equivalent employees; 360 of these employees have been determined to be management level or confidential in nature and thus are not represented by any labor organization. All other employees are in titles that are represented for collective bargaining purposes. As of February 2016, this representation is provided by nine labor organizations, which are:

The Local 456, International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America, AFL-CIO (the "Teamsters") representing 117 administrators and managers;

The Westchester County Correction Officers Benevolent Association (the "COBA") representing 719 correction officers;

The Westchester County Correction Department Superior Officers Association (the "SOA") representing 115 senior assistant wardens, sergeants, captains and specialists;

The New York State Nurses Association (the "NYSNA") representing 32 registered nurses in various County departments;

The Westchester County Police Officers Benevolent Association, Inc. (the "PBA") representing 260 police officers and sergeants in the Police Division, Public Safety Services;

The Westchester County Police Officers Benevolent Association, Superior Officers Unit (the "SPBA") representing 26 Captains and Lieutenants in the Police Division, Public Safety Services;

The District Attorney Investigators PBA of Westchester County (the "DA Investigators") representing 32 Criminal Investigators in the District Attorney's Office;

The Civil Service Employees Association (the "CSEA") representing 2,901 employees; and

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

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

The Teamsters settled their contract in 2012. The new agreement covers from January, 2009 through December, 2015 effective June 4, 2012. The COBA settled their contract in 2012. The new agreement covers January 1, 2009 through December 31, 2015 effective July 9, 2012. The SOA settled their contract in 2012. The new agreement covers January 1, 2009 through December 31, 2015 effective October 29, 2012. The NYSNA settled their contract in 2013. The new agreement covers January 1, 2012 through December 31, 2015 effective May 6, 2013. The PBA settled their contract in 2013. The new agreement covers January 1, 2009 through December 31, 2014 effective August 12, 2013. The SPBA settled their contract in 2013. The new agreement covers January 1, 2009 through December 31, 2014, effective November 25, 2013. The DA investigators settled their contract in 2013. The new agreement covers January 1, 2009 through December 31, 2015, effective November 25, 2013. The CSEA had a six-year agreement which expired on December 31, 2011. The parties have completed fact-finding but remain at an impasse in their negotiations. Thus all of the County's labor contracts are currently expired and will be in negotiations this year with the exception of HOUR which is still in negotiations for its first contract.

## **Pension Systems**

### *Defined Benefit Plan*

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

**Funding Policy** - The Systems are non-contributory with respect to those employees in tier 1 and tier 2. Those employees in tier 3 and tier 4 having less than ten years of service, must contribute 3% of their salary. Those employees in tier 5 contribute 3% of their salary without regard to their years of service. Tier 6 members are

required to contribute from 3% to 6% of their salaries based on a sliding scale toward pension costs as long as they accumulate additional pension credits. Contributions are certified by the State Comptroller and expressed as a plan. Contribution rates for the plan year ended March 31, 2016 are as follows:

**TABLE 23**

	<u>Tier</u>	<u>Rates</u>
ERS	1	25.2%
	2	23.1% - 27.0%
	3	18.8% - 18.9%
	4	18.8% - 28.1%
	5	15.5% - 25.3%
	6	10.5% - 13.6%
PFRS	1	29.9%
	2	24.7%
	3	24.4%
	5	20.1%
	6	14.3%

The County's expense in connection with the Systems is funded on an actuarial basis provided by the State and the billing is on a fiscal year basis of April 1 to March 31. The County's cost for the last five years is scheduled in Table 22:

**TABLE 24**

Payments to Employees' Retirement System

	<u>Years Ended December 31</u>				
	<u>2015<sup>(a)</sup></u>	<u>2014<sup>(b)</sup></u>	<u>2013<sup>(c)</sup></u>	<u>2012<sup>(d)</sup></u>	<u>2011<sup>(e)</sup></u>
ERS	\$60,990,054	\$56,395,201	\$49,555,181	\$41,251,331	\$83,934,680
PFRS	<u>8,137,072</u>	<u>11,201,208</u>	<u>7,141,711</u>	<u>6,562,469</u>	<u>6,387,953</u>
Total Payment	<u>\$69,127,126</u>	<u>\$67,596,409</u>	<u>\$56,696,892</u>	<u>\$47,813,800</u>	<u>\$90,322,633</u>

<sup>(a)</sup> In 2015 the County elected to amortize a portion of the ERS and PFRS contributions (2016 Annual Invoice due February 1, 2016) of \$14,078,528 and \$109,163, respectively. Therefore, gross bills for ERS and PFRS were \$75,068,582 and \$8,246,235, respectively.

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

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

<sup>(d)</sup> In 2012 the County elected to amortize the maximum allowable ERS and PFRS contributions (2013 Annual invoice due Feb. 1, 2013) of \$23,491,541 and \$1,867,171 respectively. Therefore, gross bills for ERS and PFRS were \$64,742,872 and \$8,429,640, respectively.

<sup>(e)</sup> Includes \$21.0 million for Early Retirement Incentive in 2011.

*Defined Contribution Plan*

The New York State Voluntary Defined Contribution Program (VDC) is a defined contribution Retirement Plan and is an alternative option to the defined benefit plans described above. The VDC Program includes an employee and employer contribution. The employee contribution is required for the duration of employment. The employer contribution rate currently is 8% of gross salary. Retirement benefits will depend on the value of

individually owned retirement contracts purchased and issued by one or more of the authorized investment providers.

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

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

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

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

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

GASB 45 does not require that the unfunded liability actually be amortized nor that it be advance funded, only that the municipality account for its unfunded accrued liability and compliance in meeting its ARC. The County contracted with SG Risk to perform the OPEB study and actuarial calculation. The County's total actuarial accrued liability reported in the 2015 audited financial report was determined to be \$1.989 billion. The County's ARC was \$182.24 million for 2015.

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

### **LITIGATION**

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

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

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

*Certiorari Proceedings.* The various towns and cities within the County are defendants in numerous certiorari proceedings, the results of which generally require tax refunds on the part of the County. The dollar value of the actions currently pending is not available. General Fund refunds of \$12,513,113 and \$6,750,725 were expended in 2013 and 2014, respectively. For 2016, the County has budgeted \$11,000,000 for expected certiorari claims. Certiorari claims for 2015 were \$8,871,967.

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

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

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

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

### **Self Insurance**

The County, in 1986, pursuant to the authority granted under New York General Municipal Law ("GML") Section 6-n, is self-funding its casualty and liability exposures, including exposure for general, automobile, professional, and public officials, with certain exceptions where insurance coverage applies, as well as medical malpractice exposures deriving from the activities of the Westchester County Medical Center (the "6-n Fund"). The County's medical malpractice exposures from the Westchester County Medical Center were limited after 1998 when

the Westchester County Health Care Corporation took over those responsibilities. In 1989, pursuant to the authority granted under GML Section 6-j, the County began self-funding the administration and payment of its worker's compensation claims (the "6-j Fund"). (The 6-n Fund and the 6-j Fund are collectively referred to as "Self-Insurance Funds.")

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

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

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

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

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

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**PART II**

**Audited Financials of the County**

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## Independent Auditors' Report

The Honorable Board of Legislators  
of the County of Westchester, New York

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County of Westchester, New York ("County") as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

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

#### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

#### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General, Sewer and Refuse Disposal District funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Emphasis of Matter*

As more fully disclosed in Note 5, the only significant resource of the Westchester Tobacco Asset Securitization Corporation ("WTASC") is the right to receive tobacco revenues. A reduction in these revenues would affect debt service coverage on the bonds. If the reduction were material, it could impair the ability of the WTASC to make

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Turbo Redemption payments or even its ability to make planned structured principal payments as they are due. As a result, actual amortization may not conform to either the Turbo Redemption maturities or the planned structured principal payments.

We draw attention to Note 2,D and Note 3,H in the notes to financial statements which disclose the effect of the County's adoption of the provisions of Governmental Accounting Standards Board Statement Nos. 68 "*Accounting and Financial Reporting for Pensions*" and 71 "*Pension Transition for Contributions Made Subsequent to the Measurement Date*". Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

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

#### *Supplementary and Other Information*

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

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

The introductory, statistical and Continuing Disclosure Information - General Obligation Bonds sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2016 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*

PKF O'Connor Davies, LLP

Harrison, New York

June 24, 2016

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The County's management team offers the readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1- 6 of this report.

For the year ended December 31, 2015, the County implemented GASB Statement No.68, "Accounting and Financial Reporting for Pensions" (GASB 68) and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date" (GASB 71). In accordance with the provisions of these statements, the County recorded its proportionate share of the net pension liability (asset) of the New York State & Local Employees Retirement System and the New York State Police & Fire Retirement System.

### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the County's Governmental Activities exceeded its liabilities and deferred inflows of resources at the years ended December 31, 2015 and 2014 by \$739,565,369 and \$810,647,689, respectively, a decrease in total net position of \$71,082,320. The unrestricted net deficit portion at December 31, 2015 was \$1,027,810,925. The net unrestricted assets decreased from the year 2015 by \$100,567,156. The decrease was primarily due to the recording in accordance with GASB Statement No.45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" (GASB 45) an estimated post-retirement health insurance liability of \$96,271,897 for 2015 (this excludes the amount charged to the restricted Special Revenue Funds of \$5,828,103), the net increase in the New York Retirement Stabilization liability of \$11,490,316 (inclusive of a deferred charge decrease of \$5,841,949), the net decrease in other working capital and other non-debt long term liabilities of \$6,046,111, and the recording in accordance with GASB 68 and GASB 71 the long-term pension obligation of \$53,497,742 (exclusive of amount allocated to the restricted Special Revenue Funds of \$3,019,034) less the unrestricted net related pension deferred outflows and inflows of \$53,256,178 (exclusive of restricted Special Revenue Funds amount of \$2,538,313), partially offset by the decrease in available bond and ban proceeds of \$13,482,732. Future additions to the post-retirement health insurance liability will have a negative effect on the County's Governmental Activities net position.
- Sales Tax revenue decreased by \$2,680,120 to \$500,642,409 in 2015 from \$503,322,529 in 2014, Mortgage Tax revenue increased by \$3,445,536 to \$18,396,878 in 2014 from \$14,951,342 in 2014, and transfers of tobacco settlement revenues from Westchester Tobacco Asset Securitization Corporation (WTASC) for 2015 and 2014 were \$3,641,209 and \$1,793,975, respectively, an increase of \$1,847,234.
- For 2015 the County's governmental funds reported combined ending fund balances of \$301,750,209, an increase of \$15,505,334 in comparison with the 2014 balance of \$286,244,875. The Governmental funds increase is composed of increases in the Capital Projects Fund of \$26,014,367 and Grants Fund of \$7,475,273, partially offset by the decreases in General Fund of \$4,922,129, the Combined Sewer Districts Fund of \$8,567,537, the Refuse Disposal Districts Fund of \$3,763,787 and the Other Governmental Funds of \$730,853.
- The General Fund's unrestricted fund balance (as defined by the NYS Office of the State Comptroller as the "total of committed, assigned, and unassigned fund balance classifications" as set forth by GASB #54) was \$139,255,727 or 7.8% of the total General Fund expenditures for 2015 and \$144,300,443 or 8.2% of the total General Fund expenditures for 2014.

- The County maintains an AAA credit bond rating from Standard and Poor's Corporation and Fitch Ratings and an Aa1 credit bond rating from Moody's Investors Service.
- The County's total long-term bond debt increased \$5,111,021 (.5%) during 2015. The major factor contributing to this increase was the issuance of \$103,975,000 long term debt, partially offset by debt payments of \$98,863,979. Included in the \$103,975,000 of new long term debt is the refinancing of \$40 million of Bond Anticipation Notes from December 2014 which matured in 2015.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

The additional statements and schedules can be found immediately following the notes to the financial statements. These include the schedules of budget to actual comparisons, the combining financial statements for the non-major governmental funds and proprietary funds, and the statistical tables.

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

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

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

The *statement of activities* presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The governmental activities of the County include General Government, Education, Public Safety, Health Services, Transportation, Economic Assistance, Culture and Recreation, Home and Community Services and Interest.

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

The discretely presented component units are comprised of the following:

- 1) Westchester County Community College
- 2) County of Westchester Public Utility Service Agency
- 3) County of Westchester Industrial Development Agency
- 4) Westchester County Local Development Agency

The Combining Statement of Net Position for these component units is reported separately from the financial information presented for the primary government itself, on page 46.

The government-wide financial statements can be found on pages 30-33 of this report.

## **Fund Financial Statements**

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

### **Governmental Funds**

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

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

The County maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Sewer Districts, Refuse Disposal District, Grants, and Capital Projects funds all of which are considered to be major funds. Data from the other two governmental funds (Airport and Combined Water Districts) are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 34-41 of this report.

### **Proprietary Funds**

The blended component unit and the internal service funds are the proprietary funds maintained by the County. Management reviews the need for Internal Service Funds which are used to accumulate and allocate costs internally among the County's various functions. In 2015, the County used internal service funds to account for the health benefits of its employees and retirees, to provide for claims made against the County by third parties and to provide workers' compensation coverage for the employees of the County. All three of the internal service funds (individual fund data for the internal service funds are provided in the form of combining statements shown in Exhibits N-1 through N-3) benefit governmental activities and have been included within governmental activities in the government-wide financial statements.

### **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs. The basis of accounting used for fiduciary funds is the same as that used for proprietary funds.

The fiduciary fund financial statement can be found on page 45 of this report.

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

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 49-96 of this report.

### **Other Information**

Additional statements and schedules can be found immediately following the notes to the financial statements. These include the schedules of budget to actual comparisons, combining statements for the non-major governmental funds and proprietary funds, and the statistical tables.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The government-wide financial statements are being provided for the thirteenth year using the full accrual basis of accounting and a comparative analysis in accordance with GASB Statement No. 34. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Primary Governmental Activities (County), assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$739,565,369 for 2015 and \$810,647,689 for 2014.

The County's investment in capital assets (e.g., land, buildings, construction-in-progress, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding is 224% of the County's net asset position at December 31, 2015. The County uses these capital assets to provide services to citizens. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to repay these liabilities.



**COUNTY OF WESTCHESTER  
NET POSITION**

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 746,261,287	\$ 725,141,585	\$ 41,254,212	\$ 27,765,044	\$ 787,515,499	\$ 752,906,629
Capital assets, net	2,926,715,900	2,886,898,217	—	—	2,926,715,900	2,886,898,217
<b>Total assets</b>	<b>3,672,977,187</b>	<b>3,612,039,802</b>	<b>41,254,212</b>	<b>27,765,044</b>	<b>3,714,231,399</b>	<b>3,639,804,846</b>
Deferred outflows of resources	71,088,682	8,849,008	28,001,214	28,953,096	99,089,896	37,802,104
Current liabilities	510,861,443	491,023,631	4,502,832	2,662,548	515,364,275	493,686,179
Long-term liabilities	2,457,009,156	2,287,729,761	186,296,193	188,032,254	2,643,305,349	2,475,762,015
<b>Total liabilities</b>	<b>2,967,870,599</b>	<b>2,778,753,392</b>	<b>190,799,025</b>	<b>190,694,802</b>	<b>3,158,669,624</b>	<b>2,969,448,194</b>
Deferred inflows of resources	36,629,901	31,487,729	—	—	36,629,901	31,487,729
Net position:						
Net investment in capital assets	1,658,285,180	1,613,492,531	—	—	1,658,285,180	1,613,492,531
Restricted	109,091,114	124,398,927	—	—	109,091,114	124,398,927
Unrestricted	(1,027,810,925)	(927,243,769)	(121,543,599)	(133,976,662)	(1,149,354,524)	(1,061,220,431)
<b>Total net position</b>	<b>\$ 739,565,369</b>	<b>\$ 810,647,689</b>	<b>\$ (121,543,599)</b>	<b>\$ (133,976,662)</b>	<b>\$ 618,021,770</b>	<b>\$ 676,671,027</b>

A portion of the County's 2015 net position of \$109,091,114 (14.8%) represents resources that are subject to external restrictions on how they may be used. The 2015 unrestricted deficit is \$1,027,810,925.

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

The business-type activity reflected a deficit balance of \$121,543,599, a reduction of \$12,433,063 from the 2014 deficit balance of \$133,976,662.

## Governmental Activities

Governmental activities decreased the County's total net position for 2015 by \$71,082,320. This is after the cumulative effect of a change in accounting principle of \$28,635,045 due to the adoption of GASB Statements No.68 and No.71 in 2015. A comparative analysis of the changes in net position follows:

### COUNTY OF WESTCHESTER CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 232,197,839	\$ 224,928,162	\$ —	\$ —	\$ 232,197,839	\$ 224,928,162
Operating Grants & Contributions	541,546,592	545,082,413	—	—	541,546,592	545,082,413
Capital Grants & Contributions	22,719,429	61,058,436	—	—	22,719,429	61,058,436
Total Program Revenues	796,463,860	831,069,011	—	—	796,463,860	831,069,011
General Revenues						
Taxes on Real Property	694,597,306	694,609,543	—	—	694,597,306	694,609,543
Sales Tax	500,642,409	503,322,529	—	—	500,642,409	503,322,529
Mortgage Tax	18,396,878	14,951,342	—	—	18,396,878	14,951,342
Earnings on Investments	11,298,055	10,778,863	579,283	579,508	11,877,338	11,358,371
Tobacco Revenue	—	—	26,415,321	13,077,885	26,415,321	13,077,885
Auto Use Tax	15,905,840	15,345,870	—	—	15,905,840	15,345,870
Hotel Tax	6,115,422	5,581,672	—	—	6,115,422	5,581,672
Miscellaneous	127,700,952	113,759,656	—	—	127,700,952	113,759,656
Total General Revenues	1,374,656,862	1,358,349,475	26,994,604	13,657,393	1,401,651,466	1,372,006,868
Total Revenues	2,171,120,722	2,189,418,486	26,994,604	13,657,393	2,198,115,326	2,203,075,879
<b>Expenses:</b>						
General Government	282,923,035	269,965,575	135,330	135,234	283,058,365	270,100,809
Education	170,212,825	170,899,799	—	—	170,212,825	170,899,799
Public Safety	429,199,853	460,748,654	—	—	429,199,853	460,748,654
Health Services	118,684,365	120,886,847	—	—	118,684,365	120,886,847
Transportation	219,412,656	217,958,463	—	—	219,412,656	217,958,463
Economic Assistance	694,617,403	707,778,948	—	—	694,617,403	707,778,948
Culture and Recreation	79,044,899	79,752,519	—	—	79,044,899	79,752,519
Home & Community Services	184,666,295	189,913,637	—	—	184,666,295	189,913,637
Interest	38,447,875	40,959,942	10,785,002	10,901,196	49,232,877	51,861,138
Total Expenses	2,217,209,206	2,258,864,384	10,920,332	11,036,430	2,228,129,538	2,269,900,814
Increase/(Decrease) in Net Position Before Transfers	(46,088,484)	(69,445,898)	16,074,272	2,620,963	(30,014,212)	(66,824,935)
Transfers	3,641,209	1,793,975	(3,641,209)	(1,793,975)	—	—
Increase/(Decrease) in Net Position	(42,447,275)	(67,651,923)	12,433,063	826,988	(30,014,212)	(66,824,935)
Net Position at Beginning of Year	810,647,689	878,299,612	(133,976,662)	(134,803,650)	676,671,027	743,495,962
Cumulative effect of change in accounting principle	(28,635,045)	—	—	—	(28,635,045)	—
Net Position at End of Year	\$ 739,565,369	\$ 810,647,689	\$ (121,543,599)	\$ (133,976,662)	\$ 618,021,770	\$ 676,671,027

## For the Year 2015—Governmental Activities

### Revenues:

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

*Program revenues* were \$34.6 million lower in 2015 than in 2014 due to increases or (decreases) in the following governmental activities:

- *General Government:* (\$.9) million decrease is due to decreases in operating grants and contributions of \$.4 million and capital grants and contributions of \$.7 million, partially offset by charges for services increase of \$.2 million.

	2015	2014	Increase/ (Decrease)
Charges for Services	\$ 36,716,580	\$ 36,454,317	\$ 262,263
Operating Grants and Contributions	4,147,199	4,582,918	(435,719)
Capital Grants and Contributions	2,653,143	3,354,892	(701,749)
Total	<u>\$ 43,516,922</u>	<u>\$ 44,392,127</u>	<u>\$ (875,205)</u>

- *Education:* \$1.9 million increase is due to increases of \$1.6 million in operating grants and contributions and capital grants and contribution and of \$.3 million.

	2015	2014	Increase/ (Decrease)
Operating Grants and Contributions	\$ 68,326,311	\$ 66,718,555	\$ 1,607,756
Capital Grants and Contributions	4,581,389	4,296,952	284,437
Total	<u>\$ 72,907,700</u>	<u>\$ 71,015,507</u>	<u>\$ 1,892,193</u>

- *Public Safety:* (\$1.4) million decrease is attributed to the operating grants and contributions decrease of (\$2.8) million, partially offset by increase in charges for services of \$1.4 million.

	2015	2014	Increase/ (Decrease)
Charges for Services	\$ 24,695,441	\$ 23,260,359	\$ 1,435,082
Operating Grants and Contributions	26,624,056	29,435,516	(2,811,460)
Total	<u>\$ 51,319,497</u>	<u>\$ 52,695,875</u>	<u>\$ (1,376,378)</u>

- *Health Services*: (\$2.1) million decrease is due to decreases of \$1.5 million in charges for services and \$.6 million in operating grants and contributions.

	2015	2014	Increase/ (Decrease)
Charges for Services	\$ 10,800,507	\$ 12,360,046	\$ (1,559,539)
Operating Grants and Contributions	65,994,236	66,574,529	(580,293)
Total	<u>\$ 76,794,743</u>	<u>\$ 78,934,575</u>	<u>\$ (2,139,832)</u>

- *Transportation*: (\$29.9) million decrease is due to decreases of (\$13.2) million in operating grants and contributions and (\$18.5) million in capital grants and contributions, partially offset by increases in transit service fees of \$1.7 million.

	2015	2014	Increase/ (Decrease)
Charges for Services	\$ 81,130,688	\$ 79,411,914	\$ 1,718,774
Operating Grants and Contributions	70,188,241	83,371,776	(13,183,535)
Capital Grants and Contributions	12,001,293	30,463,026	(18,461,733)
Total	<u>\$ 163,320,222</u>	<u>\$ 193,246,716</u>	<u>\$ (29,926,494)</u>

- *Economic Assistance*: (\$9.6) million decrease is attributed to decreases in charges for services of (\$.4) million and operating grants and contributions of (\$9.2) million.

	2015	2014	Increase/ (Decrease)
Charges for Services	\$ 3,532,042	\$ 3,900,111	\$ (368,069)
Operating Grants and Contributions	282,718,186	291,961,784	(9,243,598)
Total	<u>\$ 286,250,228</u>	<u>\$ 295,861,895</u>	<u>\$ (9,611,667)</u>

- *Cultural and Recreation*: \$17.7 million increase is due to increases of \$4.0 million in charges for services, operating grants and contributions of \$10.3 million and capital grants and contributions of \$3.4 million.

	2015	2014	Increase/ (Decrease)
Charges for Services	\$ 33,459,718	\$ 29,430,493	\$ 4,029,225
Operating Grants and Contributions	11,835,389	1,502,635	10,332,754
Capital Grants and Contributions	3,370,657	-	3,370,657
Total	<u>\$ 48,665,764</u>	<u>\$ 30,933,128</u>	<u>\$ 17,732,636</u>

- *Home and Community Services*: (\$10.3) million decrease is due to a decrease of (\$22.8) million in capital grants and contributions, partially offset by increases in charges for services of \$1.7 million and operating grants and contributions of \$10.8 million.

	2015	2014	Increase/ (Decrease)
Charges for Services	\$ 41,862,863	\$ 40,110,922	\$ 1,751,941
Operating Grants and Contributions	11,712,974	934,700	10,778,274
Capital Grants and Contributions	112,947	22,943,566	(22,830,619)
Total	\$ 53,688,784	\$ 63,989,188	\$ (10,300,404)

*General Revenues* are taxes and other items not identified as program revenues above. General revenues were \$16.3 million higher in 2015 than in 2014 due to increases or (decreases) as indicated in the following table:

	2015	2014	Increase/ (Decrease)
Taxes on Real Property	\$ 694,597,306	\$ 694,609,543	\$ (12,237)
Sales Tax	500,642,409	503,322,529	(2,680,120)
Mortgage Tax	18,396,878	14,951,342	3,445,536
Earnings on Investments	11,298,055	10,778,863	519,192
Auto Use Tax	15,905,840	15,345,870	559,970
Hotel Tax	6,115,422	5,581,672	533,750
Miscellaneous	127,700,952	113,759,656	13,941,296
Total	\$ 1,374,656,862	\$ 1,358,349,475	\$ 16,307,387

Sales tax (before distribution to municipalities) decreased \$2.7 million, which was a .5% decrease from the prior year. Included in General Government expense below is a decrease of \$.6 million in sales tax distribution to municipalities within the County. The net sales tax decrease after distribution to municipalities was \$2.1 million.

Mortgage tax increased \$3.4 million, which was a 23% increase over prior year.

Miscellaneous revenues increased by \$13.9 million, primarily due to increases in the Inter-Governmental Transfer of \$10.4 million, the reduction in excess program reserves of \$4.7 million, the transfer of the dissolved County of Westchester Utility Service Agency's fund balance of \$1.8 million, partially offset by the change of \$3.4 million for the value of investments held by the Internal Service Funds (decreases in fair value of \$1.6 million for 2015 versus an increase of \$1.8 million for 2014).

Expenses:

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

Expenses were \$41.7 million lower in 2015 than they were in 2014 due to increases or (decreases) as indicated in the table below:

	2015	2014	Increase/ (Decrease)
General Government	\$ 282,923,035	\$ 269,965,575	\$ 12,957,460
Education	170,212,825	170,899,799	(686,974)
Public Safety	429,199,853	460,748,654	(31,548,801)
Health Services	118,684,365	120,886,847	(2,202,482)
Transportation	219,412,656	217,958,463	1,454,193
Economic Assistance	694,617,403	707,778,948	(13,161,545)
Culture and Recreation	79,044,899	79,752,519	(707,620)
Home & Community Services	184,666,295	189,913,637	(5,247,342)
Interest	38,447,875	40,959,942	(2,512,067)
<b>Total</b>	<b>\$ 2,217,209,206</b>	<b>\$ 2,258,864,384</b>	<b>\$ (41,655,178)</b>

As stated in the Financial Highlights, the County recorded in accordance with GASB 45, an estimated post-retirement health insurance liability of \$102.1 million in 2015, down from the prior year's \$117.4 million largely due to employee health insurance contributions and modest headcount reductions. Both amounts are included in the Governmental Activities expenses in the Statement of Changes in Net Position above. Post-employment benefits are part of an exchange of current salaries and benefits for services rendered by employees. Prior to GASB 45 being implemented in 2007, the County's post-retirement health insurance was reported on a pay-as-you-go basis. GASB 45 requires the financial reports of governments to provide the annual Other Post-Employment Benefits (OPEB) cost on an accrual basis.

*General Government* expenses increased by \$13.0 million primarily due to increased net personal services costs and other employee fringe benefits of \$5.8 million, increased casualty and workers compensation insurance costs of \$3.9 million, an increase in certiorari expense of \$2.3 million, and an increase in other net expenses of \$1.6 million, partially offset by the decreased distribution of sales tax to municipalities of \$.6 million (see sales tax above).

*Education* expenses decreased \$.7 million primarily due to decreased equipment costs of \$2.7 million, and a decrease in depreciation expense of \$1.2 million, partially offset by an increase in children with special needs programs of \$2.7 million and additional support to community colleges within the County of \$.5 million.

*Public Safety* expenses decreased by \$31.5 million primarily due to decreases for personal service and other employee fringe benefit costs of \$26.1 million, indigent legal service costs and State Court infrastructure support of \$1.1 million and other contractual costs of \$4.1 million.

*Health Services* decreased by \$2.2 million primarily due to decrease in personal services and other fringe benefit costs of \$3.8 million, partially offset by other net expense increase of \$1.6 million.

*Transportation* increased by \$1.5 million due to increases in contractual costs of \$8.9 million, which was primarily for increased bus operating assistance, and personal services and other fringe benefit costs of \$.1 million, partially offset by decrease in materials, supplies and equipment costs of \$6.4 million, reduced depreciation expense of \$.9 million and a decrease in other net expense of \$.3 million.

*Economic Assistance* decreased by \$13.2 million due to decreases in other contract costs and aid programs of \$39.7 million and personal service and other employee fringe benefits costs of \$5.9 million, partially offset by increases in the disproportionate share of medical assistance for Westchester County Health Care Corporation of \$32.5 million

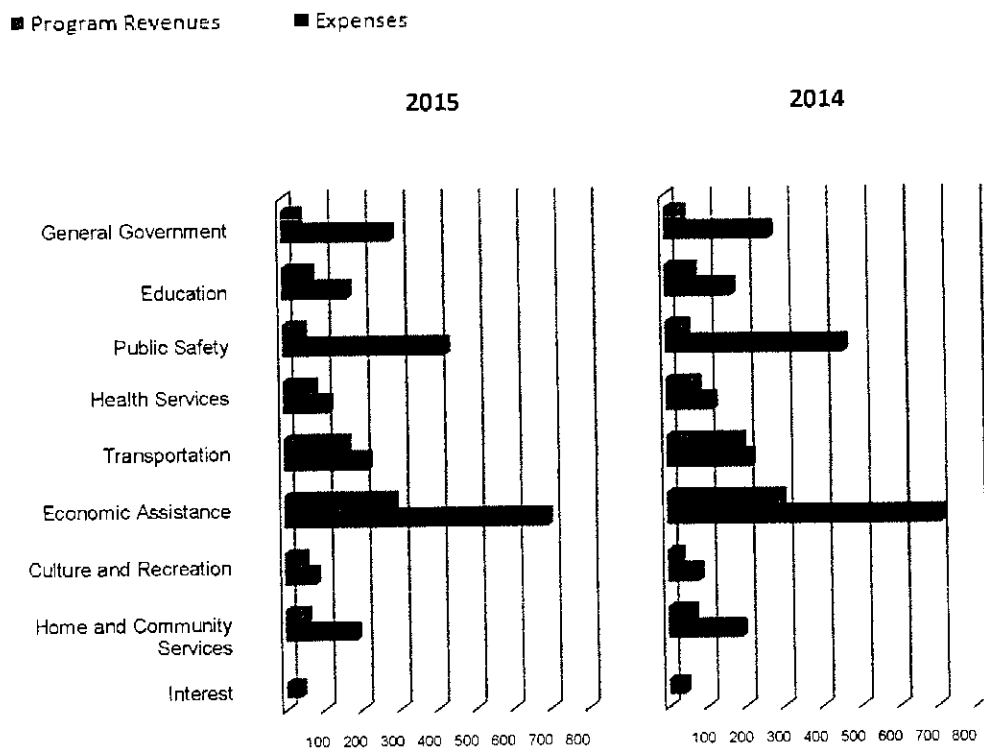
*Culture and Recreation* decreased by \$.7 million primarily due to the decrease in personal service and other employee fringe benefit costs of \$1.4 million, partially offset by increases in support of other cultural programs in Westchester County of \$.4 million and other expenses of \$.3 million.

*Home and Community Services* decreased by \$5.2 million due to the decreases in personal service and other employee fringe benefit costs of \$2.1 million and reduced equipment costs of \$5.7 million, partially offset by increases in other net expense of \$2.6 million.

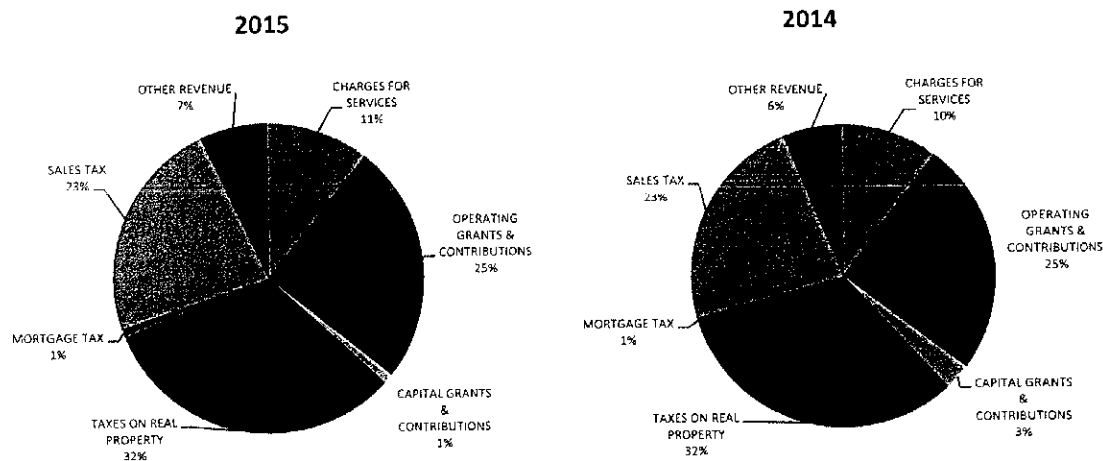
*Interest expense* decreased by \$2.5 million in 2015 due to lower effective interest rates, partially offset by higher levels of debt.

The following graphs and charts were derived from the current and prior year Governmental Activities.

Program Revenues and Expenses – Governmental Activities  
(in millions)



## Revenue by Source – Governmental Activities



### Financial Analysis of the Government's Funds

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

### Governmental Funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2015, the County's governmental funds reported a combined ending fund balance of \$301.7 million, an increase of \$15.5 million in comparison with \$286.2 million of the prior year. The *non-spendable* fund balance component is \$43.9 million primarily for collection of State receivables and prepaid retirement costs of \$25.4 million in the general fund and future projects in the airport fund of \$17.9 million. The *restricted* fund balance component of \$5.1 million is for unspent bond proceeds restricted for debt service in the capital projects fund. The *assigned* fund balance aggregates \$231.3 million and is composed of \$84.6 million in the general fund, \$62.8 million in the combined sewer districts fund, \$54.1 million in the refuse disposal district fund, \$16.8 million in the grants fund and \$13.0 million in the other governmental funds. The general fund *assigned* items are composed of \$8.2 million for encumbrances, \$3.0 million for subsequent year's expenditures, \$28.0 million for NYS retirement stabilization, \$41.0 million for future OPEB funding, and \$4.4 million for Medicaid. Since the unassigned classification is reported only in the general fund, the assigned items for the aforementioned other funds amounting to \$146.7 million are by definition "assigned" for the purposes of these funds. The remaining fund balance of \$21.4 million is *unassigned* and is composed of the \$54.7 million in the general fund that are available for any purpose, partially offset by the deficit in the capital projects fund of \$33.3 million.



The General Fund is the primary operating fund of the County. At the end of the 2015 and 2014 fiscal years, the total fund balance of the General Fund was \$164.7 million (composed of non-spendable \$25.5 million, assigned \$84.6 million and unassigned \$54.6 million) and \$169.7 million (composed of non-spendable \$24.4 million, restricted \$1.0 million, assigned \$87.7 million and unassigned \$56.6 million), respectively. The General Fund's change in 2015 fund balance, a decrease of \$4.9 million, was less than the 2014 change in fund balance, an increase of \$.1 million, by \$5.0 million. This decrease of \$5.0 million was primarily due to increases in employee benefit costs of \$11.8 million, transportation contract costs of \$7.3 million, services for children with disabilities of \$2.6 million, net debt service costs of \$1.0 million, other net operating costs of \$1.0 million, reduced net transfers in of \$.9 million and reduced other net revenue of \$3.5 million, partially offset by the increase in the Inter-governmental transfer of \$10.4 million, the reduction in excess program reserves of \$4.7 million, the transfer of the dissolved County of Westchester Utility Service Agency's fund balance of \$1.8 million, and bond revenue of \$6.2 million.

The Combined Sewer Districts Fund (a major fund) 2015 change in fund balance, a decrease of \$8.6 million, was less than the 2014 change in fund balance, a decrease of \$9.3 million, by \$.7 million. This \$.7 million increase was primarily due to increases in taxes on real property of \$.7 million, departmental income of \$.6 million, earnings on investments of \$.6 million, and decreases in other net operating expenses of \$.9 million, partially offset by reduced other revenue of \$.2 million, increased employee benefit costs of \$.7 million and decreased net transfers in of \$1.2 million.

The Refuse Disposal District Fund (a major fund) 2015 change in fund balance, a decrease of \$3.8 million, was more than the 2014 change in fund balance, a decrease of \$1.7 million, by \$2.1 million. This \$2.1 million decrease was primarily due to decreases in State aid of \$.8 million, departmental income of \$.6 million and other revenue of \$.1 million as well as increased operating expenses of \$.5 million.

The Grants Fund (a major fund) 2015 change in fund balance, an increase of \$7.5 million, was more than the 2014 change in fund balance, an increase of \$.1 million, by \$7.4 million. This \$7.4 million increase was primarily due to increases in Federal and State aid of \$4.6 million, departmental income of \$.8 million, other revenue of \$3.2 million and an increase in net transfers in of \$.3 million, partially offset by increased expenditures of \$1.5 million.

The Capital Projects Fund (a major fund) is used to account for capital project activity throughout the County. The Capital Projects Fund 2015 change in fund balance, an increase of \$26.0 million, was more than the 2014 change in fund balance, a decrease of \$15.3 million, by \$41.3 million. This \$41.3 million increase was primarily due to the decrease in capital outlay of \$52.2 million, increase in new debt of \$26.9 million, an increase in bond premium of \$14.3 million, an increase in net transfers in of \$1.8 million, bond issuance costs decrease of \$.4 million, partially offset by an increase in payment to refunded bond escrow agent of \$13.8 million, decreases in Federal and State aid \$38.3 million and other revenue of \$2.2 million.

Non major Governmental Funds consist of the Special Revenue Funds. The Special Revenue Funds are composed of the following individual funds: Airport Fund and Water Districts Fund. The 2015 change in fund balance, a decrease of \$.7 million was less than the 2014 change in fund balance, a decrease of \$2.3 million, by \$1.6 million. This \$1.6 million increase was primarily due to the decrease in the net transfers out of \$1.8 million and an increase in revenue of \$3.3 million, partially offset by increases in transportation contract costs of \$1.6 million, employee benefit costs of \$.5 million and other expenditures of \$1.4 million.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

When the fiscal 2015 budget was adopted, it anticipated the use of \$14.3 million of fund balance, primarily for the carry forward of 2014’s encumbrances and subsequent year’s expenditures. General Fund expenditures were \$1,776.1 million, which was \$55.5 million less than the final budget. The favorable variances are primarily the result of decreases for personal service costs of \$6.2 million, materials and supplies of \$4.7 million, contractual costs of approximately \$13.9 million, municipal sales tax distribution of \$4.9 million, and reduced Social Services “relief” programs of \$25.7 million.

The functions where spending was less than budget are General Government \$14.7 million, Public Safety \$7.2 million, Health Services \$1.0 million, Transportation \$.4 million, Economic Assistance \$28.0 million, Culture and Recreation \$.7 million, and Home and Community Services \$2.2 million. The General Fund final budget was increased over the original budget in the amount of \$78 million primarily due to the disproportionate share medical assistance for the WCHCC of \$78 million.

During the year, the general fund’s actual revenues were less than the final budget in the amount of \$48.4 million primarily due to decreases of \$29.3 million in Federal and State Aid for Social Services and Other, \$2.6 million in Departmental Income, \$27.5 million in Sales tax and \$2.5 million in service revenue to WCHCC, partially offset by an increase in \$2.4 million in Mortgage tax and Other-Miscellaneous Revenues of \$11.1 million. Other-Miscellaneous Revenues were more than final budget primarily due to the release of 2014 excess program reserves of \$8.0 million and \$3.1 million of other net revenues.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

***Capital Asset***

The County’s investment in capital assets for its governmental activities as of December 31, 2015, amounts to \$2,926,715,900 (net of accumulated depreciation) as compared to \$2,886,898,217 in 2014, an increase of \$39,817,683. This investment in capital assets includes land, buildings, equipment, infrastructure and construction-in-progress. The total increase in the County’s investment in capital assets for the current fiscal year was 1.4%.

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

	<b>Total Governmental Activities</b>	
	<b>2015</b>	<b>2014</b>
Land	\$ 311,140,932	\$ 310,531,924
Buildings	956,414,312	946,067,521
Equipment	492,471,086	482,944,302
Construction-in-Progress	847,997,051	761,728,766
Infrastructure	1,610,486,821	1,600,538,917
Total	4,218,510,202	4,101,811,430
Less Accumulated Depreciation	1,291,794,302	1,214,913,213
Net Capital Assets	<u>\$ 2,926,715,900</u>	<u>\$ 2,886,898,217</u>

Additional information on the County’s capital assets can be found in Note 3 on page 64 of this report.

Major capital asset expenditures during 2015 included the following:

- Building Improvements and additions increased by \$10.3 million primarily for the Westchester Community College facilities in the amount of \$10.1 million.
- Equipment additions of \$9.5 million is largely due to \$4.5 million in airport deicing system upgrades, \$2.2 million in transportation heavy equipment purchases, \$.8 million for Westchester Community College, \$.7 million in information technology network upgrades and \$1.3 million of various general equipment purchases.
- Construction-in-Progress increased by a net \$86.3 million largely due to \$11.6 million being associated with meeting mandatory nitrogen discharge standards set by the New York State Department of Environmental Conservation, \$7.6 million for the Crane Road Bridge project on the Bronx River Parkway, \$7.5 million in construction of affordable housing throughout Westchester County, \$5.8 million for airport inline baggage screening and terminal system upgrade, and \$4.6 million for the armory and public safety academy.
- Improvements to the County's roads and bridges as well as sewage and waste water treatment facilities were major portions of the \$9.9 million Infrastructure increase.

***Long-Term Debt***

At the end of 2015, the County had a total bonded long-term debt outstanding of \$1,103,557,005 and a capital lease liability of \$76,952,563.

General Obligation Bonds and Notes	
Total Governmental Activities	
2015	2014
\$ 1,103,557,005	\$ 1,098,445,984

The County's total long-term bond debt increased \$5,111,021 (.5%) during 2015. The major factor contributing to this increase was the issuance of \$103,975,000 long term debt, partially offset by debt payments of \$98,863,979. Included in the \$103,975,000 of new long term debt is the refinancing of \$40 million of Bond Anticipation Notes from December 2014 which matured in 2015.

State statutes limit the amount of general obligation debt a County may issue to 7% of its five year average full valuation. For 2015 the five year average full valuation is \$155,151,988,239. The current debt limitation for the County is therefore \$10,860,639,177, which is significantly in excess of the County's outstanding debt. The percentage of debt contracting power exhausted as of December 31, 2015 is 5.46%.

Additional information on the County's long-term debt can be found in Note 3 beginning on page 76 of the report.

## **BUSINESS TYPE ACTIVITY**

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

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

The County determined as a result of a GASB bulletin (as indicated in the following paragraph) that it must include the WTASC in its financial statements starting with 2004. WTASC's accounting principles are consistent with those applicable to proprietary funds; consequently, the activities of WTASC are reflected as a business type blended component unit. The County has no obligation for the debt of WTASC.

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

Additional information on the WTASC debt can be found in Note 3 on pages 62 and 78 of the report.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the County of Westchester's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Commissioner of Finance, County of Westchester, 148 Martine Avenue, Room 720, White Plains, New York 10601.

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Westchester County  
Statement of Net Position  
December 31, 2015

	Primary Government		Total	Component Units
	Governmental Activities	Business Type Activities		
<b>ASSETS</b>				
<b>Current assets</b>				
Cash	\$ 187,365,093	\$ 120,679	\$ 187,485,772	\$ 119,570,016
Investments	144,895,646	—	144,895,646	—
Accounts Receivable, Net	184,849,446	26,537,699	211,387,145	4,059,082
Due From Federal and State Governments	209,151,575	—	209,151,575	—
Inventory	50,000	—	50,000	—
Prepaid Expenses	16,059,527	—	16,059,527	—
Other Assets	3,890,000	—	3,890,000	5,327
<b>Total current assets</b>	<b>746,261,287</b>	<b>26,658,378</b>	<b>772,919,665</b>	<b>123,634,425</b>
<b>Non current assets</b>				
Assets Limited as to Use	—	14,595,834	14,595,834	—
Net Pension Asset	—	—	—	6,211,353
Land	311,140,932	—	311,140,932	1,100,000
Buildings	956,414,312	—	956,414,312	—
Equipment	492,471,086	—	492,471,086	23,444,721
Construction in Progress	847,997,051	—	847,997,051	—
Infrastructure	1,610,486,821	—	1,610,486,821	—
Accumulated Depreciation	(1,291,794,302)	—	(1,291,794,302)	(21,822,619)
Other Assets	—	—	—	1,512,203
<b>Total non current assets</b>	<b>2,926,715,900</b>	<b>14,595,834</b>	<b>2,941,311,734</b>	<b>10,445,658</b>
<b>Total assets</b>	<b>3,672,977,187</b>	<b>41,254,212</b>	<b>3,714,231,399</b>	<b>134,080,083</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charges on refunding bonds	7,569,802	28,001,214	35,571,016	—
Deferred amounts on pension obligations	63,518,880	—	63,518,880	3,995,850
<b>Total deferred outflows of resources</b>	<b>71,088,682</b>	<b>28,001,214</b>	<b>99,089,896</b>	<b>3,995,850</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts Payable and Accrued Liabilities	292,604,442	4,502,832	297,107,274	100,969,406
Accrued Interest Payable	11,765,010	—	11,765,010	—
Due to Other Governments	—	—	—	427,096
Bond Anticipation Notes Payable	73,036,800	—	73,036,800	—
Deposits in Escrow	418,677	—	418,677	—

	Governmental Activities	Business Type Activities	Total	Component Units
<b>LIABILITIES (Continued)</b>				
<b>Current liabilities (continued):</b>				
Due Within One Year:				
Compensated Absences	2,300,000	—	2,300,000	896,000
Landfill Post Closing Costs	1,072,131	—	1,072,131	—
Capital Lease Payable	10,485,000	—	10,485,000	—
Pension Obligations	10,027,794	—	10,027,794	—
Bonds Payable	100,716,986	—	100,716,986	—
Judgments and Claims	8,360,000	—	8,360,000	—
Pollution Remediation	74,603	—	74,603	—
<b>Total current liabilities</b>	<b>510,861,443</b>	<b>4,502,832</b>	<b>515,364,275</b>	<b>102,292,502</b>
<b>Non Current liabilities:</b>				
Due in More Than One Year:				
Compensated Absences	43,900,165	—	43,900,165	8,060,132
Landfill Post Closing Costs	29,747,913	—	29,747,913	—
Capital Lease Payable	66,467,563	—	66,467,563	—
Pension Obligations	83,482,630	—	83,482,630	—
Bonds Payable	1,054,417,301	186,296,193	1,240,713,494	—
Net Pension Liability	56,516,776	—	56,516,776	—
Judgments and Claims	96,096,957	—	96,096,957	—
Pollution Remediation	519,851	—	519,851	—
Estimated Post Retirement Health Insurance Liability	1,025,860,000	—	1,025,860,000	62,925,248
Other-custodial funds	—	—	—	1,512,203
<b>Total non current liabilities</b>	<b>2,457,009,156</b>	<b>186,296,193</b>	<b>2,643,305,349</b>	<b>72,497,583</b>
<b>Total liabilities</b>	<b>2,967,870,599</b>	<b>190,799,025</b>	<b>3,158,669,624</b>	<b>174,790,085</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred amounts from service concession arrangement	28,905,512	—	28,905,512	—
Deferred amounts on pension obligations	7,724,389	—	7,724,389	5,442,406
<b>Total deferred inflows of resources</b>	<b>36,629,901</b>	<b>—</b>	<b>36,629,901</b>	<b>5,442,406</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	1,658,285,180	—	1,658,285,180	2,722,102
<b>Restricted For:</b>				
Special Revenue Funds:				
Water Districts	9,156,709	—	9,156,709	—
Refuse Disposal District	18,061,605	—	18,061,605	—
Airport	33,382,324	—	33,382,324	—
Grants	16,783,340	—	16,783,340	—
Casualty Claims	26,593,765	—	26,593,765	—
Debt Service	5,113,371	—	5,113,371	—
Component Unit - Westchester Community College	—	—	—	267,039
<b>Unrestricted</b>	<b>(1,027,810,925)</b>	<b>(121,543,599)</b>	<b>(1,149,354,524)</b>	<b>(45,145,699)</b>
<b>Total net position</b>	<b>\$ 739,585,389</b>	<b>\$ (121,543,599)</b>	<b>\$ 618,021,770</b>	<b>\$ (42,156,558)</b>

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

**Westchester County**  
**Statement of Activities**  
**Year Ended December 31, 2015**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General Government	\$ 282,923,035	\$ 36,716,580	\$ 4,147,199	\$ 2,653,143
Education	170,212,825	—	68,326,311	4,581,389
Public Safety	429,199,853	24,695,441	26,624,056	—
Health Services	118,684,365	10,800,507	65,994,236	—
Transportation	219,412,656	81,130,688	70,188,241	12,001,293
Economic Assistance	694,617,403	3,532,042	282,718,186	—
Culture and Recreation	79,044,899	33,459,718	11,835,389	3,370,657
Home and Community Services	184,666,295	41,862,863	11,712,974	112,947
Interest	38,447,875	—	—	—
	<u>2,217,209,206</u>	<u>232,197,839</u>	<u>541,546,592</u>	<u>22,719,429</u>
Business type activities:				
Tobacco Securitization	10,920,332	—	—	—
Total primary government	<u>\$ 2,228,129,538</u>	<u>\$ 232,197,839</u>	<u>\$ 541,546,592</u>	<u>\$ 22,719,429</u>
<b>Component units:</b>				
Local Development Corporation	\$ 175,055	70,728	—	—
Westchester Community College	148,266,089	35,857,800	106,792,069	—
Public Utility Service Agency	—	—	—	—
Industrial Development Agency	1,074,296	775,254	—	—
Total component units	<u>\$ 149,515,440</u>	<u>\$ 36,703,782</u>	<u>\$ 106,792,069</u>	<u>\$ —</u>

General revenues:

- Taxes on Real Property
- Sales Tax
- Mortgage Tax
- Auto Use Tax
- Hotel Tax
- Harness Racing Admissions Tax
- Earnings on Investment
- Tobacco Revenues
- Miscellaneous
- Service Concession Arrangement
- Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

Cumulative Effect of Change in accounting principle

Net position - beginning, as restated

Net position - ending

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



Exhibit 2

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business Type Activities	Total	Component Units
\$ (239,406,113)	\$ —	\$ (239,406,113)	\$ —
(97,305,125)	—	(97,305,125)	—
(377,880,356)	—	(377,880,356)	—
(41,889,622)	—	(41,889,622)	—
(56,092,434)	—	(56,092,434)	—
(408,367,175)	—	(408,367,175)	—
(30,379,135)	—	(30,379,135)	—
(130,977,511)	—	(130,977,511)	—
(38,447,875)	—	(38,447,875)	—
(1,420,745,346)	—	(1,420,745,346)	—
—	(10,920,332)	(10,920,332)	—
(1,420,745,346)	(10,920,332)	(1,431,665,678)	—
—	—	—	(104,327)
—	—	—	(5,616,220)
—	—	—	—
—	—	—	(299,042)
—	—	—	(6,019,589)
694,597,306	—	694,597,306	—
500,642,409	—	500,642,409	—
18,396,878	—	18,396,878	—
15,905,840	—	15,905,840	—
6,115,422	—	6,115,422	—
4,824	—	4,824	—
11,298,055	579,283	11,877,338	176,960
—	26,415,321	26,415,321	—
126,160,539	—	126,160,539	10,000
1,535,589	—	1,535,589	—
3,641,209	(3,641,209)	—	(1,826,959)
1,378,298,071	23,353,395	1,401,651,466	(1,639,999)
(42,447,275)	12,433,063	(30,014,212)	(7,659,588)
810,647,689	(133,976,662)	676,671,027	(35,577,485)
(28,635,045)	—	(28,635,045)	1,080,515
782,012,644	(133,976,662)	648,035,982	(34,496,970)
\$ 739,565,369	\$ (121,543,599)	\$ 618,021,770	\$ (42,156,558)

Westchester County  
Balance Sheet  
Governmental Funds  
December 31, 2015

Exhibit A-1

	General Fund	Combined Sewer Districts Fund	Refuse Disposal District Fund	Grants Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash	\$ 57,202,469	\$ 28,000,400	\$ 12,000,000	\$ 1,819,056	\$ 20,424,240	\$ 44,001,717	\$ 163,447,882
Investments	—	—	—	—	103,806,897	—	103,806,897
Accounts Receivable, Net	143,412,249	1,349,430	4,404,706	3,766,145	—	14,342,132	167,274,662
Due from Federal and State Governments	176,004,919	—	—	25,124,992	8,021,664	—	209,151,575
Inventory	50,000	—	—	—	—	—	50,000
Due from Other Funds	74,021,950	36,671,151	42,893,786	31,819,647	—	224,426	185,630,960
Prepaid Expenditures	15,437,413	578,775	—	—	—	—	16,016,188
Other Assets	—	—	—	—	3,890,000	—	3,890,000
<b>Total assets</b>	<u>\$ 466,129,000</u>	<u>\$ 66,599,756</u>	<u>\$ 59,298,492</u>	<u>\$ 62,529,840</u>	<u>\$ 136,142,801</u>	<u>\$ 58,568,275</u>	<u>\$ 849,268,164</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>							
Liabilities:							
Accounts Payable and Accrued Liabilities	\$ 172,356,165	\$ 3,194,998	\$ 5,180,222	\$ 45,746,500	\$ 21,692,506	\$ 5,456,015	\$ 253,626,406
Bond Anticipation Notes Payable	—	—	—	—	73,036,800	—	73,036,800
Due to Other Funds	128,611,018	—	—	—	69,567,514	—	198,178,532
Unearned Revenue	—	—	—	—	—	22,257,540	22,257,540
Deposits in Escrow	418,677	—	—	—	—	—	418,677
<b>Total liabilities</b>	<u>301,385,860</u>	<u>3,194,998</u>	<u>5,180,222</u>	<u>45,746,500</u>	<u>164,296,820</u>	<u>27,713,555</u>	<u>547,517,955</u>
Fund Balances (Deficits):							
Non-spendable	25,487,413	578,775	—	—	—	17,900,048	43,966,236
Restricted	—	—	—	—	5,113,371	—	5,113,371
Assigned	84,590,558	62,825,983	54,118,270	16,783,340	—	12,954,672	231,272,823
Unassigned	54,665,169	—	—	—	(33,267,390)	—	21,397,779
<b>Total fund balances (deficits)</b>	<u>164,743,140</u>	<u>63,404,758</u>	<u>54,118,270</u>	<u>16,783,340</u>	<u>(28,154,019)</u>	<u>30,854,720</u>	<u>301,750,209</u>
<b>Total liabilities and fund balances (deficits)</b>	<u>\$ 466,129,000</u>	<u>\$ 66,599,756</u>	<u>\$ 59,298,492</u>	<u>\$ 62,529,840</u>	<u>\$ 136,142,801</u>	<u>\$ 58,568,275</u>	<u>\$ 849,268,164</u>

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

**WESTCHESTER COUNTY  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2015**

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

Fund balances of governmental funds		\$ 301,750,209
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		2,926,715,900
Other long-term assets that are not available to pay for current period expenditures and, therefore, are either unearned or not reported in the funds.		
Receivables related to service concession arrangement	11,587,908	
Receivables related to parking garage settlement	1,072,917	
Receivables related to remediation settlement	594,454	13,255,279
Deferred Outflows of Resources are an consumption of net position that applies to a future period and so will not be recognized as an expenditure in the funds-		
Deferred amounts on net pension assets (liabilities)		63,518,880
Long term liabilities that are not due and payable in the current period and therefore are not reported in the funds:		
Bonds Payable	(1,103,557,005)	
Pension Obligation	(93,510,424)	
Capital Leases Payable	(76,952,563)	(1,274,019,992)
Governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:		
Bond Premium	(51,577,282)	
Loss on Refunding	7,569,802	(44,007,480)
Other liabilities that are not due and payable in the current period and, therefore, are not reported in the funds:		
Accrued Interest Payable	(11,765,010)	
Compensated Absences Payable	(46,200,165)	
Certiorari Claims Payable	(1,067,763)	
Landfill Post Closing Costs	(30,820,044)	
Net Pension Liability	(56,516,776)	
Judgments and Claims	(31,445,000)	
Pollution Remediation	(594,454)	
Estimated Post Retirement Health Insurance Liability	(1,025,860,000)	(1,204,269,212)
Deferred Inflows of Resources are an acquisition of net position that applies to a future period and so will not be recognized as revenue in the funds-		
Deferred amounts from service concession arrangement	(28,905,512)	
Deferred amounts on net pension assets (liabilities)	(7,724,389)	(36,629,901)
Internal Service funds are used by management to charge the costs of health benefits, workers' compensation claims and general liability claims to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statements of net assets.		(6,748,314)
Net Assets of Governmental Activities		\$ 739,565,369

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

**Westchester County**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended December 31, 2015**

	General Fund	Combined Sewer Districts Fund	Refuse Disposal Fund	Grants Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>							
Taxes on Real Property	\$ 548,423,468	\$ 98,801,597	\$ 45,035,977	\$ —	\$ —	\$ 2,336,264	\$ 694,597,306
Sales Tax	500,642,409	—	—	—	—	—	500,642,409
Federal Aid	184,954,955	—	—	68,588,775	14,805,277	—	268,349,007
State Aid	233,568,166	—	98,577	45,175,418	7,914,152	—	286,756,313
Departmental Income	144,653,909	4,438,334	17,363,905	11,383,963	—	61,863,064	239,703,175
Earnings on Investments	2,391	8,576,633	398,467	—	13,750	71,939	9,063,180
Auto Use Tax	15,905,840	—	—	—	—	—	15,905,840
Harness Racing Admissions Tax	4,824	—	—	—	—	—	4,824
Hotel Tax	6,115,422	—	—	—	—	—	6,115,422
Mortgage Tax	18,396,878	—	—	—	—	—	18,396,878
Miscellaneous Revenues	111,542,040	710,899	71,499	10,832,290	161,745	1,022,624	124,341,097
<b>Total revenues</b>	<b>1,764,210,302</b>	<b>112,527,463</b>	<b>62,968,425</b>	<b>135,980,446</b>	<b>22,894,924</b>	<b>65,293,891</b>	<b>2,163,875,451</b>
<b>EXPENDITURES</b>							
<b>Current:</b>							
General Government	198,620,668	1,776,164	4,450,249	4,871,831	—	—	209,718,912
Education	159,050,745	—	—	—	—	—	159,050,745
Public Safety	262,828,271	—	—	17,088,383	—	—	279,916,654
Health Services	37,845,267	—	—	57,832,908	—	—	95,678,175
Transportation	159,311,092	—	—	2,450,659	—	37,204,766	198,966,517
Economic Assistance	596,375,749	—	—	38,454,046	—	—	634,829,795
Culture and Recreation	48,099,919	—	—	2,475,529	—	—	50,575,448
Home and Community Services	4,361,126	59,348,957	57,658,416	8,841,238	—	20,130,679	150,340,416
Employee Benefits	223,090,360	14,400,455	1,222,037	—	—	3,652,344	242,365,196
<b>Debt Service:</b>							
Principal	66,019,264	26,196,907	1,829,453	—	—	1,171,348	95,216,972
Interest	19,811,146	19,073,974	591,257	—	—	521,194	39,997,571
Other charges	—	—	—	—	473,676	—	473,676
Capital Outlay	—	739,065	—	—	110,768,014	2,382,413	113,889,492
Cost of New Issues	702,850	—	—	—	—	—	702,850
<b>Total expenditures</b>	<b>1,776,116,457</b>	<b>121,535,522</b>	<b>65,751,412</b>	<b>132,014,594</b>	<b>111,241,690</b>	<b>65,062,744</b>	<b>2,271,722,419</b>
<b>Excess (Deficiency) of revenues over expenditures</b>	<b>(11,906,155)</b>	<b>(9,008,059)</b>	<b>(2,782,987)</b>	<b>3,965,852</b>	<b>(88,346,766)</b>	<b>231,147</b>	<b>(107,846,968)</b>

	General Fund	Combined Sewer Districts Fund	Refuse Disposal Fund	Grants Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>OTHER FINANCING SOURCES (USES)</b>							
Bonds Issued	5,134,543	—	—	—	98,840,457	—	103,975,000
Refunding Bonds Issued	—	—	—	—	23,295,000	—	23,295,000
Bond Premium	965,457	—	—	—	14,287,481	—	15,252,938
Tax Anticipation Note Premium	116,400	—	—	—	—	—	116,400
Transfers In	4,384,739	473,022	19,200	3,509,421	2,033,727	—	10,420,109
Transfers Out	(3,617,113)	(32,500)	(1,000,000)	—	(1,167,287)	(962,000)	(6,778,900)
Payment to Refunded Bond Escrow Agent	—	—	—	—	(22,928,245)	—	(22,928,245)
Total other financing sources (uses)	<u>6,984,026</u>	<u>440,522</u>	<u>(980,800)</u>	<u>3,509,421</u>	<u>114,361,133</u>	<u>(962,000)</u>	<u>123,352,302</u>
Net change in fund balances	(4,922,129)	(8,567,537)	(3,763,787)	7,475,273	26,014,367	(730,853)	15,505,334
Fund Balances (Deficits) - Beginning of year	<u>169,665,269</u>	<u>71,972,295</u>	<u>57,882,057</u>	<u>9,308,067</u>	<u>(54,168,386)</u>	<u>31,585,573</u>	<u>286,244,875</u>
Fund Balances (Deficits) - End of year	<u>\$ 164,743,140</u>	<u>\$ 63,404,758</u>	<u>\$ 54,118,270</u>	<u>\$ 16,783,340</u>	<u>\$ (28,154,019)</u>	<u>\$ 30,854,720</u>	<u>\$ 301,750,209</u>

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

**WESTCHESTER COUNTY  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2015**

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

Net changes in fund balances—total governmental funds		\$ 15,505,334
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Capital Outlay Expenditures	116,698,772	
Depreciation Expense	<u>(76,881,089)</u>	39,817,683
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Service Concession Arrangement	1,535,589	
Parking Garage Settlement	<u>(125,000)</u>	1,410,589
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Deferred Charge related to Pension Obligation	(6,492,113)	
Bonds Issued	(103,975,000)	
Bond Premium	(15,252,938)	
Principal Paid on Bonds	95,216,972	
Pension Obligation	(14,196,690)	
Payment on Pension Obligation	8,481,690	
Amortization of loss on refunding and issuance premium	4,836,199	
Net Principal Paid on Capital Lease	<u>8,033,552</u>	(23,348,328)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Accrued Interest	3,765,631	
Compensated Absences	3,341,631	
Judgment and Claims	1,108,771	
Pension assets (obligations)	27,912,760	
Certiorari Claims	(20,222)	
Landfill Post Closure Costs	2,323,953	
Estimated Post Retirement Health Insurance	<u>(102,100,000)</u>	(63,667,476)
<p>Internal Service Funds are used by management to charge the cost of risk to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.</p>		
		<u>(12,165,077)</u>
Change in net assets of governmental activities.		<u>\$ (42,447,275)</u>

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

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**Westchester County**  
**General, Sewer and Refuse Disposal District Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Year Ended December 31, 2015**

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Taxes on Real Property	\$ 548,423,468	\$ 548,423,468	\$ 548,423,468	\$ —
Sales Tax	528,169,000	528,169,000	500,642,409	(27,526,591)
Federal Aid	199,632,380	199,632,380	184,954,955	(14,677,425)
State Aid	248,174,440	248,174,440	233,568,156	(14,606,274)
Departmental Income	147,274,735	147,274,735	144,653,909	(2,620,826)
Earnings on Investments	100,000	100,000	2,391	(97,609)
Auto Use Tax	15,682,000	15,682,000	15,905,840	223,840
Harness Racing Admissions Tax	6,000	6,000	4,824	(1,176)
Hotel Tax	5,700,000	5,700,000	6,115,422	415,422
Mortgage Tax	15,991,690	15,991,690	18,396,878	2,405,188
Services to WCHCC	10,047,168	10,047,168	7,579,470	(2,467,698)
Miscellaneous Revenues	15,420,063	93,414,190	103,962,570	10,548,380
<b>Total revenues</b>	<u>1,734,620,944</u>	<u>1,812,615,071</u>	<u>1,764,210,302</u>	<u>(48,404,769)</u>
<b>EXPENDITURES</b>				
Current:				
General Government	213,488,527	213,353,156	198,620,668	14,732,488
Education	157,820,263	159,107,166	159,050,745	56,421
Public Safety	269,329,068	270,064,851	262,828,271	7,236,580
Health Services	39,620,944	38,801,849	37,845,267	956,582
Transportation	158,757,226	159,708,909	159,311,092	397,817
Economic Assistance	546,412,417	624,384,472	596,375,749	28,008,723
Culture and Recreation	47,872,364	48,764,686	48,099,919	664,767
Home and Community Services	6,569,671	6,569,671	4,361,126	2,208,545
Employee Benefits	226,929,891	224,120,009	223,090,360	1,029,649
Capital Outlay	—	—	—	—
Debt Service:				
Principal	66,019,266	66,019,265	66,019,264	1
Interest	19,802,411	19,814,412	19,811,146	3,266
Cost of New Issues	919,349	907,349	702,850	204,499
<b>Total expenditures</b>	<u>1,753,541,396</u>	<u>1,831,615,795</u>	<u>1,776,116,457</u>	<u>55,499,338</u>
Deficiency of revenues over expenditures	<u>(18,920,452)</u>	<u>(19,000,724)</u>	<u>(11,906,155)</u>	<u>7,094,569</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bonds Issued	5,000,000	5,000,000	5,134,543	134,543
Bond Premium	—	—	965,457	965,457
Tax Anticipation Note Premium	—	—	116,400	116,400
Transfers In	3,330,000	3,330,000	4,384,739	1,054,739
Transfers Out	(3,697,385)	(3,617,113)	(3,617,113)	—
<b>Total other financing sources (uses)</b>	<u>4,632,615</u>	<u>4,712,887</u>	<u>6,984,026</u>	<u>2,271,139</u>
<b>Net change in fund balances</b>	<u>(14,287,837)</u>	<u>(14,287,837)</u>	<u>(4,922,129)</u>	<u>9,365,708</u>
Fund Balances -- Beginning of year	<u>14,287,837</u>	<u>14,287,837</u>	<u>169,665,269</u>	<u>155,377,432</u>
Fund Balances -- End of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 164,743,140</u>	<u>\$ 164,743,140</u>

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



Exhibit A-3

Sewer Fund				Refuse Disposal District Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
\$ 98,801,597	\$ 98,801,597	\$ 98,801,597	\$ —	\$ 45,035,977	\$ 45,035,977	\$ 45,035,977	\$ —
—	—	—	—	—	—	—	—
—	—	—	—	—	—	98,577	98,577
3,889,541	3,889,541	4,438,334	548,793	21,155,640	21,155,640	17,363,905	(3,791,735)
8,604,918	8,604,918	8,576,633	(28,285)	416,303	416,303	398,467	(17,836)
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
407,000	407,000	710,899	303,899	90,000	90,000	71,499	(18,501)
<u>111,703,056</u>	<u>111,703,056</u>	<u>112,527,463</u>	<u>824,407</u>	<u>66,697,920</u>	<u>66,697,920</u>	<u>62,968,425</u>	<u>(3,729,495)</u>
2,682,821	2,442,994	1,776,164	666,830	5,743,233	5,749,141	4,450,249	1,298,892
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
66,912,684	66,892,777	59,348,957	7,543,820	68,190,983	68,182,070	57,658,416	10,523,654
14,632,307	14,632,307	14,400,455	231,852	1,294,418	1,297,423	1,222,037	75,386
1,183,260	1,183,260	739,065	444,195	175,000	175,000	—	175,000
26,196,912	26,338,924	26,196,907	142,017	1,829,454	1,829,454	1,829,453	1
19,065,240	19,182,962	19,073,974	108,988	627,377	627,377	591,257	36,120
—	—	—	—	—	—	—	—
<u>130,673,224</u>	<u>130,673,224</u>	<u>121,535,522</u>	<u>9,137,702</u>	<u>77,860,465</u>	<u>77,860,465</u>	<u>65,751,412</u>	<u>12,109,053</u>
<u>(18,970,168)</u>	<u>(18,970,168)</u>	<u>(9,008,059)</u>	<u>9,962,109</u>	<u>(11,162,545)</u>	<u>(11,162,545)</u>	<u>(2,782,987)</u>	<u>8,379,558</u>
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
473,022	473,022	473,022	—	19,200	19,200	19,200	—
(32,500)	(32,500)	(32,500)	—	(1,000,000)	(1,000,000)	(1,000,000)	—
<u>440,522</u>	<u>440,522</u>	<u>440,522</u>	<u>—</u>	<u>(980,800)</u>	<u>(980,800)</u>	<u>(980,800)</u>	<u>—</u>
(18,529,646)	(18,529,646)	(8,567,537)	9,962,109	(12,143,345)	(12,143,345)	(3,763,787)	8,379,558
<u>18,529,646</u>	<u>18,529,646</u>	<u>71,972,295</u>	<u>53,442,649</u>	<u>12,143,345</u>	<u>12,143,345</u>	<u>57,882,057</u>	<u>45,738,712</u>
<u>\$ —</u>	<u>\$ —</u>	<u>\$ 63,404,758</u>	<u>\$ 63,404,758</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 54,118,270</u>	<u>\$ 54,118,270</u>

Exhibit B-1

Westchester County  
Statement of Net Position  
Proprietary Funds  
December 31, 2015

	Business Type Activities - Enterprise Fund <u>Westchester Tobacco Asset Securitization Corporation</u>	Governmental Activities - Internal Service Funds
<b>ASSETS</b>		
Current Assets:		
Cash and equivalents	\$ 120,679	\$ 23,917,211
Investments	—	41,088,749
Accounts Receivable	26,537,699	5,986,876
Due from Other Funds	—	16,792,766
Prepaid Expenses	—	43,339
	<u>26,658,378</u>	<u>87,828,941</u>
Total current assets		
Non Current Assets-		
Restricted cash and equivalents	462,209	—
Assets Limited as to Use	14,133,625	—
	<u>14,595,834</u>	<u>—</u>
Total non current assets		
	<u>41,254,212</u>	<u>87,828,941</u>
Total Assets		
<b>DEFERRED OUTLOWS OF RESOURCES</b>		
Deferred Charges on Refunding	28,001,214	—
	<u>28,001,214</u>	<u>—</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	861,616	28,012,077
Due to Other Funds	3,641,216	813,221
	<u>4,502,832</u>	<u>28,825,298</u>
Total current liabilities		
Noncurrent Liabilities:		
Accrued Liabilities	—	65,751,957
Bonds Payable	186,296,193	—
	<u>190,799,025</u>	<u>94,577,255</u>
Total Liabilities		
	<u>190,799,025</u>	<u>94,577,255</u>
<b>NET POSITION</b>		
Unrestricted	\$ (121,543,599)	\$ (6,748,314)
	<u><u>(121,543,599)</u></u>	<u><u>(6,748,314)</u></u>

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

**Exhibit B-2**

**Westchester County**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**Year Ended December 31, 2015**

	<b>Business Type Activities - Enterprise Fund</b>	<b>Governmental Activities - Internal Service Funds</b>
	<b>Westchester Tobacco Asset Securitization Corporation</b>	
Operating Revenues:		
Charges for Services	\$ —	\$ 179,104,360
Tobacco Settlement Revenues	26,415,321	—
<b>Total Operating Revenues</b>	<b>26,415,321</b>	<b>179,104,360</b>
Operating Expenses:		
Professional Fees	85,807	—
Insurance Expense	49,523	—
Claims	—	15,580,932
Claim Adjustments	—	4,118,000
Employee Benefits	—	172,200,601
<b>Total Operating Expenses</b>	<b>135,330</b>	<b>191,899,533</b>
<b>Operating Income (Loss)</b>	<b>26,279,991</b>	<b>(12,795,173)</b>
Nonoperating Revenues (Expenses):		
Earnings on Investments	579,283	2,234,875
Interest Expense	(10,785,002)	—
Net Decrease in Fair Value of Investments	—	(1,604,779)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(10,205,719)</b>	<b>630,096</b>
<b>Income (Loss) Before Transfers</b>	<b>16,074,272</b>	<b>(12,165,077)</b>
Transfers Out	(3,641,209)	—
<b>Change in Net Position</b>	<b>12,433,063</b>	<b>(12,165,077)</b>
Net position -- beginning	(133,976,662)	5,416,763
<b>Net position -- ending</b>	<b>\$ (121,543,599)</b>	<b>\$ (6,748,314)</b>

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

Westchester County  
Statement of Cash Flows  
Proprietary Funds  
Year Ended December 31, 2015

	Business Type Activities - Enterprise Fund Westchester Tobacco Asset Securitization Corporation	Governmental Activities - Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	\$ —	\$ 177,755,012
Cash received from tobacco settlement revenues	13,077,841	—
Payments to suppliers	(135,330)	(189,008,125)
	12,942,511	(11,253,113)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Repayment of Bonds Payable	(1,855,000)	—
Interest paid	(9,721,137)	—
Transfer to County of Westchester	(1,793,969)	—
Advances from other funds	—	3,348,226
Payments to other funds	—	(312,903)
	(13,370,106)	3,035,323
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Earnings on investments	579,967	2,252,125
Sale of Investments	—	3,010,336
	579,967	5,262,347
Net Change in Cash and Equivalents	152,372	(2,955,443)
Cash - beginning of year	430,516	26,872,654
Cash - end of the year	\$ 582,888	\$ 23,917,211
Cash and equivalents	\$ 120,679	\$ 23,917,211
Restricted cash and equivalents	462,209	—
Total Cash and Equivalents	\$ 582,888	\$ 23,917,211
<b>Reconciliation of operating income to net cash provided by (used in) operating activities:</b>		
Operating income (loss)	\$ 26,279,991	\$ (12,795,173)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Changes in assets and liabilities:		
Accounts Receivable	(13,337,480)	(1,349,348)
Deferred Charge	—	556,661
Accounts Payable and Accrued Liabilities	—	2,334,747
	\$ 12,942,511	\$ (11,253,113)
Net cash provided by (used in) operating activities	\$ 12,942,511	\$ (11,253,113)
<b>Noncash Noncapital Activities:</b>		
Increase in bonds payable from amortization of original issue discount	\$ 118,939	\$ —
Decrease in deferred outflows of resources from amortization of loss on refunding	951,882	—
Noncash Investing Activities-		
Increase in fair value of investments	—	(1,604,779)

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

**Exhibit C-1**

**Westchester County  
Statement of Fiduciary Assets and Liabilities  
December 31, 2015**

	<u>Agency</u>
<b>ASSETS</b>	
Cash	\$ 74,208,212
Accounts Receivable	21,125,042
Restricted Investments	26,176,838
Due from Other Funds	<u>209,243</u>
Total Assets	<u>\$ 121,719,335</u>
<b>LIABILITIES</b>	
Accounts Payable	\$ 35,980,735
Securities and Deposits Payable	<u>85,738,600</u>
Total Liabilities	<u>\$ 121,719,335</u>

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

Westchester County  
Component Units  
Combining Statement of Net Position  
December 31, 2015

	Industrial Development Agency	Westchester Community College	Westchester County Local Development Agency	Totals
<b>ASSETS</b>				
<b>Current assets</b>				
Cash	\$ 3,960,901	\$ 115,252,389	\$ 356,726	\$ 119,570,016
Account Receivable, Net	65,294	3,993,788	—	4,059,082
Prepaid Expenses	—	—	5,327	5,327
Total current assets	<u>4,026,195</u>	<u>119,246,177</u>	<u>362,053</u>	<u>123,634,425</u>
<b>Non current assets</b>				
Net Pension Asset	—	6,211,353	—	6,211,353
Land and Improvements	1,100,000	—	—	1,100,000
Equipment	—	23,444,721	—	23,444,721
Accumulated Depreciation	—	(21,822,619)	—	(21,822,619)
Other Assets	1,512,203	—	—	1,512,203
Total non current assets	<u>2,612,203</u>	<u>7,833,455</u>	<u>—</u>	<u>10,445,658</u>
Total assets	<u>6,638,398</u>	<u>127,079,632</u>	<u>362,053</u>	<u>134,080,083</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>—</u>	<u>3,995,850</u>	<u>—</u>	<u>3,995,850</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts Payable & Accrued Expenses	87,625	100,867,956	13,825	100,969,406
Due to Other Governments	364,875	—	62,221	427,096
Total current liabilities	<u>452,500</u>	<u>100,867,956</u>	<u>76,046</u>	<u>101,396,502</u>
<b>Non current liabilities</b>				
Due Within One Year:				
Compensated Absences	—	896,000	—	896,000
Due in More Than One Year:				
Compensated Absences	—	8,060,132	—	8,060,132
Estimated Post Retirement Health Insurance Liability	—	62,925,248	—	62,925,248
Other-custodial funds	1,512,203	—	—	1,512,203
Total non current liabilities	<u>1,512,203</u>	<u>71,881,380</u>	<u>—</u>	<u>73,393,583</u>
Total liabilities	<u>1,964,703</u>	<u>172,749,336</u>	<u>76,046</u>	<u>174,790,085</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>—</u>	<u>5,442,406</u>	<u>—</u>	<u>5,442,406</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	1,100,000	1,622,102	—	2,722,102
Restricted	—	267,039	—	267,039
Unrestricted	3,573,695	(49,005,401)	286,007	(45,145,699)
Total net position	<u>\$ 4,673,695</u>	<u>\$ (47,116,260)</u>	<u>\$ 286,007</u>	<u>\$ (42,156,558)</u>

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

Westchester County  
Component Units  
Combining Statement of Activities  
Year Ended December 31, 2015

	Industrial Development Agency	Westchester Community College	Public Utility Service Agency	Westchester County Local Development Corporation	Totals
<b>Expenses-</b>					
Program operations	\$ 1,074,296	\$ 148,266,089	\$ —	\$ 175,055	\$ 149,515,440
<b>Program revenues:</b>					
Charges for services	775,254	35,857,800	—	70,728	36,703,782
Operating grants and contributions	—	106,792,069	—	—	106,792,069
Total program revenues	775,254	142,649,869	—	70,728	143,495,851
Net program expenses	(299,042)	(5,616,220)	—	(104,327)	(6,019,589)
<b>General revenues:</b>					
Interest on investments	9,517	167,108	335	—	176,960
Other	10,000	—	—	—	10,000
Total general revenues	19,517	167,108	335	—	186,960
Transfer of Net Position to County of Westchester	—	—	(1,826,959)	—	(1,826,959)
Change in net position	(279,525)	(5,449,112)	(1,826,624)	(104,327)	(7,659,588)
Net position - beginning, as reported	4,953,220	(42,747,663)	1,826,624	390,334	(35,577,485)
Cumulative effect of change in accounting principle	—	1,080,515	—	—	1,080,515
Net position - beginning, as restated	4,953,220	(41,667,148)	1,826,624	390,334	(34,496,970)
Net position - ending	\$ 4,673,695	\$ (47,116,260)	\$ —	\$ 286,007	\$ (42,156,558)

B-75

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

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# NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

## NOTE 1

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### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Westchester, New York (hereinafter referred to as the County) was incorporated in 1683 and operates in accordance with its charter, adopted in 1937, its administrative code, enacted into State Law in 1948, the State Constitution and the various other applicable laws of the State of New York. The County functions under a County Executive/Board of Legislators form of government. The Board of Legislators is the legislative body responsible for overall operation of the County. The County Executive serves as the chief executive officer and the Commissioner of Finance serves as the chief financial officer. The County provides the following services to its residents: education, public safety, health services, transportation, economic assistance, culture and recreation, home and community services and general and administrative support.

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

#### A. Financial Reporting Entity

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

In evaluating how to define the County, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the County's reporting entity was made by applying the criteria set forth by GASB Statement No. 14, *The Financial Reporting Entity*, as amended by Statement No. 61, *The Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

Westchester Community College (hereinafter referred to as the College) was established in 1953, with the County as the local sponsor under provisions of Article 126 of the Education Law. The College is administered by a board of trustees consisting of nine voting members; five are appointed by the Board of Legislators and four by the Governor. The College's budget is subject to the approval of the Board of Legislators. The County provides one-half of the capital costs and approximately one-fifth of the operating costs for the College. Title to real property of the College rests with the County, bonds and notes for the College's capital costs are issued by the County and are County debt. A fiscal year ending August 31<sup>st</sup> is mandated by State Law for the College. The College may also result in a financial burden to the primary government since the County is obligated for the debt of the College. The primary government has financial accountability for the College due to its ability to appoint a majority of the College board of trustees and

also the ability to impose its will as demonstrated by the College budget being subject to approval by the primary government.

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

The County of Westchester Public Utility Service Agency (hereinafter referred to as the Utility Agency) was created pursuant to legislation approved by the voters of the County in a 1982 special referendum. The Utility Agency had purchased electric power from the New York Power Authority (NYPA) and resold it to eligible economic development customers in the County at rates approved by both the County and NYPA under the Municipal Development Agency Power Program which expired on June 30, 2012. Program participants have now been enrolled in the ReCharge New York Program and are no longer receiving power purchased and acquired through the Utility Agency effective July 1, 2012. Since the Agency is no longer acquiring low-cost electric power for resale to utility customers inhabiting the Con Edison Service Area, Local Law 2015-7 repealing Chapter 875 of the Laws of Westchester County which created the agency was adopted by the Board on April 27, 2015.

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

Westchester Community College  
75 Grasslands Road  
Valhalla, New York 10595

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

County of Westchester Public Utility Service Agency  
Michaelian Office Building  
148 Martine Avenue  
White Plains, New York 10601

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

## **B. Government-Wide Financial Statements**

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

The Statement of Net Position presents the financial position of the County and its component units at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, (2) grants and contributions that are

restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The County does not allocate indirect expenses to functions in the Statement of Activities.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Internal Service Funds are charges to customers for services. Operating expenses for the Internal Service Funds include the cost of services, administrative expenses, and benefit costs. The principal operating revenues of the blended component unit, Westchester Tobacco Asset Securitization Corporation (hereinafter referred to as WTASC), are settlement revenues (see section D – Measurement Focus/Basis of Accounting), whereas operating expenses include general administrative expenses. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

### C. Fund Financial Statements

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

#### Fund Categories

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

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

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

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

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

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

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

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

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

- b. **Proprietary Funds** — Proprietary funds consist of the blended component unit and internal service funds. Internal service funds account for operations that provide services to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The County reports its Health Insurance, Casualty Reserve, and Worker's Compensation Reserve funds as internal service funds.

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

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

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

##### Primary Government

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

The Government-Wide Financial Statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds. The Fiduciary Funds have no measurement focus but utilize the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current *financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. Property taxes associated with the current fiscal period as well as charges for services and intergovernmental revenues are considered to be susceptible to accrual and have been recognized as revenues of

the current fiscal period. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made and recognized as revenue if collected within one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, landfill post-closure costs, certain judgments and claims, pollution remediation, certain retirement costs and post-retirement health insurance are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

### **Component Units**

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

#### *Westchester Community College*

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

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

#### **Cash**

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

The County's investment policies are governed by State statutes. The County has adopted its own written investment policy, which provides for the deposit of funds in FDIC insured commercial banks or trust companies located in the State. The County is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

In accordance with the provisions of General Municipal Law Section 10, all deposits of the County, including certificates of deposit and special time deposits in excess of the amount insured under the provision of the Federal Deposit Insurance Act will be secured at 102%. The County has entered into custodial agreements with the various banks which hold its deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations issued or fully insured or guaranteed by the United States, an agency thereof or a United States government sponsored corporation and obligations issued or fully guaranteed by the State of New York.

## **Investments**

All investments are stated at fair value, which is based on quoted market prices.

## **Real Property Taxes**

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

## **Other Receivables**

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

## **Due From/To Other Funds**

During the course of its operations, the County has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of December 31, 2015, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

## **Inventory**

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

## **Prepaid Expenses/Expenditures**

Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption method in both the government-wide and fund financial statements. Prepaid expenses/expenditures consist of employee retirement and other costs which have been satisfied prior to the end of the fiscal year, but represent items which have been provided for in the subsequent year's budget and will benefit such periods. Reported amounts in government 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.

## **Unearned Revenues**

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

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The County has reported unearned revenues of \$22,257,540 for Passenger Facility Charges, rent and remediation revenue received in advance in the Airport special revenue fund. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

### **Deferred Outflows/Inflows of Resources**

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

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

The County has reported deferred outflows of resources of \$7,569,802 and \$28,001,214 for a deferred loss on refunding bonds in the government-wide Statement of Net Position for Governmental Activities and Business-Type Activities, respectively. These amounts result from the difference in the carrying value of the refunded debt and its reacquisition price. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt.

The County has reported deferred inflows of resources of \$28,905,512 resulting from Service Concession Arrangements to operate a parking garage and four hangars at the Westchester County Airport. This amount results from the difference between the original cost of the buildings and the rent receivable less the accumulated amortization of the cost of the building and rental payments received to date. These amounts are amortized over the shorter of the life of the asset or the term of the rental agreement.

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

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

#### *Westchester Tobacco Asset Securitization Corporation*

On June 15, 2005, WTASC issued \$216,600,000 Tobacco Settlement Asset-Backed Bonds, Series 2005. These bonds were issued primarily to refund all of WTASC's outstanding Tobacco Settlement Asset-Backed Bonds, Series 1999, which were issued by WTASC to finance its purchase pursuant to a purchase and sale agreement, dated as of December 1, 1999, by and between WTASC and the County of Westchester. The terms of the bond indenture provide for the establishment of a liquidity reserve. The series 2005 bonds reserve requirement is \$14,133,625 and the maximum annual debt service based on planned structured principal payments. In addition, there is \$462,209 of cash restricted to the payment of debt obligations on WTASC bonds.

### **Capital Assets**

Capital assets, which include property, plant, and equipment, are reported in the Governmental Activities column in the Government-Wide Financial Statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$50,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), as allowed by GASB, the County chose to include all such items regardless of their acquisition date or amount. The County was able to estimate the historical cost for the initial reporting of these assets through back

trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and used an appropriate price level index to deflate the cost to the acquisition year or estimated acquisition year.)

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

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

<u>Class</u>	<u>Life in Years</u>
Buildings	25-50
Equipment	10-25
Infrastructure	50

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

### **Compensated Absences**

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

### **Long-Term Liabilities**

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

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

### **Net Pension Liability**

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



## **Net Position**

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position on the government-wide and proprietary funds includes net investment in capital assets, restricted for special revenue funds, casualty claims, debt service, and component units. The balance is classified as unrestricted.

## **Fund Balance**

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

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, receivables) or they are legally or contractually required to be maintained intact.

Restricted fund balance is to be reported when constraints placed on the use of resources are imposed by grantors, contributors, laws or regulations of other governments or by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purpose as provided in the legislation. This fund balance classification will be used to report funds that are restricted for E911 and related, debt service obligations and for other items contained in the General Municipal Law of the State of New York.

Committed fund balance will be reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The Board of Legislators (Board) is the decision-making authority that can, by adoption of an Act prior to the end of the year, commit fund balance. These funds may only be used for the purpose specified unless the Board removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the Board of Legislators.

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

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

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the County's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the County's policy to use fund balance in the following order: committed, assigned, and unassigned.

## **F. Encumbrances**

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally utilized as an extension of formal budgetary integration in the General and certain Special Revenue Funds.

Encumbrances outstanding at year end are generally reported as assigned fund balance since they do not constitute expenditures or liabilities.

**G. Use of Estimates**

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

**H. Subsequent Events Evaluation by Management**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is June 22, 2016.

## NOTE 2

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### STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### A. Budgetary Data

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

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

- a) Budget formulation commences in August of each year with the submission of expenditure requirements for the next fiscal year by the administrative head of each department in the County.
- b) The departmental estimates are reviewed and modified by the Department of Budget and the County Executive. The County Executive's Capital Projects Fund budget is presented to the Board of Legislators no later than October 15<sup>th</sup> while the proposed operating budget (General, Sewer, Refuse, Airport and Water Funds) are published and is then presented to the Board of Legislators by November 10th.
- c) Subsequent to November 10th, the Board's Committee on Budget and Appropriations holds various public hearings and makes recommendations to amend the budget. The budget is adopted no later than December 27th.
- d) Formal budgetary integration is employed during the year as a management control device for General, Sewer, Airport, Water and Refuse funds.
- e) Budgets for General, Sewer, Airport, Water and Refuse funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. Annual budgets are not adopted for Internal Service or Grants funds.
- f) Legal budgetary control is maintained at the departmental level. Transfers between appropriation accounts, at the department level, require approval by the Board of Legislators. Any modification to appropriations resulting from increases in revenue estimates or appropriations also requires a majority vote by the Board.
- g) Appropriations in General, Sewer, Airport, Water and Refuse funds lapse at the end of the fiscal year, except that outstanding encumbrances are re-appropriated in the succeeding year, pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

Budgeted amounts are as originally adopted or as amended by the Board of Legislators. An amendment to the General Fund Appropriation budget in the amount of \$77,994,127 was passed for Operating Assistance to WCHCC, and was recorded in the Social Services Relief expenditure line of the Economic Assistance and Opportunity function.

## B. Property Tax Limitation

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

The Tax Levy Limitation Law restricts the amount of real property taxes that may be levied by a County in a particular year, beginning with the 2012 fiscal year. It was to expire on June 16, 2016, but was renewed. The new expiration date is June 15, 2020.

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

The Tax Levy Limitation Law imposes a limitation on increases in the real property tax levy, subject to certain exceptions. The Tax Levy Limitation Law permits the County to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor," which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the 20 National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by (ii) the average of the National Consumer Price Indexes determined by the United States with the result expressed as a decimal to four places. The County is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limitation Law sets forth certain exclusions to the real property tax levy limitation of the County, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the County. The Board of Legislators may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the Board of legislators first enacts, by a vote of at least sixty percent of the total voting power of the Board of Legislators, a local law to override such limit for such coming fiscal year.

The amount that may be raised by the Primary Government tax levy on real estate in any fiscal year for purposes other than for debt service on County indebtedness is limited to one and one-half per centum (subject to increase up to two per centum by State legislative enactment) of the average full valuation of taxable real estate of the County. In accordance with this definition, the maximum which could have been raised in 2015 was \$2,321,993,374 which exceeded the actual levy by \$1,627,396,068.

## C. Fund Deficits

The following have unassigned/unrestricted deficits at December 31, 2015:

	Unassigned/ Unrestricted Deficits December 31, 2015
Capital Projects Fund	\$ 33,267,390
Worker's Compensation Reserve Fund	35,871,046
WTASC	121,543,599
College	49,005,401
Water District No. 2	158

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

**D. Cumulative Effect of Change in Accounting Principle**

For the year ended December 31, 2015, the County implemented 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". These statements seek to improve accounting and financial reporting by state and local governments for pensions by establishing standards for measuring and recognizing liabilities, deferred outflows/inflows of resources and expenses/expenditures. These statements also require the identification of the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to the periods of employee service. Implementation of these new standards will require recognition of a one-time prior period adjustment to restate the beginning net position. As a result of adopting these standards, the government-wide financial statements reflect a cumulative effect for the change in accounting principle as follows:

Governmental Activities	<u>\$ (28,635,045)</u>
Component Unit-College	<u>\$ 1,080,515</u>

NOTE 3

DETAILED NOTES ON ALL FUNDS

A. Investments

Details of the County's investment portfolio by fund as of December 31, 2015 were:

<u>Fund</u>	<u>Corporate Securities</u>	<u>U.S. Treasury Obligations</u>	<u>Certificates of Deposit</u>	<u>Fair Value</u>
Capital Projects Fund	\$ —	\$ 103,806,897	\$ —	\$ 103,806,897
Internal Service Funds	—	41,088,749	—	41,088,749
	—	144,895,646	—	144,895,646
Fiduciary Fund—Restricted	2,909,137	—	23,267,701	26,176,838
Total	<u>\$ 2,909,137</u>	<u>\$ 144,895,646</u>	<u>\$ 23,267,701</u>	<u>\$ 171,072,484</u>

The Fiduciary investments of the primary government of \$26,176,838 consist of certificates of deposit and commercial stocks and bonds. Of the total restricted investments, the major portion consists of \$20,000,000 which is held in an agency capacity for the East of Hudson Watershed Corporation.

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

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

B. Assets Limited As To Use

*Westchester Tobacco Asset Securitization Corporation*

The terms of the bond indenture provide for the establishment of a liquidity reserve. The reserve was initially funded from the proceeds of the issuance of the Series 2005 bonds in an amount equal to \$14,133,625, the maximum annual debt service requirement based on planned structured principal payments. The cash and equivalents below are restricted to the payment of debt service obligations on the WTASC bonds.

WTASC assets limited as to use at December 31, 2015 consisted of the following:

Security Benefit Life Insurance Company	
Fixed Annuity due April 2045;	
Interest at 4.1%	\$ 14,133,625
Cash	462,209
	<u>\$ 14,595,834</u>

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

The balances reflected as due from/to other funds at December 31, 2015 were as follows:

	Due From	Due To
General Fund	\$ 74,021,950	\$ 128,611,018
Sewer Districts Fund	36,671,151	—
Refuse Disposal District Fund	42,893,786	—
Capital Projects Fund	—	69,567,514
Water Districts Fund	224,426	—
Grants Fund	31,819,647	—
Agency Fund	209,243	—
Health Insurance Fund	16,792,766	—
Casualty Reserve Fund	—	515,518
Workers' Compensation Reserve Fund	—	297,703
WTASC	—	3,641,216
	<u>\$ 202,632,969</u>	<u>\$ 202,632,969</u>

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

## D. Capital Assets

Changes in the Primary Government's capital assets are as follows:

Class	Balance January 1, 2015	Additions (Transfers)	Deletions	Balance December 31, 2015
<b>Governmental Activities:</b>				
Capital Assets, not being depreciated:				
Land	\$ 310,531,924	\$ 609,008	\$ —	\$ 311,140,932
Construction-in-progress	761,728,766	87,014,676	746,391	847,997,051
Total Capital Assets, not being depreciated	<u>1,072,260,690</u>	<u>87,623,684</u>	<u>746,391</u>	<u>1,159,137,983</u>
Capital Assets, being depreciated:				
Buildings	946,067,521	10,346,791	—	956,414,312
Equipment	482,944,302	9,526,784	—	492,471,086
Infrastructure	1,600,538,917	9,947,904	—	1,610,486,821
Total Capital Assets, being depreciated	<u>3,029,550,740</u>	<u>29,821,479</u>	<u>—</u>	<u>3,059,372,219</u>
Less Accumulated Depreciation for:				
Buildings	318,305,046	22,366,951	—	340,671,997
Equipment	306,459,834	22,897,666	—	329,357,500
Infrastructure	590,148,333	31,616,472	—	621,764,805
Total Accumulated Depreciation	<u>1,214,913,213</u>	<u>76,881,089</u>	<u>—</u>	<u>1,291,794,302</u>
Total Capital Assets, being depreciated, net	<u>1,814,637,527</u>	<u>(47,059,610)</u>	<u>—</u>	<u>1,767,577,917</u>
Governmental Activities Capital Assets, net	<u>\$ 2,886,898,217</u>	<u>\$ 40,564,074</u>	<u>\$ 746,391</u>	<u>\$ 2,926,715,900</u>

Depreciation expense was charged to the Primary Government's functions and programs as follows for the year ended December 31, 2015:

Governmental Activities:	
General Government	\$ 8,725,050
Education	5,274,638
Public Safety	14,364,718
Health Services	1,309,445
Transportation	19,416,600
Economic Assistance	880,171
Culture and Recreation	6,134,683
Home and Community Services	20,775,784
Total Depreciation Expense—Governmental Activities	<u>\$ 76,881,089</u>



**E. Capital Assets — Component Units**

**College**

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

<u>Class</u>	<u>Balance September 1, 2014</u>	<u>Additions</u>	<u>Balance August 31, 2015</u>
Capital Assets, being depreciated:			
Furniture and Equipment	\$ 22,627,048	\$ 817,673	\$ 23,444,721
Total Accumulated Depreciation	<u>20,938,371</u>	<u>884,248</u>	<u>21,822,619</u>
Capital Assets, net	<u>\$ 1,688,677</u>	<u>\$ (66,575)</u>	<u>\$ 1,622,102</u>

**Westchester IDA**

Westchester County Industrial Development Agency has land as its only capital asset, which is carried at \$1,100,000.

**F. Accounts Payable and Accrued Expenses**

Accounts Payable and Accrued Expenses at December 31, 2015 were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Component Units</u>
Payroll and employee benefits	\$ 26,741,339	\$ —	\$ 10,837,129
Unpaid Claims	265,863,103	55,000	61,426,180
Other	<u>—</u>	<u>4,447,832</u>	<u>28,706,097</u>
Total Accounts Payable and Accrued Expenses	<u>\$ 292,604,442</u>	<u>\$ 4,502,832</u>	<u>\$ 100,969,406</u>

## G. Short-Term Financing

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

The schedule below details short-term non-capital borrowings. The Tax Anticipation Note (TAN) was issued to provide cash flow leading up to the collection of the County's property tax levy of which 60% was collected on May 26, 2015. The County received the balance (40%) of the property tax levy on October 15, 2015.

Type	Date Issued	Maturity Date	Interest Rate	Balance 01/01/15	New Issue	Redemptions	Balance 12/31/15
TAN	2/17/2015	5/26/2015	0.097%	\$ —	\$ 105,000,000	\$ 105,000,000	\$ —

Interest expenditure/expense of \$144,375 and premium revenue of \$116,400 were recorded in the General Fund in the fund financial statements and in the Government-Wide Financial Statements for Governmental Activities relative to this TAN in 2015.

### Bond Anticipation Notes Payable

The following table summarizes the changes in the County's short-term capital financing for the year ended December 31, 2015. The Bond Anticipation Notes (BANS) for the financing of sewer improvements were issued by the New York State Environmental Facilities Corporation (EFC) for accepted, eligible sewer projects.

Purpose	Original Issue	Maturity	Interest Rate	Balance 12/31/2014	New Issues	Redemptions	Balance 12/31/2015
<i>Capital</i>							
Various Capital Proj.	2014	2015	0.42%	\$ 38,900,000	\$ —	\$ (38,900,000)	\$ —
Sewer Improvements *	2014	2017	0.35%	6,713,900	—	(4,363,900)	2,350,000
Sewer Improvements *	2014	2017	—	6,713,900	—	(4,363,900)	2,350,000
Sewer Improvements *	2014	2017	0.34%	17,650,000	—	(3,050,000)	14,600,000
Sewer Improvements *	2014	2017	—	17,650,000	—	(3,050,000)	14,600,000
Sewer Improvements *	2015	2020	—	—	357,200	—	357,200
Sewer Improvements *	2015	2018	0.47%	—	38,779,600	—	38,779,600
				87,627,800	39,136,800	(53,727,800)	73,036,800
<i>Non-Capital</i>							
Judgements & Claims	2014	2015	0.42%	1,100,000	—	(1,100,000)	—
				\$ 88,727,800	\$ 39,136,800	\$ (54,827,800)	\$ 73,036,800

\*\$3,344,869 of the Sewer Improvements has been drawn at 12/31/15. The County has a liability to repay only the amount drawn down from the EFC.

Liabilities for BANS are generally accounted for in the Capital Projects Fund. Principal payments on BANS must be made periodically. No principal payments were required in 2015 for the Sewer Improvement items. The Various Capital Projects and Judgments and claims items were redeemed and refinanced to Long Term Debt as a part of the County's 2015B General Obligation Bonds. The redeemed Sewer Improvement items were refinanced to Long Term with EFC as a part of the County's 2015A issue. State law requires that BANS issued for capital purposes be converted to long-term obligations generally within five years after the original issue date.

Interest expenditure/expense of \$8,741 was paid and recorded in the Sewer Districts Fund in the fund financial statements or in the Government-Wide Financial Statements for Governmental Activities relative to these BANS in 2015.

**H. Pension Plan – Primary Government**

The primary government participates in the New York State and Local Employees' Retirement System ("ERS") and the New York State and Local Police and Fire Retirement System ("PFRS") which are collectively referred to as the New York State and Local Retirement System ("System"). These are cost-sharing, multiple-employer defined benefit pension plans. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all net assets and record changes in plan net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The County also participates in the Public Employees' Group Life Insurance Plan, which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31. The employer contribution rates for the plan's year ending in 2016 are as follows:

	<u>Tier</u>	<u>Rates</u>
<b>ERS</b>	1	25.2%
	2	18.9-23.2%
	3	18.8-21.7%
	4	18.8-28.1%
	5	15.5-25.3%
	6	10.5-13.6%
<b>PFRS</b>	1	29.9%
	2	24.7%
	3	24.4%
	5	20.1%
	6	14.3%

At December 31, 2015, the primary government reported a liability of \$52,889,141 for its proportionate share of the net pension liability of ERS and a liability of \$3,627,635 for its proportionate share of the net pension liability of PFRS. The net pension liability was measured as of March 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. At December 31, 2015, the primary government's proportion was 1.5655805% for ERS and 1.3178962% for PFRS. For this first year of implementation, the System reported no change in the allocation percentage measured as of March 31, 2014. For the year ended December 31, 2015, the primary government recognized pension expense in the government-wide financial statements of \$66,795,435 for ERS and \$5,507,876 for PFRS. Pension expenditures of \$61,069,639 for ERS and \$9,975,938 for PFRS were recorded in the fund financial statements.

At December 31, 2015, the primary government reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	ERS		PFRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,693,041	\$ —	\$ 437,470	\$ —
Changes of assumptions	—	—	—	—
Net difference between projected and actual earnings on pension plan investments	9,186,173	—	1,217,918	—
Changes in proportion and differences between County contributions and proportionate share of contributions	—	7,724,389	5,218,927	—
County contributions subsequent to the measurement date	41,312,781	—	4,452,570	—
	<u>\$ 52,191,995</u>	<u>\$ 7,724,389</u>	<u>\$ 11,326,885</u>	<u>\$ —</u>

\$41,312,781 and \$4,452,570 reported as deferred outflows of resources related to ERS and PFRS, respectively, resulting from the County's accrued contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS and PFRS will be recognized in pension expense as follows:

Year Ended		
	ERS	PFRS
March 31,		
2016	789,706	1,435,759
2017	789,706	1,435,759
2018	789,706	1,435,759
2019	789,707	1,435,759
2020	—	1,131,279

The total pension liability for the March 31, 2015 measurement date was determined by using an actuarial valuation as of April 1, 2014, with update procedures used to roll forward the total pension liabilities to March 31, 2015. The total pension liabilities for the March 31, 2014 measurement date were determined by using an actuarial valuation as of April 1, 2014. Significant actuarial assumptions used in the April 1, 2014 valuation were as follows:

Actuarial cost method	Entry age normal
Inflation	2.7%
Salary scale	4.9%, indexed by service
Investment rate of return	7.5% compounded annually, net of investment expenses, including inflation
Cost of living adjustments	1.4% annually

Annuitant mortality rates are based on the April 1, 2005 - March 31, 2010 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014.

The actuarial assumptions used in the April 1, 2014 valuation are based on the results of an actuarial experience study for the period April 1, 2005 - March 31, 2010.

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice ("ASOP") No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for equities and fixed income as well as historical investment data and plan performance. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2015 and 2014 are summarized below.

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

The discount rate used to calculate the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the primary government's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the primary government's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate:

	Decrease (6.5%)	Assumption (7.5%)	Increase (8.5%)
Primary Government's proportionate share of the ERS net pension liability (asset)	\$ 352,529,014	\$ 52,889,141	\$ (200,081,209)
Primary Government's proportionate share of the PFRS net pension liability (asset)	\$ 48,300,064	\$ 3,627,635	\$ (33,810,556)

The components of the collective net pension liability as of the March 31, 2015 measurement date were as follows:

	ERS	PFRS	Total
Total pension liability	\$ 164,591,504,000	\$ 28,474,417,000	\$ 193,065,921,000
Fiduciary net position	161,213,259,000	28,199,157,000	189,412,416,000
Employers' net pension liability	\$ 3,378,245,000	\$ 275,260,000	\$ 3,653,505,000
Fiduciary net position as a percentage of total pension liability	97.9%	99.0%	98.1%

Employer contributions to ERS and PFRS are paid annually and cover the period through the end of the System's fiscal year, which is March 31<sup>st</sup>. Retirement contributions as of December 31, 2015 represent the employer contribution for the period of April 1, 2015 through December 31, 2015 based on prior year ERS and PFRS wages multiplied by the employers' contribution rate, by tier. Retirement contributions to ERS and PFRS for the nine months ended December 31, 2015 were \$41,312,781 and \$4,452,570, respectively.

### **Voluntary Defined Contribution Plan**

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

### **NYS Retirement Stabilization Program**

The State Legislature enacted Chapter 57 of the Laws of 2010. This chapter authorized local governments, at their option, to amortize a portion of their respective ERS and PFRS contributions beginning in 2010. The maximum amortization amount each year going forward will be determined by the difference between each employer's effective contribution rate, as compared to the System's overall graded rate. The amortized amounts are to be paid in equal annual installments over a ten-year period, although amounts may be prepaid at any time. Interest will be charged at rates which approximate a market rate of return on fixed rate securities of a comparable duration and will be adjusted annually.

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

	Original Amount Amortized	Current Year Installment Payments	Balance Due	Due Within One Year*
2012-2013 ERS	\$ 23,578,507	\$ 2,182,022	\$ 17,221,252	\$ 2,247,483
2012-2013 PFRS	1,874,083	173,433	1,368,791	178,636
2013-2014 ERS	41,062,415	3,600,261	33,989,345	3,732,390
2013-2014 PFRS	2,754,268	241,488	2,279,841	250,351
2014-2015 ERS	19,205,535	1,663,770	17,541,765	1,716,178
2014-2015 PFRS	7,568,385	655,646	6,912,739	676,299
2015-2016 ERS	14,087,528	—	14,087,528	1,217,026
2015-2016 PFRS	109,163	—	109,163	9,431
<b>S</b>	<b>110,239,884</b>	<b>\$ 8,516,620</b>	<b>\$ 93,510,424</b>	<b>\$ 10,027,794</b>

\*Amount included in 2016 Adopted Budget.

The current year payments were charged to retirement expenditures in the General, Sewer District, and Refuse Disposal District funds.

### Pension Plan – Component Unit

#### College

The College, in addition to ERS, participates in the New York State Teachers' Retirement System ("TRS"). This is a cost sharing, multiple-employer defined benefit pension plan. TRS provides retirement benefits as well as death and disability benefits. The TRS is governed by a ten member Board of Trustees, which sets policy and oversees operations consistent with its fiduciary obligations under applicable law. Obligations of employers and employees to contribute and benefits to employees are governed by the Education Law of the State of New York. Once a public employer elects to participate in the TRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The TRS issues a stand-alone financial report which may be found at [www.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 2015 was 17.53%.

At August 31, 2015, due to the implementation of GASB 68 & 71, the College reported an asset of \$6,211,353 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015, 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 the College's contributions to the pension plan relative to the contributions of all participating members. At June 30, 2015, the College's proportion was .0598%, which was an increase of .002655% from its proportion measured as of June 30, 2014.

For the year ended August 31, 2015, the College recognized pension expense of \$(236,496). At August 31, 2015, the College reported deferred outflows of resources and deferred inflows of resources related to TRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ —	\$ 172,143
Changes of assumptions	—	—
Net difference between projected and actual earnings on pension plan investments	—	1,963,441
Changes in proportion and differences between College contributions and proportionate share of contributions	—	93,563
College contributions subsequent to the measurement date	1,791,403	—
	<u>\$ 1,791,403</u>	<u>\$ 2,229,147</u>

\$1,791,403 reported as deferred outflows of resources related to TRS resulting from the College's accrued contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended August 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to TRS will be recognized in pension expense as follows:

<u>Year Ended August 31,</u>	
2016	\$ 803,319
2017	803,319
2018	803,319
2019	(315,142)
2020	32,844
Thereafter	101,488



The total pension liability for the June 30, 2015 measurement date was determined by using an actuarial valuation as of June 30, 2014, with update procedures used to roll forward the total pension liability to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by using an actuarial valuation as of June 30, 2013, with update procedures used to roll forward the total pension liability to June 30, 2014. These actuarial valuations used the following actuarial assumptions:

Inflation	3.0%															
Projected salary increase	Rates of increase differ based on age and gender. They have been calculated based upon recent TRS member experience															
	<table> <thead> <tr> <th>Age</th> <th>Female</th> <th>Male</th> </tr> </thead> <tbody> <tr> <td>25</td> <td>10.35%</td> <td>10.91%</td> </tr> <tr> <td>35</td> <td>6.26%</td> <td>6.27%</td> </tr> <tr> <td>45</td> <td>5.39%</td> <td>5.04%</td> </tr> <tr> <td>55</td> <td>4.42%</td> <td>4.01%</td> </tr> </tbody> </table>	Age	Female	Male	25	10.35%	10.91%	35	6.26%	6.27%	45	5.39%	5.04%	55	4.42%	4.01%
Age	Female	Male														
25	10.35%	10.91%														
35	6.26%	6.27%														
45	5.39%	5.04%														
55	4.42%	4.01%														
Projected COLAs	1.625% compounded annually															
Investment rate of return	8.0% compounded annually, net of pension plan investment expense, including inflation															

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale AA.

The actuarial assumptions used in the June 30, 2014 and 2013 valuations were based on the results of an actuarial experience study for the period July 1, 2006 to June 30, 2011.

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice ("ASOP") No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No.27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance. Best estimates of arithmetic real rates of return for each major asset class included in TRS's target asset allocation as of the valuation dates of June 30, 2014 and 2013 are summarized in the following table:

Asset Class:	Target Allocation		Long-Term Expected Real Rate of Return*	
	2014	2013	2014	2013
Equities:				
Domestic equities	37 %	37 %	6.5 %	7.3 %
International equities	18	18	7.7	8.5
Real estate	10	10	4.6	5.0
Alternative investments	7	7	9.9	11.0
Total Equities	72	72		
Fixed Income:				
Domestic fixed income securities	17	18	2.1	1.5
Global fixed income securities	2	2	1.9	1.4
Mortgages	8	8	3.4	3.4
Short-term	1	-	1.2	0.8
Total Fixed Income	28	28		
Total	100 %	100 %		

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

The discount rate used to measure the total pension liability was 8.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, TRS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the College's proportionate share of the net pension asset calculated using the discount rate of 8.0%, as well as what the College's proportionate share of the net pension asset would be if it were calculated using a discount rate that is one percentage point lower (7.0%) or one percentage point higher (9.0%) than the current rate:

	1% Decrease (7.0%)	Current Assumption (8.0%)	1% Increase (9.0%)
College's proportionate share of the net pension liability (asset)	<u>\$ 423,694</u>	<u>\$ (6,211,353)</u>	<u>\$ (1,869,655)</u>

The components of the collective net pension asset of TRS as of the June 30, 2015 measurement date were as follows:

Total pension liability	\$ 99,332,103,743
TRS fiduciary net position	<u>109,718,916,659</u>
Employers' net pension asset	<u>\$ 10,386,812,916</u>
TRS fiduciary net position as a percentage of total pension liability	<u>110.46%</u>

Employer and employee contributions for the year ended June 30, 2015 are paid to TRS in the following fiscal year through a state aid intercept or, if state aid is insufficient, through a payment by the College to TRS. Accrued retirement contributions as of August 31, 2015 represent employee and employer contributions for the fiscal year ended August 31, 2015 based on paid TRS wages multiplied by the employers' contribution rate plus employee contributions for the fiscal year as reported to TRS. Accrued retirement contributions to TRS as of August 31, 2015 were \$2,642,403.

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

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

Upon the completion of 366 days of service a lump sum contribution is made by the College for this initial vesting period and each pay period thereafter. An employee contribution of 3% of pay is required for Tiers 3, 4 and 5 which is eliminated after 10 years of service when the College will make an additional 3% contribution for these employees. The tier 6 employee contribution is required for the duration of their membership as follows:

Wages of \$45,000 or less	3.00%
Wages of \$45,000.01 - \$55,000	3.50%
Wages of \$55,000.01 - \$75,000	4.50%
Wages of \$75,000.01 - \$100,000	5.75%
Wages greater than \$100,000	6.00%

For the year ended August 31, 2015, employee contributions totaled \$182,466 and the College recognized pension expense of \$3,149,296. At August 31, 2015, the College reported payables to the defined contribution pension plan of \$201,056 for legally required employer contributions and \$35,847 for legally required employee contributions which had been withheld from employee wages but not yet remitted to TIAA-CREF.

## I. Long-term Liabilities

The following table summarizes changes in the County's long-term indebtedness for the year ended December 31, 2015.

	Balance January 1, 2015 As Reported	Cumulative Effect of Change in Accounting Principle	Balance January 1, 2015 As Restated	New Issues/ Additions	Amortization, Defeasance and/or Payments	Balance December 31, 2015	Due Within One Year
<b>Governmental Activities:</b>							
Bonds Payable	\$ 1,098,445,984	\$ —	\$ 1,098,445,984	\$ 103,975,000	\$ (98,863,979) *	\$ 1,103,557,005	\$ 100,716,986
Add: Unamortized premium on bonds	42,439,749	—	42,439,749	15,252,938	(6,115,405)	51,577,282	—
	<u>1,140,885,733</u>	<u>—</u>	<u>1,140,885,733</u>	<u>119,227,938</u>	<u>(104,979,384)</u>	<u>1,155,134,287</u>	<u>100,716,986</u>
Compensated Absences	49,541,796	—	49,541,796	2,585,327	(5,927,158)	46,200,165	2,300,000
Landfill Post-Closure Costs	33,143,997	—	33,143,997	—	(2,323,953)	30,820,044	1,072,131
Capital Lease Payable (see Note 4)	84,986,115	—	84,986,115	—	(8,033,552)	76,952,563	10,485,000
Judgments and Claims	101,432,353	—	101,432,353	19,698,932	(16,674,328)	104,456,957	8,360,000
Pollution Remediation	1,006,643	—	1,006,643	—	(412,189)	594,454	74,603
Net Pension Liability	—	76,232,920	76,232,920	—	(19,716,144)	56,516,776	—
NYS Retirement							
Stabilization Program (see Note 311)	87,485,801	—	87,485,801	14,196,691	(8,172,068)	93,510,424	10,027,794
Estimated Post-Retirement Health Insurance Liability	923,760,000	—	923,760,000	169,580,000	(67,480,000)	1,025,860,000	—
Governmental Activities Long-term Liabilities	<u>\$ 2,422,242,438</u>	<u>\$ 76,232,920</u>	<u>\$ 2,498,475,358</u>	<u>\$ 325,289,088</u>	<u>\$ (233,718,776)</u>	<u>\$ 2,590,045,670</u>	<u>\$ 133,036,514</u>
<b>Business-type Activities:</b>							
Bonds Payable	\$ 191,650,000	\$ —	\$ 191,650,000	\$ —	\$ (1,855,000)	\$ 189,795,000	\$ —
Less: Unamortized original issue discount	(3,617,746)	—	(3,617,746)	—	118,939	(3,498,807)	—
	<u>\$ 188,032,254</u>	<u>\$ —</u>	<u>\$ 188,032,254</u>	<u>\$ —</u>	<u>\$ (1,736,061)</u>	<u>\$ 186,296,193</u>	<u>\$ —</u>

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

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

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

## Bonds Payable

The primary government issues general obligation bonds to provide funds for major capital projects. Bonds payable at December 31, 2015 are comprised of the following individual issues:

Year/Name of Issue	EFC Designation (if applicable)	Original Issue	Final Maturity	Range of Interest Rates*		Outstanding 12/31/2015
2002A	EFC 2002A	\$ 2,122,532	October, 2016	4.620%	4.712%	\$ 205,000
2002B	EFC 2002A	8,900,000	October, 2021	4.622%	4.982%	2,670,000
2003A	EFC 2003F	38,454,487	January, 2033	3.702%	4.612%	22,865,000
2004A	EFC 2004D	43,491,552	August, 2033	4.365%	5.150%	26,835,000
2005A	EFC 2005A	27,033,150	November, 2034	3.808%	4.569%	16,955,000
2005B	EFC 2005B	5,163,580	October, 2023	3.619%	3.939%	2,160,000
2006A	EFC 2006C	223,215	October, 2035	4.221%	4.861%	115,000
2006B	EFC 2006C	4,211,710	October, 2036	4.221%	4.861%	2,880,000
2006C		77,645,000	November, 2026	3.750%		55,000
2007A		89,835,000	November, 2027	4.000%	4.250%	20,760,000
2008A	EFC 2008 DIRECT	15,212,688	April, 2038	4.270%		12,030,000
2009A		108,405,000	January, 2024	3.000%	4.000%	74,745,000
2009B		8,925,000	January, 2029	3.000%	4.500%	7,085,000
2009C		50,880,000	November, 2019	5.000%		25,815,008
2009D	EFC 2009 DIRECT	2,991,715	April, 2034	4.270%		2,270,000
2010A		94,005,000	October, 2022	3.000%	4.000%	48,514,997
2010B		121,885,000	June, 2022	3.000%		76,345,000
2010C-1		18,665,000	June, 2019	2.000%	3.000%	4,660,000
2010C-2		23,135,000	June, 2040	4.500%	6.100%	23,135,000
2010D	EFC 2010C	4,293,666	April, 2037	2.132%	4.603%	3,495,000
2010E	EFC 2010C	27,976,578	October, 2039	2.132%	4.603%	22,370,000
2011A		46,780,000	October, 2024	3.000%	5.000%	32,220,000
2011B		126,900,000	July, 2023	2.750%	5.000%	92,085,000
2011C		29,390,000	July, 2031	2.000%	4.000%	25,275,000
2011D		24,260,000	July, 2016	1.300%		6,210,000
2011E	EFC 2011 DIRECT	100,470,000	June, 2040	1.393%	4.746%	86,560,000
2011F	EFC 2011 A	15,445,000	July, 2020	2.324%	3.829%	4,345,000
2011G	EFC 2011 C	17,185,000	October, 2021	1.688%	3.420%	8,300,000
2012A		22,360,000	October 2027	3.000%	5.000%	22,050,000
2012B		55,410,000	July, 2026	2.000%	4.000%	48,530,000
2012C		14,425,000	July, 2030	2.000%	4.000%	13,025,000
2012D	EFC 2012E	8,317,595	May, 2042	0.539%	4.098%	7,455,000
2013A	EFC 2013B	127,039,000	May, 2043	1.023%	4.756%	117,765,000
2013B		5,265,000	July, 2027	3.000%	5.000%	49,635,000
2013C		4,305,000	July, 2024	5.000%		3,960,000
2014A		9,245,000	October, 2015	0.660%	2.690%	5,030,000
2014B	EFC 2014B	85,957,000	May, 2044	0.332%	4.293%	81,172,000
2015A	EFC 2015B	14,252,000	September, 2044	0.200%	4.267%	14,525,000
2015B		81,530,000	November, 2027	2.500%	5.000%	81,530,000
2015C		4,260,000	November, 2020	2.000%		4,260,000
2015D		3,660,000	November, 2032	2.250%	5.000%	3,660,000
						<u>\$ 1,103,557,005</u>
						Bonds Sold to EFC
						<u>434,972,000</u>
						Bonds Sold to Other
						<u>668,585,005</u>
						<u>\$ 1,103,557,005</u>

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

**Blended Component Unit Debt**

**WTASC**

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

A schedule of WTASC planned structured principal maturities is below:

<u>Year ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ —	\$ 9,679,400	\$ 9,679,400
2017	—	9,679,400	9,679,400
2018	—	9,679,400	9,679,400
2019	—	9,679,400	9,679,400
2020	—	9,679,400	9,679,400
2021-2045	189,795,000	148,000,450	337,795,450
	<u>\$ 189,795,000</u>	<u>\$ 196,397,450</u>	<u>\$ 386,192,450</u>
Unamortized original issue discount	(3,498,807)		
	<u>\$ 186,296,193</u>		

The annual requirements to amortize all issued bond debt outstanding as of December 31, 2015 are as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 100,716,986	\$ 42,217,433	\$ —	\$ 9,679,400	\$ 100,716,986	\$ 51,896,833
2017	96,915,004	39,044,190	—	9,679,400	96,915,004	48,723,590
2018	93,265,012	35,447,042	—	9,679,400	93,265,012	45,126,442
2019	88,565,003	31,766,277	—	9,679,400	88,565,003	41,445,677
2020	84,459,998	28,280,631	—	9,679,400	84,459,998	37,960,031
2021-2025	330,255,002	96,898,533	21,895,000	46,013,513	352,150,002	142,912,045
2026-2030	146,790,000	50,403,455	26,600,000	39,700,250	173,390,000	90,103,705
2031-2035	90,700,000	26,490,710	33,900,000	32,095,312	124,600,000	58,586,022
2036-2040	61,040,000	8,768,655	45,800,000	21,945,250	106,840,000	30,713,905
2041-2044	10,850,000	798,858	61,600,000	8,246,125	72,450,000	9,044,983
	<u>\$ 1,103,557,005</u>	<u>\$ 360,115,784</u>	<u>\$ 189,795,000</u>	<u>\$ 196,397,450</u>	<u>\$ 1,293,352,005</u>	<u>\$ 556,513,234</u>

## Interest Expense (Bonds, BANS and Capital Leases)

Interest expenditures for Governmental Funds on a fund basis were as follows:

General Fund	\$ 19,811,146	
Sewer Districts	19,073,974	
Refuse Disposal District	<u>591,257</u>	
Total Major Funds		\$ 39,476,377
Airport Fund	190,789	
Water Districts	<u>330,405</u>	
Total Non-Major Funds		<u>521,194</u>
Total Governmental Funds		<u>39,997,571</u>
Statement of Activities:		
Additional Interest on Capital Lease	1,963,948	
Change in Accrued Interest Payable	1,322,555	
Amortization of Bond Premium and loss on Refunding	<u>(4,836,199)</u>	<u>(1,549,696)</u>
Total Statement of Activities		<u>\$ 38,447,875</u>

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

## Refunding

On August 20, 2015 \$23,295,000 of debt issued to the NYS Environmental Facilities Corporation (EFC) was refunded with the EFC. Essentially all terms of the debt remain unchanged except that a lower interest rate has become effective. The refunding will save the County \$2,592,042 through 2036. The net present value of the savings is \$2,185,572. Included are transaction fees of \$366,755.

## Prior Years Defeasance of Debt

In prior years, the County has advance refunded various County bonds by placing the proceeds of the refunding bonds in irrevocable trusts to provide for all future debt service payments on the refunded bonds. The County considers these refunded bonds to be defeased. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. As of December 31, 2015, \$29,393,950 of refunded bonds outstanding is considered defeased.

## Unpaid Claim Liabilities

The Internal Service Funds reflect health benefit liabilities, workers' compensation benefit liabilities and general liability claims. The Health Insurance Fund estimates are accrued based on actuarial computations. The Insurance Reserve and Workers' Compensation Reserve funds establish claim liabilities based upon estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported, but not settled, and of claims that have been incurred but not reported (IBNR's). The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claim costs depend on such complex factors as inflation, changes in doctrines of legal liability and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount. Claim liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency and other economic and social factors. A provision for inflation in the calculation of estimated future claim costs is implicit in the calculation because reliance is

placed both on actual historical data that reflects past inflation and other factors that are considered to appropriate modifiers of past experience. The County accrued pre-1998 open claims, which had been transferred to WCHCC as part of the transfer of the County's Department of Hospitals to the Corporation.

Claim liabilities, at December 31, 2015 are reported at their present value using an expected future investment rate of return of 4% for the Insurance Reserve Fund and 3% for the Workers' Compensation Reserve Fund. Adjustments to claim liabilities are charged or credited to expense in the periods in which they are made. An analysis of the activity of unpaid claim liabilities is as follows:

	<b>Health Insurance*</b>	<b>Insurance Reserve</b>	<b>Workers' Compensation</b>
<b>Fiscal 2015</b>			
Unpaid claims - Beginning of Year	\$ 22,550,705	\$ 30,450,411	\$ 38,428,171
Incurred claims including IBNR's	171,643,940	10,184,738	9,514,194
Claims paid	(173,442,568)	(5,229,482)	(10,336,075)
Unpaid claims - End of Year	<u>\$ 20,752,077</u>	<u>\$ 35,405,667</u>	<u>\$ 37,606,290</u>
Due within one year	<u>\$ 20,752,077</u>	<u>\$ 3,500,000</u>	<u>\$ 3,760,000</u>
<b>Fiscal 2014</b>			
Unpaid claims - Beginning of Year	\$ 22,899,348	\$ 34,565,063	\$ 35,671,280
Incurred claims including IBNR's	169,461,571	3,072,787	12,646,805
Claims paid	(169,810,214)	(7,187,439)	(9,889,914)
Unpaid claims - End of Year	<u>\$ 22,550,705</u>	<u>\$ 30,450,411</u>	<u>\$ 38,428,171</u>
Due within one year	<u>\$ 22,550,705</u>	<u>\$ 3,000,000</u>	<u>\$ 3,800,000</u>

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

### Pollution Remediation

In accordance with Government Accounting Standards Board Statement No. 49 "Accounting and Financial Reporting for Pollution Remediation Obligations", the County, in 2012, recorded liabilities totaling \$1,834,036, which have been fully recovered from a prior tenant, in the Government-Wide Financial Statements primarily for the remediation and monitoring of soil pollution related to a fuel spill within a hangar at the County Airport. This liability represents an estimated amount based on the professional judgment of an environmental consultant company. The actual scope of the monitoring and associated costs will be determined by the appropriate regulatory agencies, New York State Department of Environmental Conservation, New York State Department of Health or a delegate agency. The actual costs may differ from the estimate due to inflation, changes in technology, or changes in regulation. As of December 31, 2015, as a result of costs incurred in 2015, the balance has been reduced to \$594,454.

### Compensated Absences

As of December 31, 2015, County employees earn sick and vacation leave at various rates subject to certain maximum limitations based upon the terms of the respective collective bargaining agreements. At December 31, 2015, the value of the accumulated sick and vacation leave was \$37,372,896 and \$8,827,269 respectively. These amounts have been reflected in the Statement of Net Position. Accumulated sick and vacation leave of the component units has been recorded as an expense, as the benefits accrue to those employees.



## Landfill Post-Closure Costs

State and Federal laws and regulations require the Refuse Disposal District to cover its Sprout Brook Ash Landfill and Croton Point Landfill as both areas have been filled for quite some time. Current estimates for the costs to close and cover all areas at the landfill are \$8,258,852. The County anticipates funding this cost through the issuance of bonds. The revised estimated post-closure maintenance and monitoring functions will cost approximately \$22,561,192 over the years 2016 through 2037. The Refuse Disposal District will fund the post-closure operating costs through tipping fees and tax levies. The current cost of landfill closure and post-closure care is an estimate based on landfill capacity used to date and is subject to changes resulting from inflation, deflation, technology, or changes in applicable laws or regulations.

Croton Point Landfill has estimated capital closure costs of \$6,132,878, with revised estimated post-closure costs of \$10,647,492 for the years 2016 through 2031.

Sprout Brook Ash Landfill has estimated capital closure costs of \$2,125,974, with revised estimated post-closure costs of \$11,913,700 for the years 2016 through 2037.

## Post-Employment Health Care Benefits

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

The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, which is an actuarially determined amount. GASB Statement 45 establishes standards for the measurement, recognition and display of the expenses and liabilities for retirees' medical insurance. As a result, reporting of expenses and liabilities will no longer be recognized under the "pay-as-you-go" approach. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. For the calendar year ended December 31, 2015, the County's annual OPEB cost was \$169,580,000 and the Annual Required Contribution was \$182,240,000.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. In addition, the assumptions and projections utilized do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial calculations of the OPEB plan reflect a long-term perspective.

## Primary Government

The County is required to accrue on the Government-Wide Financial Statements the amounts necessary to finance the Plan as actuarially determined, which is equal to the balance not paid by plan members.

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

Active Employees	4,499
Retired Employees	<u>4,220</u>
Total	<u>8,719</u>

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

The amortization basis is the level percentage of projected payroll method with an open amortization approach with 30 years remaining in the amortization period. The actuarial assumptions included a 4.5% investment rate of return and a 3% inflation rate. While the County currently has not set aside any assets for the purpose of paying postemployment benefits, an assignment of fund balance has been established. The actuarial cost method utilized was the entry age normal method.

**Amortization Component:**

Actuarial Accrued Liability as of January 1, 2015	\$ 1,988,880,000
Assets at Market Value	<u>—</u>
Unfunded Actuarial Accrued Liability	<u>\$ 1,988,880,000</u>
Funded ratio	<u>0.00%</u>
Covered payroll (Active plan members)	<u>\$ 425,000,000</u>
UAAL as a Percentage of Covered Payroll	<u>467.97%</u>
Annual Required Contribution	\$ 182,240,000
Interest on Net OPEB Obligation	41,440,000
Adjustment to Annual Required Contribution	<u>(54,100,000)</u>
Annual OPEB Cost	169,580,000
Contributions Made	<u>(67,480,000)</u>
Increase in Net OPEB Obligation	102,100,000
Net OPEB Obligation - January 1, 2015	<u>923,760,000</u>
Net OPEB Obligation - December 31, 2015	<u>\$ 1,025,860,000</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the current and two preceding years were as follows:

Fiscal Year Ended December 31,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 169,580,000	39.8%	\$ 1,025,860,000
2014	184,400,000	36.3%	923,760,000
2013	179,220,000	32.9%	806,350,000

The schedule of funding progress for the OPEB plan immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing relative to the actuarial accrued liability for the benefits over time.

## College – Component Unit

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

<b>Assumed pre-65 medical trend rates at August 31</b>	
Health care cost trend assumed for next fiscal year	7.750 %
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	3.886
Fiscal year that the rate reaches the ultimate trend rate	2075
<b>Assumed post-65 medical trend rates at August 31</b>	
Health care cost trend assumed for next fiscal year	6.750 %
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	3.886
Fiscal year that the rate reaches the ultimate trend rate	2075
<b>Assumed prescription drug trend rates at August 31</b>	
Prescription cost trend assumed for next fiscal year	8.500 %
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	3.886
Fiscal year that the rate reaches the ultimate trend rate	2075
<b>Assumed post-65 medical trend rates at August 31</b>	
Health care cost trend assumed for next fiscal year	6.000 %
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	3.886
Fiscal year that the rate reaches the ultimate trend rate	2075

The amortization basis is the level dollar of payroll method with an open amortization approach with 23 years remaining in the amortization period. The actuarial assumptions included a 4.5% investment return and a 2.25% inflation rate. The College currently has no assets set aside for the purpose of paying post-employment benefits. The actuarial cost method utilized was the unit credit method.

The number of participants as of September 1, 2014 was as follows:

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

**Amortization Component:**

Actuarial Accrued Liability as of September 1, 2014	\$ 145,872,342
Assets at Market Value	<u>                    </u>
Unfunded Actuarial Accrued Liability ("UAAL")	<u>\$ 145,872,342</u>
Funded Ratio	<u>0.00%</u>
Covered Payroll (Active plan members)	<u>\$ 51,432,775</u>
UAAL as a Percentage of Covered Payroll	<u>283.62%</u>
Annual Required Contribution	\$ 14,878,689
Interest on Net OPEB Obligation	2,359,015
Adjustment to Annual Required Contribution	<u>(3,218,301)</u>
Annual OPEB Cost	14,019,403
Contributions Made	<u>(3,516,707)</u>
Increase in Net OPEB Obligation	10,502,696
Net OPEB Obligation - Beginning of Year	<u>52,422,552</u>
Net OPEB Obligation - End of Year	<u>\$ 62,925,248</u>

The College's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the current and two preceding years is as follows:

<u>Fiscal</u> <u>Year Ended</u> <u>August 31,</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2015	\$ 14,019,403	25.08%	\$ 62,925,248
2014	13,863,561	24.81%	52,422,552
2013	13,238,853	27.65%	41,999,218

**J. Transfers**

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

<u>Transfers Out</u>	<u>Transfers In</u>					<u>Total</u>
	<u>General</u>	<u>Sewer</u> <u>Districts</u>	<u>Refuse</u> <u>Disposal</u> <u>District</u>	<u>Grants</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u>	
General	\$ ---	\$ 16,765	\$ 19,200	\$ 3,509,421	\$ 71,727	\$ 3,617,113
Sewer Districts	32,500	---	---	---	---	32,500
Refuse Disposal District	---	---	---	---	1,000,000	1,000,000
Capital Projects	711,030	456,257	---	---	---	1,167,287
Non-Major Governmental Business-type--WTASC	---	---	---	---	962,000	962,000
	3,641,209	---	---	---	---	3,641,209
	<u>\$ 4,384,739</u>	<u>\$ 473,022</u>	<u>\$ 19,200</u>	<u>\$ 3,509,421</u>	<u>\$ 2,033,727</u>	<u>\$ 10,420,109</u>

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

## K. Encumbrances

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

General Fund	\$	8,194,185
Sewer Districts		1,305,668
Refuse Disposal District		225,676
Non-Major Governmental Funds		<u>1,262,527</u>
	\$	<u>10,988,056</u>

## L. Net Position

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

*Restricted for E911 and related:* the component of net position that represents funds restricted for the E911 program and its related costs.

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

*Restricted for Casualty Claims:* the component of net position that has been established to set aside funds to be used for a specific purpose in accordance with Section 6N of General Municipal Law.

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

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

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

**M. Fund Balances (Deficit)**

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

	2015						Total
	General Fund	Combined Sewer Districts Fund	Refuse Disposal District Fund	Grants Fund	Capital Projects Fund	Other Governmental Funds	
<b>Nonspendable:</b>							
Inventory	50,000	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 50,000
Federal and State Receivables	10,000,000	---	---	---	---	---	10,000,000
Advances from other funds- Passenger Facility Charges	---	---	---	---	---	17,900,048	17,900,048
Prepaid Expenditures	15,437,413	578,775	---	---	---	---	16,016,188
<b>Total Nonspendable</b>	<b>25,487,413</b>	<b>578,775</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>17,900,048</b>	<b>43,966,236</b>
<b>Restricted:</b>							
E911 and related	---	---	---	---	---	---	---
Debt service	---	---	---	---	5,113,371	---	5,113,371
<b>Total Restricted</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>5,113,371</b>	<b>---</b>	<b>5,113,371</b>
<b>Assigned:</b>							
<b>Purchases on order:</b>							
Information Technology	1,637,083	---	---	---	---	---	1,637,083
Public Works Operations	1,658,456	---	---	---	---	---	1,658,456
Department of Corrections	740,247	---	---	---	---	---	740,247
Department of Public Safety	247,936	---	---	---	---	---	247,936
Social Services Operations	478,232	---	---	---	---	---	478,232
Labs & Research	147,363	---	---	---	---	---	147,363
Sewer Districts Operations	---	1,305,668	---	---	---	---	1,305,668
Other	3,284,868	---	225,676	---	---	1,262,527	4,773,071
	8,194,185	1,305,668	225,676	---	---	1,262,527	10,988,056
NYS Retirement Stabilization	28,000,000	---	---	---	---	---	28,000,000
Vehicle Purchase	---	---	---	---	---	---	---
GASB 45	41,000,000	---	---	---	---	---	41,000,000
Medicaid	4,400,000	---	---	---	---	---	4,400,000
For subsequent year's expenditures, reported in:							
General Fund	2,996,373	---	---	---	---	---	2,996,373
Special Revenue Funds	---	14,730,495	9,575,400	---	---	4,902,251	29,208,146
Major Funds	---	46,789,820	44,317,194	16,783,340	---	---	107,890,354
<b>Non-major Funds:</b>							
Airport	---	---	---	---	---	---	---
Water Districts	---	---	---	---	---	6,789,894	6,789,894
<b>Total Assigned</b>	<b>84,590,558</b>	<b>62,825,983</b>	<b>54,118,270</b>	<b>16,783,340</b>	<b>---</b>	<b>12,954,672</b>	<b>231,272,823</b>
Unassigned	54,665,169	---	---	---	(33,267,390)	---	21,397,779
<b>Total Fund Balances</b>	<b>164,743,140</b>	<b>\$ 63,404,758</b>	<b>\$ 54,118,270</b>	<b>\$ 16,783,340</b>	<b>\$ (28,154,019)</b>	<b>\$ 30,854,720</b>	<b>\$ 301,750,209</b>

2014

General Fund	Combined Sewer Districts Fund	Refuse Disposal District Fund	Grants Fund	Capital Projects Fund	Other Governmental Funds	Total
\$ 50,000	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 50,000
10,000,000	---	---	---	---	---	10,000,000
---	---	---	---	---	---	---
14,358,055	700,000	---	---	---	---	15,058,055
24,408,055	700,000	---	---	---	---	25,108,055
956,771	---	---	---	---	---	956,771
---	---	---	---	3,950,910	---	3,950,910
956,771	---	---	---	3,950,910	---	4,907,681
1,335,508	---	---	---	---	---	1,335,508
1,707,409	---	---	---	---	---	1,707,409
291,030	---	---	---	---	---	291,030
307,685	---	---	---	---	---	307,685
479,293	---	---	---	---	---	479,293
266,133	---	---	---	---	---	266,133
---	1,394,818	---	---	---	---	1,394,818
3,790,978	---	115,293	---	---	2,232,377	6,138,648
8,178,036	1,394,818	115,293	---	---	2,232,377	11,920,524
28,000,000	---	---	---	---	---	28,000,000
---	---	---	---	---	---	---
41,000,000	---	---	---	---	---	41,000,000
4,400,000	---	---	---	---	---	4,400,000
6,109,801	---	---	---	---	---	6,109,801
---	17,134,828	12,028,051	---	---	2,715,547	31,878,426
---	52,742,649	45,738,713	9,308,067	---	---	107,789,429
---	---	---	---	---	16,645,158	16,645,158
---	---	---	---	---	9,992,491	9,992,491
87,687,837	71,272,295	57,882,057	9,308,067	---	31,585,573	257,735,829
56,612,606	---	---	---	(58,119,296)	---	(1,506,690)
\$ 169,665,269	\$ 71,972,295	\$ 57,882,057	\$ 9,308,067	\$ (54,168,386)	\$ 31,585,573	\$ 286,244,875

## **Nonspendable fund balances**

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

*Federal and State Receivables:* represents the Administration's estimate of Federal and State aid amounts which will not be remitted to the County within the period "available" for income recognition by the County in 2015 and other Federal and State aid that may not be remitted within the "available" period. These funds are not "available" for appropriation or expenditure even though they are a component of current assets.

*Passenger Facility Charges:* represents the amount required to fund certain capital projects should the authority to use passenger facility charges not be approved by the Federal Aviation Administration.

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

## **Assigned fund balances**

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

*NYS Retirement Stabilization:* The County has assigned \$28,000,000 to provide funding for the New York State Retirement System billing to protect the County from market volatility in the New York State Retirement System investment portfolio.

*Other Post-Employment Benefits (GASB 45):* The County has assigned \$41,000,000 to provide funding for post-retirement health care employee benefits effective for the fiscal year 2014.

*Medicaid Claims:* The County has assigned \$4,400,000 of the fund balance of the General Fund to provide future funding on Medicaid expenditures.

*Subsequent Year's Expenditures:* At December 31, 2015, the County has assigned \$2,996,373 of the General Fund, \$14,730,495 of the Sewer Districts Fund, \$9,575,400 of the Refuse Disposal District Fund, \$3,642,240 of the Water Districts Fund and \$1,260,011 of the Airport Fund to be used to fund 2016 operations.



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

	Assigned				Total
	Nonspendable	Available	Purchases on Order	Subsequent Year's Expenditures	
<b>SEWER DISTRICTS FUND</b>					
Blind Brook .....	\$ 47,245	\$ 2,243,949	\$ 106,580	\$ 566,894	\$ 2,964,668
Bronx Valley.....	152,724	11,740,243	344,529	3,975,200	16,212,696
Central Yonkers.....	8,661	1,236,678	19,539	189,187	1,454,065
Hutchinson Valley.....	39,460	4,962,616	89,019	778,457	5,869,552
Mamaroneck Valley .....	96,659	8,422,967	218,056	3,496,030	12,233,712
New Rochelle .....	46,570	1,755,430	105,058	543,952	2,451,010
North Yonkers .....	28,256	1,870,624	63,744	658,475	2,621,099
Ossining .....	18,018	951,474	40,647	329,975	1,340,114
Peekskill .....	22,924	984,779	51,714	334,798	1,394,215
Port Chester .....	10,814	1,113,922	24,396	493,731	1,642,863
Saw Mill Valley .....	86,974	10,124,950	196,208	3,052,138	13,460,270
South Yonkers .....	11,023	818,347	24,866	188,900	1,043,136
Upper Bronx Valley.....	9,447	563,841	21,312	122,758	717,358
	<u>\$ 578,775</u>	<u>\$ 46,789,820</u>	<u>\$ 1,305,668</u>	<u>\$ 14,730,495</u>	<u>\$ 63,404,758</u>
<b>WATER DISTRICTS FUND</b>					
Water District No. 1	\$ ---	\$ 2,807,345	\$ 102,554	\$ 2,627,079	\$ 5,536,978
Water District No. 2	---	(161)	---	---	(161)
Water District No. 3	---	3,664,157	105,947	1,015,161	4,785,265
Water District No. 4	---	318,553	---	---	318,553
	<u>\$ ---</u>	<u>\$ 6,789,894</u>	<u>\$ 208,501</u>	<u>\$ 3,642,240</u>	<u>\$ 10,640,635</u>

NOTE 4

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**LEASES**

**Operating Lease Commitments**

The County has commitments under various operating leases for equipment and facilities with rentals totaling \$113,853,440 with various expiration dates through December 31, 2036. Annual required payments on existing leases are payable as follows:

2016	\$	9,960,657
2017		9,214,889
2018		6,671,601
2018		6,327,967
2020		4,956,163
2021-2025		21,953,403
2026-2030		24,642,226
2031-2035		28,567,095
2036		1,559,439
	\$	<u>113,853,440</u>

**Operating Lease Rental Revenue**

The County leases to others real property under operating leases which expire at various dates through 2027. The following schedule presents the future minimum lease rentals to be received as of December 31, 2015.

2015	\$	4,848,453
2016		4,026,724
2017		3,070,255
2018		2,741,670
2019		2,149,192
2020-2024		1,508,358
2025-2027		856,473
	\$	<u>19,201,125</u>

### Capital Lease Commitment

In 1998, the County entered into a lease agreement with the New York State Dormitory Authority to rehabilitate the County's Courthouse and to replace the Courthouse's façade and to construct a three story annex. Using the New York State Dormitory Authority as the conduit issuer, bonds were issued for the Courthouse construction. On April 12, 2006 the County refunded a portion of the 1998 bonds, in conjunction with the issuance of \$21 million of new money to complete the Courthouse project. The County will realize an annual average savings of approximately \$268,000 in the years 2011 through 2018, inclusive. The new money financing increased the annual lease payments by approximately \$1,625,000 in the years 2006 through 2023, inclusive.

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

2016	\$	12,107,435
2017		12,107,710
2018		8,781,633
2019		12,306,323
2020		12,315,021
2021-2023		<u>34,694,153</u>
		92,312,275
Less amounts representing interest		<u>(15,359,712)</u>
Present Value of Lease Payments	\$	<u>76,952,563</u>

Interest expense of \$4,074,227 was recorded in the Statement of Activities.

## NOTE 5

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### SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

#### Litigation

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

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

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

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

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

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

Yonkers Contracting Corp. v. County of Westchester et al. This is a claim for recovery of monetary losses of approximately \$38,000,000 by a County hired contractor who claims alleged construction delays, inefficiencies, non-payment of materials and labor related to the County project identified as the Composite Performance Implementation and Expansion at the New Rochelle Wastewater Treatment Plant (Contract 08-

540) and the construction of the Biological Nutrient Removal Facilities at the New Rochelle Wastewater Treatment Plant (Contract 09-514). In August, 2015, plaintiff commenced an action against the County and eight (8) other defendants seeking said alleged construction damages. The parties have been attempting to negotiate a settlement of plaintiff's claims. The County's answer to the complaint was filed on May 23, 2016. Due to the inherent uncertainty of this proceeding, this Office is unable to express an opinion on the probable outcome of the case at this stage. No accruals have been made for an unfavorable outcome, if any, in these financial statements.

Carlin Contracting Co. Inc. v. County of Westchester. This is a claim for recovery of contract retainage being held by the County for work performed by plaintiff under Contract 09-513 for the construction project identified as Mamaroneck Wastewater Treatment Plant, Nitrogen Removal Improvements. Plaintiff commenced the action on November 23, 2015. The County served its answer on December 11, 2015. Settlement negotiations are underway. Due to the inherent uncertainty of this proceeding, this Office is unable to express an opinion on the probable outcome of the case at this stage. No accruals have been made for an unfavorable outcome, if any, in these financial statements.

NYS Attorney General/Former Construction Staging Area at Airport. The County received notification dated June 19, 2014, from the New York State Attorney General's Division of Social Justice, Environmental Protection Bureau, detailing the results of a site visit to the Airport on May 29, 2013, by representatives of the New York State Department of Environmental Conservation and the New York City Department of Environmental Protection. The notification included the results of the State's preliminary investigation, and concluded that the alleged prior use of an airport site as a landfill may be impacting surface water, groundwater and sediment. The County, without admitting the presence of a historic landfill, cooperated with the State and hired an engineering firm to advise it on groundwater monitoring and performed tests at the site in question. This consultant collected samples of down-gradient surface water and groundwater on April 2, 2015 and shared them with the State. On April 21, 2015, the consultant reported to the County that the samples were analyzed and "No volatile organic parameters (petroleum, solvents, etc.) were detected in either sample." The New York State Attorney General's Office and the New York State Department of Environmental Conservation are completing their review of the proposed sampling plan submitted by the County's consultant. The County and the State will negotiate the final sampling plan.

## **Risk Management**

Since 1986, the County has self-insured its exposure for general negligence, auto and public official's liability losses and in 1989 included workers' compensation as a self-insurance program. The County established self-insurance funds, pursuant to Sections 6n and 6j of General Municipal Law of the State of New York. The provisions of the law provide for unencumbered general liability reserve contributions not to exceed 1-2/3% of the respective operating budgets and a maximum accumulation of not more than 5% of such operating budgets. The County has retained the services of an independent actuary to evaluate its loss history and provide data to be used in establishing ultimate losses to be incurred. The actuary has certified as to the adequacy of the amount accrued as of December 31, 2015 for claims arising from 1986 through 2015 occurrences.

## **Other Contingencies**

a) The County participates in numerous Federal Grant programs, principal of which are programs of the Department of Health and Human Services. These programs are subject to program compliance audits pursuant to the Single Audit Act. This audit is currently in progress and the report will be issued under separate cover. Accordingly, the County's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The County anticipates such amounts, if any, to be immaterial.

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

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

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

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

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

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

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

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

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

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

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

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

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

d) *Westchester Tobacco Asset Securitization Corporation*

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

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

c) On December 9, 2008, the Westchester County Board of Legislators (the "Board") by Act No. 240-2008, authorized the County to enter into a new Order on Consent (the "2008 Consent Order") with the State of New York Department of Environmental Conservation ("NYSDEC"), which was fully executed on December 30, 2008. The 2008 Consent Order is in place of and in order to adjust the County's obligations under an existing Order on Consent, which was entered into on December 24, 2004 ("2004 Consent Order"). The 2004 Consent Order was executed in settlement of the administrative claims of the NYSDEC relating to, among other things, the County's anticipated noncompliance with state and federally mandated nitrogen removal standards to be imposed in the State Pollutant Discharge Elimination System ("SPDES") permits for the four County-owned waste water treatment plants ("WWTPs") which discharge into the Long Island Sound ("LIS"), namely: (1) the New Rochelle WWTP; (2) the Mamaroneck Valley WWTP; (3) the Blind Brook WWTP; and (4) the Port Chester WWTP. The 2004 Consent Order was the result of a multi-year study of nitrogen-based pollution in the Long Island Sound, known as the Long Island Sound Study ("LISS") which began in 1985, and the subsequent agreement of the United States Environmental Protection Agency ("USEPA"), and the States of New York and Connecticut to impose mandatory nitrogen reductions on all municipal WWTPs which discharge into the Long Island Sound and require them to reduce nitrogen discharges. The 2008 Consent Order requires improvements be undertaken at only two of the four LIS WWTPs, namely the Mamaroneck Valley and New Rochelle WWTPs (the "BNR Project") to meet nitrogen discharge standards set forth in the NYSDEC-issued SPDES permits for all four Long Island Sound WWTPs, in the aggregate, by 2017. This substantially reduces the overall cost of compliance, because it is more efficient to reduce aggregate nitrogen discharges by making more comprehensive improvements at the two selected WWTPs than it would be to achieve the same reductions by making improvements at all four WWTPs. It further requires the equitable apportionment of all the costs associated with the BNR Project among the four (4) Long Island Sound Sanitary Sewer Districts ("SSDs"), namely: (1) the New Rochelle SSD; (2) the Mamaroneck Valley SSD; (3) the Blind Brook SSD; and (4) the Port Chester SSD, as the Board has determined that all of the properties in the four LIS SSDs are benefited thereby. This is anticipated to have a substantial financial impact on those SSDs. The 2008 Consent Order extends the date for compliance from 2014 to 2017. It should be noted that, during construction to upgrade the Mamaroneck Valley WWTP (the "Plant") there were unintended releases of plastic media disks from the Plant into the Long Island Sound, which constituted violations of Environmental Conservation Law Section 17-0803. As a consequence of the violations, and subsequent work to prevent future occurrences, the Plant suffered setbacks with respect to implementation of its plan to upgrade the treatment facilities in accordance with the 2008 Consent Order. In October 2012, the 2008 Consent Order was modified to extend interim deadlines to "Complete construction at the Mamaroneck WWTP" and to "Operate to Meet the 12 M[onth] R[olling] A[verage]" in addition to a "Green Beaches, Clean Beaches Media Disk Recovery Program" (the 2004 Consent Order and 2008 Consent Order, as modified are collectively referred to as the "Consent Order"), noting that said amendment does not change the December 31, 2017 termination date of the Consent Order.

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

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

## NOTE 6

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### SUBSEQUENT EVENTS

On February 16, 2016 the County issued a \$105 million Tax Anticipation Note. The TAN was issued at a premium of \$388,500 and yields an interest rate of .17%. The TAN was issued to provide cash flow assistance to the County leading up to the May 25, 2016 property tax collection. It matured on May 26, 2015 and was paid in full.

On April 19, 2016 the County issued \$109,980,000 in General Obligation Refunding bonds to advance refund \$119,890,000 of previously issued bonds. The advance refunded issues were as follows: Series 2007A \$10,930,000; 2009A \$31,015,000; 2009B \$3,305,000; 2010B \$33,610,000; 2011B \$25,900,000 and 2013B \$4,920,000. The refunding plan provides that the proceeds of the Refunding Bonds (\$132,211,627 including reoffering premium of \$22,231,627, will be used to purchase non-callable Government Obligations (\$131,480,513). The balance of the proceeds (\$731,114) funded underwriter fees and other issuance costs. The securities were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the County considers these bonds to be defeased and the liability for these serial bonds will be removed from the Statement of Net Position in 2016. The transaction reduced the County's total debt service payments from 2016 – 2029 by \$5,480,382 and will provide a net present value economic gain of \$4,864,162.

On June 8, 2016, the County of Westchester sold surplus County property located at 375 Executive Boulevard (the "Property") for \$5,400,000. The Property consists of a light industrial/office building containing approximately 79,500 square feet and situated on a 3.65 acre site. Pursuant to a separate license agreement, the purchaser will allow the County to remain on the Property for up to 120 days following the closing to remove its personal property. After debt service and miscellaneous other items the sale of the property will result in a net gain of approximately \$2.7 million to be reflected in the 2016 financial statements.



**Westchester County  
 Required Supplementary Information  
 Schedule of Funding Progress  
 Other Post Employment Benefits**

Exhibit E-1

Last Three Fiscal Years

Valuation Date	Actuarial		Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
December 31, 2013	\$ -	\$ 2,189,000,000	\$ 2,189,000,000	0 %	\$ 420,000,000	521 %
December 31, 2014	-	2,095,540,000	2,095,540,000	0	415,000,000	505
December 31, 2015	-	1,988,880,000	1,988,880,000	0	425,000,000	468

B-125

**Westchester County**  
**Required Supplementary Information-**  
**Schedule of the Primary Government's Share**  
**of the Net Pension Liability**  
**New York State and Local Employees'**  
**Retirement System**

Exhibit E-2

Last Ten Fiscal Years(1)

	<u>2015</u>
Primary Government's proportion of the net pension liability (asset)	<u>1.5655805%</u>
Primary Government's proportionate share of the net pension liability (asset)	<u>\$ 52,889,142</u>
Primary Government's covered-employee payroll	<u>\$ 399,725,581</u>
Primary Government's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>13.23%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>97.90%</u>

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

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

**Westchester County  
 Required Supplementary Information-  
 Schedule of Contributions  
 New York State and Local Employees'  
 Retirement System**

Exhibit E-3

Last Ten Fiscal Years(1)

	<u>2015</u>
Contractually required contribution	\$ 66,946,166
Contributions in relation to the contractually required contribution	<u>66,946,166</u>
Contribution deficiency (excess)	<u>\$ —</u>
Primary Government's covered-employee payroll	<u>399,725,581</u>
Contributions as a percentage of covered-employee payroll	<u>16.75%</u>

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

**Westchester County**  
**Required Supplementary Information-**  
**Schedule of the Primary Government's Share**  
**of the Net Pension Liability**  
**New York State and Local Police and Fire**  
**Retirement System**

Exhibit E-4

Last Ten Fiscal Years(1)

	<u>2015</u>
Primary Government's proportion of the net pension liability (asset)	<u>1.3178962%</u>
Primary Government's proportionate share of the net pension liability (asset)	<u>\$ 3,627,635</u>
Primary Government's covered-employee payroll	<u>\$ 40,996,837</u>
Primary Government's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>8.85%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>99.00%</u>

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

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

**Westchester County  
 Required Supplementary Information-  
 Schedule of Contributions  
 New York State and Local Police and Fire  
 Retirement System**

Exhibit E-5

Last Ten Fiscal Years(1)

	<u>2015</u>
Contractually required contribution	\$ 18,188,905
Contributions in relation to the contractually required contribution	<u>18,188,905</u>
Contribution deficiency (excess)	<u>\$ —</u>
Primary Government's covered-employee payroll	<u>40,996,837</u>
Contributions as a percentage of covered-employee payroll	<u>44.37%</u>

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

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**Westchester County  
General Fund—  
Comparative Balance Sheet  
December 31, 2015 and 2014**

**Exhibit F-1**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash	\$ 57,202,469	\$ 32,416,911
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$3,251,248 in 2015 and \$3,493,464 in 2014	143,412,249	81,747,815
Due from Federal and State Governments	176,004,919	211,029,341
Inventory	50,000	50,000
Due from Other Funds	74,021,950	60,287,569
Prepaid Expense-Retirement	15,437,413	14,358,055
	<u>\$ 466,129,000</u>	<u>\$ 399,889,691</u>
<b>Total Assets</b>		
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities:</b>		
Accounts Payable and Accrued Liabilities	\$ 172,356,165	\$ 105,964,622
Bond Anticipation Notes Payable	—	1,100,000
Due to Other Funds	128,611,018	123,002,181
Deposits in Escrow	418,677	157,619
	<u>301,385,860</u>	<u>230,224,422</u>
<b>Total Liabilities</b>		
<b>Fund Balance:</b>		
Non-spendable	25,487,413	24,408,055
Restricted	—	956,771
Assigned	84,590,558	87,687,837
Unassigned	54,665,169	56,612,606
	<u>164,743,140</u>	<u>169,665,269</u>
<b>Total Fund Balance</b>		
<b>Total Liabilities and Fund Balance</b>	<u>\$ 466,129,000</u>	<u>\$ 399,889,691</u>

# Westchester County General Fund— Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance—Budget and Actual

Years Ended December 31, 2015 and 2014

	2015			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES:</b>				
Taxes:				
Taxes on Real Property	\$ 548,423,468	\$ 548,423,468	\$ 548,423,468	\$ —
Sales Tax	528,169,000	528,169,000	500,642,409	(27,526,591)
	<u>1,076,592,468</u>	<u>1,076,592,468</u>	<u>1,049,065,877</u>	<u>(27,526,591)</u>
Federal Aid:				
Social Services	179,449,886	179,449,886	170,707,028	(8,742,858)
Other	20,182,494	20,182,494	14,247,927	(5,934,567)
	<u>199,632,380</u>	<u>199,632,380</u>	<u>184,954,955</u>	<u>(14,677,425)</u>
State Aid:				
Social Services	102,671,000	102,671,000	86,953,463	(15,717,537)
Other	145,503,440	145,503,440	146,614,703	1,111,263
	<u>248,174,440</u>	<u>248,174,440</u>	<u>233,568,166</u>	<u>(14,606,274)</u>
Departmental Income	<u>147,274,735</u>	<u>147,274,735</u>	<u>144,653,909</u>	<u>(2,620,826)</u>
Earnings on Investments	<u>100,000</u>	<u>100,000</u>	<u>2,391</u>	<u>(97,609)</u>
Miscellaneous Revenues:				
Auto Use Tax	15,682,000	15,682,000	15,905,840	223,840
Harness Racing Admissions Tax	6,000	6,000	4,824	(1,176)
Hotel Tax	5,700,000	5,700,000	6,115,422	415,422
Mortgage Tax	15,991,690	15,991,690	18,396,878	2,405,188
Services to WCHCC	10,047,168	10,047,168	7,579,470	(2,467,698)
Other	15,420,063	93,414,190	103,962,570	10,548,380
	<u>62,846,921</u>	<u>140,841,048</u>	<u>151,965,004</u>	<u>11,123,956</u>
<b>Total Revenues</b>	<u>1,734,620,944</u>	<u>1,812,615,071</u>	<u>1,764,210,302</u>	<u>(48,404,769)</u>
<b>EXPENDITURES:</b>				
Current:				
General Government:				
Board of Legislators	4,554,706	4,554,706	4,548,399	6,307
County Executive	6,672,994	6,695,066	5,678,491	1,016,575
Board of Acquisition and Contract	278,126	296,643	292,281	4,362
Board of Elections	15,503,110	15,503,110	13,590,108	1,913,002
Department of Human Resources	4,880,647	4,880,647	4,278,839	601,808
Department of Budget	1,645,099	1,645,099	1,599,412	45,687
Department of Finance	5,314,389	5,314,389	5,133,771	180,618
Department of Information Technology	6,032,856	6,032,856	2,393,190	3,639,666
Department of Law	810,409	810,409	666,523	143,886
Department of Planning	4,170,716	4,206,134	4,212,017	(5,883)
County Clerk	7,087,004	7,087,004	6,715,826	371,178
Tax Commission	187,166	187,166	174,283	12,883
Public Administrator	694,904	694,904	634,713	60,191
Department of Public Works	10,931,653	10,905,207	10,475,090	430,117
Solid Waste Commission	1,573,338	1,573,338	1,415,440	157,898
Other	143,151,410	142,966,478	136,812,285	6,154,193
	<u>213,488,527</u>	<u>213,353,156</u>	<u>198,620,668</u>	<u>14,732,488</u>



## Exhibit F-2

2014			
Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
\$ 548,423,468	\$ 548,423,468	\$ 548,423,468	\$ —
507,527,613	507,527,613	503,322,529	(4,205,084)
<u>1,055,951,081</u>	<u>1,055,951,081</u>	<u>1,051,745,997</u>	<u>(4,205,084)</u>
193,295,472	193,295,472	163,721,632	(29,573,840)
22,270,145	22,270,145	22,691,416	421,271
<u>215,565,617</u>	<u>215,565,617</u>	<u>186,413,048</u>	<u>(29,152,569)</u>
104,063,470	104,063,470	93,227,820	(10,835,650)
145,674,672	145,674,672	151,960,638	6,285,966
<u>249,738,142</u>	<u>249,738,142</u>	<u>245,188,458</u>	<u>(4,549,684)</u>
148,033,675	148,033,675	137,028,020	(11,005,655)
<u>250,000</u>	<u>250,000</u>	<u>9,773</u>	<u>(240,227)</u>
15,400,000	15,400,000	15,345,870	(54,130)
6,000	6,000	5,074	(926)
5,522,638	5,522,638	5,581,672	59,034
19,826,409	19,826,409	14,951,342	(4,875,067)
8,240,604	8,240,604	9,102,241	861,637
<u>15,538,636</u>	<u>61,048,288</u>	<u>85,380,167</u>	<u>24,331,879</u>
<u>64,534,287</u>	<u>110,043,939</u>	<u>130,366,366</u>	<u>20,322,427</u>
<u>1,734,072,802</u>	<u>1,779,582,454</u>	<u>1,750,751,662</u>	<u>(28,830,792)</u>
4,639,145	4,639,145	4,309,971	329,174
5,941,165	5,974,024	4,705,630	1,268,394
280,930	280,930	271,967	8,963
15,148,160	15,148,160	12,966,860	2,181,300
4,533,278	4,533,278	4,361,370	171,908
1,630,747	1,630,747	1,562,068	68,679
5,442,867	5,442,867	5,135,215	307,652
1,014	(42,077)	(3,077,533)	3,035,456
376,207	376,207	620,013	(243,806)
4,406,312	4,406,312	4,017,102	389,210
7,518,846	7,518,846	7,069,832	449,014
178,292	178,292	177,409	883
664,561	664,561	622,053	42,508
11,566,216	13,756,529	12,751,935	1,004,594
1,524,059	1,524,059	1,383,048	141,011
<u>142,853,004</u>	<u>139,127,578</u>	<u>137,191,988</u>	<u>1,935,590</u>
<u>206,704,803</u>	<u>205,159,458</u>	<u>194,068,928</u>	<u>11,090,530</u>

continued

**Westchester County  
General Fund—  
Comparative Schedule of Revenues, Expenditures and  
Changes in Fund Balance—Budget and Actual (cont'd)**

Years Ended December 31, 2015 and 2014

	2015			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Education:				
Department of Health	\$ 122,614,875	\$ 123,561,961	\$ 123,560,852	\$ 1,109
Other	35,205,388	35,545,205	35,489,893	55,312
	<u>157,820,263</u>	<u>159,107,166</u>	<u>159,050,745</u>	<u>56,421</u>
Public Safety:				
Department of Corrections	127,531,474	127,531,474	124,834,075	2,697,399
District Attorney	28,754,989	28,754,989	27,790,037	964,952
Department of Public Safety	40,797,541	40,797,541	38,805,209	1,992,332
Department of Emergency Services	5,817,544	5,817,544	5,340,995	476,549
Department of Probation	26,112,139	26,112,139	25,895,168	216,971
Other	40,315,381	41,051,164	40,162,787	888,377
	<u>269,329,068</u>	<u>270,064,851</u>	<u>262,828,271</u>	<u>7,236,580</u>
Health Services:				
Community Mental Health Services	6,338,299	6,466,290	6,529,150	(62,860)
Department of Health	19,385,375	18,438,289	17,974,347	463,942
Department of Laboratories and Research	13,897,270	13,897,270	13,341,770	555,500
	<u>39,620,944</u>	<u>38,801,849</u>	<u>37,845,267</u>	<u>956,582</u>
Transportation:				
Department of Transportation	154,313,363	155,238,600	155,244,726	(6,126)
County Road Maintenance	4,443,863	4,470,309	4,066,366	403,943
	<u>158,757,226</u>	<u>159,708,909</u>	<u>159,311,092</u>	<u>397,817</u>
Economic Assistance:				
County Executive	2,067,912	2,045,840	1,942,615	103,225
Department of Social Services	544,125,505	622,119,632	594,222,003	27,897,629
Other	219,000	219,000	211,131	7,869
	<u>546,412,417</u>	<u>624,384,472</u>	<u>596,375,749</u>	<u>28,008,723</u>
Culture and Recreation:				
Department of Parks, Recreation and Conservation	44,262,265	45,154,587	44,558,907	595,680
Other	3,610,099	3,610,099	3,541,012	69,087
	<u>47,872,364</u>	<u>48,764,686</u>	<u>48,099,919</u>	<u>664,767</u>
Home and Community Services:				
Senior Programs and Services	571,190	571,190	277,016	294,174
Weights, Measures, Consumer Protection	2,006,913	2,006,913	1,829,730	177,183
Other	3,991,568	3,991,568	2,254,380	1,737,188
	<u>6,569,671</u>	<u>6,569,671</u>	<u>4,361,126</u>	<u>2,208,545</u>

Exhibit F-2

2014

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
\$	123,151,018	\$ 123,153,598	\$ 120,899,423	\$ 2,254,175
	34,712,000	34,958,512	34,868,576	89,936
	157,863,018	158,112,110	155,767,999	2,344,111
	128,958,975	128,958,976	124,026,202	4,932,774
	28,367,369	28,367,369	26,719,433	1,647,936
	41,502,798	41,502,798	40,735,796	767,002
	7,445,000	7,445,000	7,210,896	234,104
	27,021,493	27,021,492	25,627,285	1,394,207
	40,927,834	41,766,490	41,236,009	530,481
	274,223,469	275,062,125	265,555,621	9,506,504
	6,477,012	6,528,236	6,270,470	257,766
	19,662,779	19,660,199	18,634,103	1,026,096
	13,651,497	13,651,497	13,289,154	362,343
	39,791,288	39,839,932	38,193,727	1,646,205
	144,725,876	149,374,318	149,274,531	99,787
	3,752,788	3,760,933	3,416,090	344,843
	148,478,664	153,135,251	152,690,621	444,630
	1,997,161	1,964,302	1,851,641	112,661
	560,334,853	605,844,505	597,179,630	8,664,875
	280,524	280,524	254,798	25,726
	562,612,538	608,089,331	599,286,069	8,803,262
	43,283,661	43,770,049	43,580,531	189,518
	3,335,719	3,335,719	3,134,794	200,925
	46,619,380	47,105,768	46,715,325	390,443
	600,465	600,465	552,552	47,913
	1,797,076	1,797,076	1,680,872	116,204
	2,593,727	2,593,727	1,031,623	1,562,104
	4,991,268	4,991,268	3,265,047	1,726,221

continued

**Westchester County**  
**General Fund—**  
**Comparative Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance—Budget and Actual (cont'd)**

Years Ended December 31, 2015 and 2014

	2015			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Employee Benefits:				
State Retirement System	\$ 65,069,396	\$ 61,779,396	\$ 61,732,406	\$ 46,990
Social Security	25,625,213	26,102,155	26,078,685	23,470
Metropolitan Commuter Transportation Mobility Tax	1,338,001	1,341,177	1,341,177	—
Employee Health Insurance	130,064,281	130,064,281	129,353,071	711,210
Other	4,833,000	4,833,000	4,585,021	247,979
	<u>226,929,891</u>	<u>224,120,009</u>	<u>223,090,360</u>	<u>1,029,649</u>
Debt Service:				
Principal	66,019,265	66,019,265	66,019,264	1
Interest	19,802,411	19,814,412	19,811,146	3,266
	<u>85,821,676</u>	<u>85,833,677</u>	<u>85,830,410</u>	<u>3,267</u>
Cost of New Issues	<u>919,349</u>	<u>907,349</u>	<u>702,850</u>	<u>204,499</u>
Total Expenditures	<u>1,753,541,396</u>	<u>1,831,615,795</u>	<u>1,776,116,457</u>	<u>55,499,338</u>
Deficiency of Revenues Over Expenditures	<u>(18,920,452)</u>	<u>(19,000,724)</u>	<u>(11,906,155)</u>	<u>7,094,569</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Bond Proceeds	5,000,000	5,000,000	5,134,543	134,543
Bond Premium	—	—	965,457	965,457
Tax Anticipation Note Premium	—	—	116,400	116,400
Transfers In	3,330,000	3,330,000	4,384,739	1,054,739
Transfers Out	(3,697,385)	(3,617,113)	(3,617,113)	—
Total Other Financing Sources	<u>4,632,615</u>	<u>4,712,887</u>	<u>6,984,026</u>	<u>2,271,139</u>
Net Change in Fund Balance	(14,287,837)	(14,287,837)	(4,922,129)	9,365,708
Fund Balance—Beginning of Year	<u>14,287,837</u>	<u>14,287,837</u>	<u>169,665,269</u>	<u>155,377,432</u>
Fund Balance—End of Year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 164,743,140</u>	<u>\$ 164,743,140</u>

Exhibit F-2

2014			
Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
\$ 58,647,248	\$ 54,747,248	\$ 54,696,027	\$ 51,221
26,063,010	25,695,592	25,396,136	299,456
1,346,258	1,346,258	1,343,436	2,822
123,648,059	125,907,293	125,907,292	1
4,680,385	4,680,385	3,974,555	705,830
<u>214,384,960</u>	<u>212,376,776</u>	<u>211,317,446</u>	<u>1,059,330</u>
63,909,311	63,936,546	63,929,982	6,564
21,420,988	21,257,902	21,217,924	39,978
<u>85,330,299</u>	<u>85,194,448</u>	<u>85,147,906</u>	<u>46,542</u>
800,204	492,758	351,029	141,729
<u>1,741,799,891</u>	<u>1,789,559,225</u>	<u>1,752,359,718</u>	<u>37,199,507</u>
<u>(7,727,089)</u>	<u>(9,976,771)</u>	<u>(1,608,056)</u>	<u>8,368,715</u>
—	2,198,458	—	(2,198,458)
—	—	—	—
—	—	—	—
4,605,061	4,605,061	4,856,104	251,043
(3,348,774)	(3,297,550)	(3,208,002)	89,548
<u>1,256,287</u>	<u>3,505,969</u>	<u>1,648,102</u>	<u>(1,857,867)</u>
(6,470,802)	(6,470,802)	40,046	6,510,848
6,470,802	6,470,802	169,625,223	163,154,421
<u>\$ —</u>	<u>\$ —</u>	<u>\$ 169,665,269</u>	<u>\$ 169,665,269</u>

**Westchester County  
General Fund—  
Schedule of Revenues and Other Financing  
Sources Compared to Budget**

**Exhibit F-3**

**Year Ended December 31, 2015**

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>TAXES:</b>				
Taxes on Real Property	\$ 548,423,468	\$ 548,423,468	\$ 548,423,468	\$ —
Sales Tax	528,169,000	528,169,000	500,642,409	(27,526,591)
Total Taxes	<u>1,076,592,468</u>	<u>1,076,592,468</u>	<u>1,049,065,877</u>	<u>(27,526,591)</u>
<b>FEDERAL AID:</b>				
Department of Social Services:				
Medical Assistance	2,069,000	2,069,000	1,411,516	(657,484)
Family Assistance	47,152,886	47,152,886	39,632,199	(7,520,687)
Safety Net	—	—	257,015	257,015
Child Care	12,740,000	12,740,000	11,024,729	(1,715,271)
Purchase of Services	26,826,000	26,826,000	34,091,513	7,265,513
Emergency Assistance to Families	22,992,000	22,992,000	13,705,642	(9,286,358)
Salaries and Administration	67,670,000	67,670,000	70,584,414	2,914,414
Total Department of Social Services	<u>179,449,886</u>	<u>179,449,886</u>	<u>170,707,028</u>	<u>(8,742,858)</u>
Other:				
Emergency Services	363,183	363,183	456,996	93,813
Community Mental Health	995,000	995,000	785,086	(209,914)
Corrections	1,075,536	1,075,536	1,089,675	14,139
Public Safety	449,627	449,627	263,395	(186,232)
Transportation	17,299,148	17,299,148	11,652,775	(5,646,373)
Total Other	<u>20,182,494</u>	<u>20,182,494</u>	<u>14,247,927</u>	<u>(5,934,567)</u>
Total Federal Aid	<u>199,632,380</u>	<u>199,632,380</u>	<u>184,954,955</u>	<u>(14,677,425)</u>
<b>STATE AID:</b>				
Department of Social Services:				
Medical Assistance	2,063,000	2,063,000	1,411,514	(651,486)
Family Assistance	2,959,000	2,959,000	67,771	(2,891,229)
Safety Net	16,736,000	16,736,000	13,987,732	(2,748,268)
Child Care	18,935,000	18,935,000	19,162,589	227,589
Special Items	88,000	88,000	—	(88,000)
Purchase of Services	7,599,000	7,599,000	9,207,730	1,608,730
Emergency Assistance to Families	—	—	57,685	57,685
Emergency Assistance to Adults	413,000	413,000	539,332	126,332
Salaries and Administration	53,878,000	53,878,000	42,519,110	(11,358,890)
Total Department of Social Services	<u>102,671,000</u>	<u>102,671,000</u>	<u>86,953,463</u>	<u>(15,717,537)</u>

continued

# Westchester County General Fund— Schedule of Revenues and Other Financing Sources Compared to Budget (cont'd)

Exhibit F-3

Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>STATE AID: (cont'd)</b>				
Other:				
County Executive:				
Advocacy and Community Services	\$ 43,518	\$ 43,518	\$ 43,420	\$ (98)
Youth Bureau	132,787	132,787	89,712	(43,075)
Women	32,045	32,045	37,363	5,318
Community Mental Health	1,525,073	1,525,073	1,480,199	(44,874)
Corrections	67,784	67,784	55,126	(12,658)
District Attorney	79,981	79,981	79,981	—
Health - Operations	4,591,347	4,591,347	4,266,566	(324,781)
Health - Services for Children with Disabilities	66,989,059	66,989,059	68,326,311	1,337,252
Indigent Reimbursement	—	—	1,223,812	1,223,812
Laboratories and Research	1,427,081	1,427,081	937,942	(489,139)
Miscellaneous Budget-				
Court Facilities Aid	2,897,000	2,897,000	2,384,187	(512,813)
Parks, Recreation and Conservation	61,000	61,000	50,000	(11,000)
Planning	60,000	60,000	60,000	—
Probation	8,033,756	8,033,756	8,460,202	426,446
Public Safety	2,771,896	2,771,896	2,604,247	(167,649)
Public Works	2,726,113	2,726,113	2,838,627	112,514
Transportation	54,065,000	54,065,000	53,677,008	(387,992)
<b>Total Other</b>	<b>145,503,440</b>	<b>145,503,440</b>	<b>146,614,703</b>	<b>1,111,263</b>
<b>Total State Aid</b>	<b>248,174,440</b>	<b>248,174,440</b>	<b>233,568,166</b>	<b>(14,606,274)</b>
<b>DEPARTMENTAL INCOME:</b>				
Acquisition and Contract	6,000	6,000	2,850	(3,150)
Board of Elections	1,407,288	1,407,288	1,407,502	214
Budget	595,256	595,256	592,625	(2,631)
Community Mental Health	35,000	35,000	7	(34,993)
Corrections	6,800,174	6,800,174	6,424,474	(375,700)
County Clerk	8,780,964	8,780,964	9,112,610	331,646
County Executive:				
Office of Economic Development	408,783	408,783	194,379	(214,404)
Tourism	806,250	806,250	766,287	(39,963)
Emergency Services	75,014	75,014	75,698	684
Finance:				
Fiscal Management	1,909,663	1,909,663	1,658,296	(251,367)
Bureau of Purchase and Supply	271,500	271,500	632,459	360,959

continued

**Westchester County  
General Fund—  
Schedule of Revenues and Other Financing  
Sources Compared to Budget (cont'd)**

**Exhibit F-3**

**Year Ended December 31, 2015**

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>DEPARTMENTAL INCOME: (cont'd)</b>				
Health:				
Operations	\$ 5,090,600	\$ 5,090,600	\$ 4,940,968	\$ (149,632)
Services for Children with Disabilities	2,400,000	2,400,000	2,454,520	54,520
Human Resources	750,000	750,000	533,462	(216,538)
Information Technology:				
Records Center	72,517	72,517	7,737	(64,780)
Information Technology	3,013,630	3,013,630	2,779,002	(234,628)
Support Services	58,658	58,658	111,078	52,420
E911	2,100,000	2,100,000	2,142,544	42,544
Wireless Cellphone	2,600,000	2,600,000	2,642,218	42,218
Laboratories and Research	2,618,000	2,618,000	2,856,633	238,633
Law:				
Law	2,829,900	2,829,900	2,167,045	(662,855)
Risk Management	772,580	772,580	770,306	(2,272)
Parks, Recreation and Conservation	32,877,826	32,877,826	33,448,916	571,090
Planning	852,762	852,762	657,367	(195,395)
Probation	326,000	326,000	360,552	34,552
Public Administrator	470,000	470,000	326,123	(143,877)
Public Safety:				
Sheriff—Civil Division	1,100,000	1,100,000	1,062,855	(37,145)
Parkway Police	10,499,368	10,499,368	10,880,386	381,018
Taxi and Limousine Commission	2,020,900	2,020,900	2,073,482	52,582
Public Works:				
Engineering	4,164,458	4,164,458	3,091,395	(1,073,063)
White Plains	586,889	586,889	587,712	823
Leased and Owned Property	3,053,200	3,053,200	3,583,460	530,260
Valhalla Campus	753,289	753,289	379,584	(373,705)
Transportation	56,000	56,000	170,226	114,226
Central County Garage	502,890	502,890	387,629	(115,261)
Fleet Management	37,173	37,173	84,125	46,952
Social Services	3,900,000	3,900,000	3,532,042	(367,958)
Solid Waste Commission	1,573,163	1,573,163	1,730,470	157,307
Tax Commission	200	200	151	(49)
Transportation:				
Administration	85,338	85,338	85,338	—
Bus Operations	37,668,652	37,668,652	36,731,637	(937,015)
Weights, Measures, Consumer Protection	3,344,850	3,344,850	3,207,757	(137,093)
Total Departmental income	<u>147,274,735</u>	<u>147,274,735</u>	<u>144,653,909</u>	<u>(2,620,826)</u>
<b>EARNINGS ON INVESTMENTS</b>	<u>100,000</u>	<u>100,000</u>	<u>2,391</u>	<u>(97,609)</u>

continued



**Westchester County**  
**General Fund—**  
**Schedule of Revenues and Other Financing**  
**Sources Compared to Budget (cont'd)**  
**Year Ended December 31, 2015**

Exhibit F-3

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>MISCELLANEOUS REVENUES:</b>				
Auto Use Tax	\$ 15,682,000	\$ 15,682,000	\$ 15,905,840	\$ 223,840
Harness Racing Admissions Tax	6,000	6,000	4,824	(1,176)
Hotel Tax	5,700,000	5,700,000	6,115,422	415,422
Mortgage Tax	15,991,690	15,991,690	18,396,878	2,405,188
Services to WCHCC	10,047,168	10,047,168	7,579,470	(2,467,698)
Other	15,420,063	93,414,190	103,962,570	10,548,380
<b>Total Miscellaneous Revenues</b>	<b>62,846,921</b>	<b>140,841,048</b>	<b>151,965,004</b>	<b>11,123,956</b>
<b>Total Revenues</b>	<b>1,734,620,944</b>	<b>1,812,615,071</b>	<b>1,764,210,302</b>	<b>(48,404,769)</b>
<b>OTHER FINANCING SOURCES:</b>				
Bond Proceeds	5,000,000	5,000,000	5,134,543	134,543
Bond Premium	—	—	965,457	965,457
Tax Anticipation Note Premium	—	—	116,400	116,400
	<b>5,000,000</b>	<b>5,000,000</b>	<b>6,216,400</b>	<b>1,216,400</b>
Transfers In:				
Sewer Districts Fund	230,000	230,000	32,500	(197,500)
Tobacco Settlement Revenues	2,100,000	2,100,000	3,641,209	1,541,209
Capital Projects Fund	1,000,000	1,000,000	711,030	(288,970)
	<b>3,330,000</b>	<b>3,330,000</b>	<b>4,384,739</b>	<b>1,054,739</b>
<b>Total Other Financing Sources</b>	<b>8,330,000</b>	<b>8,330,000</b>	<b>10,601,139</b>	<b>2,271,139</b>
<b>Total Revenues and Other Financing Sources</b>	<b>\$ 1,742,950,944</b>	<b>\$ 1,820,945,071</b>	<b>\$ 1,774,811,441</b>	<b>\$ (46,133,630)</b>

**Westchester County  
General Fund—  
Schedule of Expenditures and Other Financing  
Uses Compared to Budget  
Year Ended December 31, 2015**

Exhibit F-4

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>GENERAL GOVERNMENT:</b>				
<b>Board of Legislators:</b>				
Personal services	\$ 3,953,879	\$ 3,953,879	\$ 3,953,878	\$ 1
Equipment	3,600	3,600	3,600	—
Materials and supplies	237,912	237,912	232,969	4,943
Contractual	359,315	359,315	357,952	1,363
	<u>4,554,706</u>	<u>4,554,706</u>	<u>4,548,399</u>	<u>6,307</u>
<b>County Executive:</b>				
<b>Office of the County Executive, Governmental Relations and Communications:</b>				
Personal services	2,183,420	2,205,492	2,036,376	169,116
Materials and supplies	44,483	44,483	25,608	18,875
Contractual	191,059	176,059	106,057	70,002
	<u>2,418,962</u>	<u>2,426,034</u>	<u>2,168,041</u>	<u>257,993</u>
Less services to other departments	110,000	110,000	110,000	—
	<u>2,308,962</u>	<u>2,316,034</u>	<u>2,058,041</u>	<u>257,993</u>
<b>Office for the Disabled:</b>				
Personal services	700,468	700,468	668,077	32,391
Materials and supplies	5,000	5,196	5,186	10
Contractual	221,877	224,078	223,558	520
	<u>927,345</u>	<u>929,742</u>	<u>896,821</u>	<u>32,921</u>
Less services to other departments	228,301	228,301	232,273	3,972
	<u>699,044</u>	<u>701,441</u>	<u>664,548</u>	<u>36,893</u>
<b>Office of Economic Development:</b>				
Personal services	354,460	354,460	136,631	217,829
Materials and supplies	12,100	12,100	6,458	5,642
Contractual	105,030	105,030	51,290	53,740
	<u>471,590</u>	<u>471,590</u>	<u>194,379</u>	<u>277,211</u>
<b>Office of Economic Development-Tourism:</b>				
Personal services	340,600	340,600	313,411	27,189
Materials and supplies	24,570	24,570	11,309	13,261
Contractual	474,290	474,290	441,566	32,724
	<u>839,460</u>	<u>839,460</u>	<u>766,286</u>	<u>73,174</u>
	<u>1,311,050</u>	<u>1,311,050</u>	<u>960,665</u>	<u>350,385</u>
<b>Advocacy and Community Services:</b>				
Personal services	648,475	648,475	591,371	57,104
Materials and supplies	10,600	10,404	5,303	5,101
Contractual	33,888	46,687	31,473	15,214
	<u>692,963</u>	<u>705,566</u>	<u>628,147</u>	<u>77,419</u>
Less services to other departments	51,388	51,388	51,505	117
	<u>641,575</u>	<u>654,178</u>	<u>576,642</u>	<u>77,536</u>

continued

**Westchester County  
General Fund—  
Schedule of Expenditures and Other Financing  
Uses Compared to Budget (cont'd)**

**Exhibit F-4**

**Year Ended December 31, 2015**

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>County Executive: (cont'd)</b>				
<b>Office for Women:</b>				
Personal services	\$ 465,401	\$ 465,401	\$ 457,804	\$ 7,597
Materials and supplies	39,540	39,540	34,520	5,020
Contractual	1,598,323	1,598,323	1,315,444	282,879
	<u>2,103,264</u>	<u>2,103,264</u>	<u>1,807,768</u>	<u>295,496</u>
Less services to other departments	390,901	390,901	389,173	(1,728)
	<u>1,712,363</u>	<u>1,712,363</u>	<u>1,418,595</u>	<u>293,768</u>
	<u>6,672,994</u>	<u>6,695,066</u>	<u>5,678,491</u>	<u>1,016,575</u>
<b>Board of Acquisition and Contract:</b>				
Personal services	224,640	243,157	243,157	---
Materials and supplies	1,400	1,400	982	418
Contractual	52,086	52,086	48,142	3,944
	<u>278,126</u>	<u>296,643</u>	<u>292,281</u>	<u>4,362</u>
<b>Board of Elections:</b>				
Personal services	7,356,645	7,356,645	6,864,409	492,236
Equipment	79,500	79,500	3,560	75,940
Materials and supplies	2,099,144	2,099,144	1,770,284	328,860
Contractual	5,967,821	5,967,821	4,951,855	1,015,966
	<u>15,503,110</u>	<u>15,503,110</u>	<u>13,590,108</u>	<u>1,913,002</u>
<b>Department of Human Resources:</b>				
<b>Human Resources:</b>				
Personal services	3,453,645	3,453,645	3,265,927	187,918
Equipment	22,400	22,400	17,400	5,000
Materials and supplies	40,040	40,040	20,751	19,289
Contractual	1,755,898	1,755,898	1,470,002	285,896
	<u>5,272,183</u>	<u>5,272,183</u>	<u>4,774,080</u>	<u>498,103</u>
Less services to other departments	391,536	391,536	495,241	103,705
	<u>4,880,647</u>	<u>4,880,647</u>	<u>4,278,839</u>	<u>601,808</u>
<b>Department of Budget:</b>				
Personal services	1,366,747	1,366,747	1,324,319	42,428
Materials and supplies	3,050	3,050	1,223	1,827
Contractual	275,302	275,302	273,870	1,432
	<u>1,645,099</u>	<u>1,645,099</u>	<u>1,599,412</u>	<u>45,687</u>
<b>Department of Finance:</b>				
<b>Administration:</b>				
Personal services	3,028,142	3,028,142	2,971,478	56,664
Materials and supplies	31,950	33,340	29,159	4,181
Contractual	975,758	975,758	880,794	94,964
	<u>4,035,850</u>	<u>4,037,240</u>	<u>3,881,431</u>	<u>155,809</u>

continued

**Westchester County  
General Fund—  
Schedule of Expenditures and Other Financing  
Uses Compared to Budget (cont'd)**

Exhibit F-4

Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Department of Finance: (cont'd)</b>				
<b>Bureau of Purchase and Supply:</b>				
Personal services	\$ 965,257	\$ 965,257	\$ 962,021	\$ 3,236
Materials and supplies	8,378	6,968	5,656	1,332
Contractual	138,524	138,524	130,993	7,531
	<u>1,112,159</u>	<u>1,110,769</u>	<u>1,098,670</u>	<u>12,099</u>
<b>Financial Compliance:</b>				
Personal services	164,570	164,570	152,845	11,725
Contractual	1,810	1,810	825	985
	<u>166,380</u>	<u>166,380</u>	<u>153,670</u>	<u>12,710</u>
	<u>5,314,389</u>	<u>5,314,389</u>	<u>5,133,771</u>	<u>180,618</u>
<b>Department of Information Technology:</b>				
<b>E911:</b>				
Personal services	443,352	434,489	434,487	2
Equipment	120,264	120,264	3,877	116,387
Materials and supplies	920	920	27	893
Contractual	2,361,938	2,361,938	1,777,752	584,186
	<u>2,926,474</u>	<u>2,917,611</u>	<u>2,216,143</u>	<u>701,468</u>
Less transfer to debt service	274,230	274,230	274,230	—
	<u>2,652,244</u>	<u>2,643,381</u>	<u>1,941,913</u>	<u>701,468</u>
<b>Wireless Cellphone:</b>				
Personal services	5,885,668	5,623,020	5,154,670	468,350
Equipment	116,826	116,826	2,701	114,125
Materials and supplies	18,570	18,570	6,839	11,731
Contractual	1,959,170	1,945,170	1,474,608	470,562
	<u>7,980,234</u>	<u>7,703,586</u>	<u>6,638,818</u>	<u>1,064,768</u>
Less transfer to debt service	48,964	48,964	48,964	—
	<u>7,931,270</u>	<u>7,654,622</u>	<u>6,589,854</u>	<u>1,064,768</u>
<b>Records Center:</b>				
Personal services	616,993	607,063	607,062	1
Equipment	20,000	20,000	—	20,000
Materials and supplies	21,766	21,766	19,402	2,364
Contractual	656,286	649,454	425,747	223,707
	<u>1,315,045</u>	<u>1,298,283</u>	<u>1,052,211</u>	<u>246,072</u>
Less services to other departments	1,610,223	1,610,223	1,614,147	3,924
	<u>(295,178)</u>	<u>(311,940)</u>	<u>(561,936)</u>	<u>249,996</u>

continued

**Westchester County  
General Fund—  
Schedule of Expenditures and Other Financing  
Uses Compared to Budget (cont'd)**

**Exhibit F-4**

Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Department of Information Technology: (cont'd)</b>				
<b>Information Technology:</b>				
Personal services	\$ 10,440,852	\$ 10,710,488	\$ 10,710,486	\$ 2
Equipment	98,175	98,175	1,818	96,357
Materials and supplies	292,338	292,338	176,418	115,920
Contractual	18,828,362	18,862,003	17,158,515	1,703,488
	<u>29,659,727</u>	<u>29,963,004</u>	<u>28,047,237</u>	<u>1,915,767</u>
Less transfer to debt service	1,778,409	1,778,409	1,778,409	—
Less services to other departments	32,401,424	32,401,424	32,116,468	(284,956)
	<u>(4,520,106)</u>	<u>(4,216,829)</u>	<u>(5,847,640)</u>	<u>1,630,811</u>
<b>Support Services:</b>				
Personal services	611,751	623,556	623,556	—
Equipment	3,013	3,013	—	3,013
Materials and supplies	6,565	6,565	2,921	3,644
Contractual	19,852	7,043	5,366	1,677
	<u>641,181</u>	<u>640,177</u>	<u>631,843</u>	<u>8,334</u>
Less services to other departments	376,555	376,555	380,844	(15,711)
	<u>264,626</u>	<u>263,622</u>	<u>270,999</u>	<u>(7,377)</u>
	<u>6,032,856</u>	<u>6,032,856</u>	<u>2,393,190</u>	<u>3,639,666</u>
<b>Department of Law:</b>				
<b>Law:</b>				
Personal services	8,854,087	8,854,086	8,770,506	83,580
Equipment	15,000	15,000	13,835	1,165
Materials and supplies	68,206	68,206	53,861	14,345
Contractual	1,678,257	1,711,907	1,292,368	419,439
	<u>10,615,550</u>	<u>10,649,099</u>	<u>10,130,570</u>	<u>518,529</u>
Less services to other departments	10,341,000	10,341,000	9,952,975	(388,025)
	<u>274,550</u>	<u>308,099</u>	<u>177,595</u>	<u>130,504</u>
<b>Risk Management:</b>				
Personal services	424,780	424,781	424,780	1
Materials and supplies	2,310	2,310	1,875	435
Contractual	108,769	75,219	62,273	12,946
	<u>535,859</u>	<u>502,310</u>	<u>488,928</u>	<u>13,382</u>
	<u>810,409</u>	<u>810,409</u>	<u>666,523</u>	<u>143,886</u>
<b>Department of Planning:</b>				
<b>Planning:</b>				
Personal services	2,443,449	2,263,449	2,262,845	604
Materials and supplies	10,500	10,500	5,107	5,393
Contractual	1,781,767	1,997,185	1,997,184	1
	<u>4,235,716</u>	<u>4,271,134</u>	<u>4,265,136</u>	<u>5,998</u>
Less services to other departments	65,000	65,000	53,119	(11,881)
	<u>4,170,716</u>	<u>4,206,134</u>	<u>4,212,017</u>	<u>(5,883)</u>

continued

**Westchester County  
General Fund—  
Schedule of Expenditures and Other Financing  
Uses Compared to Budget (cont'd)**

Exhibit F-4

Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>County Clerk:</b>				
Personal services	\$ 4,517,093	\$ 4,517,093	\$ 4,369,174	\$ 147,919
Equipment	5,976	5,976	5,835	141
Materials and supplies	157,500	157,500	135,211	22,289
Contractual	2,406,435	2,406,435	2,205,606	200,829
	<u>7,087,004</u>	<u>7,087,004</u>	<u>6,715,826</u>	<u>371,178</u>
<b>Tax Commission:</b>				
Personal services	153,049	153,049	142,541	10,508
Materials and supplies	500	500	154	346
Contractual	33,617	33,617	31,588	2,029
	<u>187,166</u>	<u>187,166</u>	<u>174,283</u>	<u>12,883</u>
<b>Public Administrator:</b>				
Personal services	515,118	513,266	456,222	57,044
Equipment	2,600	2,665	2,664	1
Materials and supplies	6,700	6,700	3,559	3,141
Contractual	170,486	172,273	172,268	5
	<u>694,904</u>	<u>694,904</u>	<u>634,713</u>	<u>60,191</u>
<b>Department of Public Works:</b>				
<b>Administration:</b>				
Personal services	832,028	835,435	835,435	-
<b>Engineering:</b>				
Personal services	5,444,705	5,066,532	4,889,401	177,131
Materials and supplies	29,446	29,446	20,497	8,949
Contractual	1,214,733	1,043,676	1,006,821	36,855
	<u>6,688,884</u>	<u>6,139,654</u>	<u>5,916,719</u>	<u>222,935</u>
<b>Operations—White Plains:</b>				
Personal services	2,182,741	2,296,274	2,231,731	64,543
Equipment	4,726	4,571	3,669	902
Materials and supplies	4,013,049	4,013,049	3,341,029	672,020
Contractual	16,886,245	16,995,015	15,958,099	1,036,916
	<u>23,086,761</u>	<u>23,308,909</u>	<u>21,534,528</u>	<u>1,774,381</u>
Less services to other departments	<u>20,198,575</u>	<u>20,198,575</u>	<u>20,157,281</u>	<u>(41,294)</u>
	<u>2,888,186</u>	<u>3,110,334</u>	<u>1,377,247</u>	<u>1,733,087</u>
<b>Leased and Owned Property:</b>				
Personal services	810,306	810,306	776,865	33,441
Equipment	4,750	4,750	1,558	3,192
Materials and supplies	1,540,911	1,542,411	1,136,880	405,531
Contractual	10,876,307	10,867,188	10,621,828	245,360
	<u>13,232,274</u>	<u>13,224,655</u>	<u>12,537,131</u>	<u>687,524</u>
Less services to other departments	<u>9,317,308</u>	<u>9,317,308</u>	<u>9,070,650</u>	<u>(246,658)</u>
	<u>3,914,966</u>	<u>3,907,347</u>	<u>3,466,481</u>	<u>440,866</u>

continued

**Westchester County**  
**General Fund—**  
**Schedule of Expenditures and Other Financing**  
**Uses Compared to Budget (cont'd)**  
**Year Ended December 31, 2015**

Exhibit F-4

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Department of Public Works: (Cont'd)</b>				
<b>Operations—Valhalla:</b>				
Personal services	\$ 3,086,809	\$ 3,279,171	\$ 3,278,935	\$ 236
Equipment	10,973	11,128	9,583	1,545
Materials and supplies	11,859,562	11,858,062	10,475,450	1,382,612
Contractual	2,747,127	2,799,455	1,952,222	847,233
	<u>17,704,271</u>	<u>17,947,816</u>	<u>15,716,190</u>	<u>2,231,626</u>
Less services to other departments	21,452,032	21,452,032	17,260,682	(4,191,350)
	<u>(3,747,761)</u>	<u>(3,504,216)</u>	<u>(1,544,492)</u>	<u>(1,959,724)</u>
<b>Garage Operations:</b>				
Personal services	1,617,310	1,680,334	1,622,301	58,033
Equipment	26,800	26,800	26,237	563
Materials and supplies	642,573	642,573	561,887	80,686
Contractual	455,361	477,312	402,702	74,610
	<u>2,742,044</u>	<u>2,827,019</u>	<u>2,613,127</u>	<u>213,892</u>
Less services to other departments	2,167,386	2,167,386	1,638,027	(529,359)
	<u>574,658</u>	<u>659,633</u>	<u>975,100</u>	<u>(315,467)</u>
<b>Fleet Operations:</b>				
Personal services	315,989	321,636	316,780	4,856
Equipment	1,350	1,350	495	855
Materials and supplies	178,609	178,609	120,724	57,885
Contractual	490,285	460,966	264,678	196,288
	<u>986,233</u>	<u>962,561</u>	<u>702,677</u>	<u>259,884</u>
Less services to other departments	1,205,541	1,205,541	1,254,077	48,536
	<u>(219,308)</u>	<u>(242,980)</u>	<u>(551,400)</u>	<u>308,420</u>
	<u>10,931,653</u>	<u>10,905,207</u>	<u>10,475,090</u>	<u>430,117</u>
<b>Solid Waste Commission:</b>				
Personal services	1,128,461	1,128,461	1,052,237	76,224
Equipment	27,000	27,000	—	27,000
Materials and supplies	25,475	25,475	16,392	9,083
Contractual	392,402	392,402	346,811	45,591
	<u>1,573,338</u>	<u>1,573,338</u>	<u>1,415,440</u>	<u>157,898</u>
<b>Other:</b>				
Certiorari proceedings	7,200,000	8,871,968	8,871,967	1
County membership fees	87,500	87,500	83,564	3,936
Ethics Commission	7,000	7,000	—	7,000
Human Rights Commission	1,271,837	1,271,837	984,938	286,899
Independent audit and control	492,500	492,500	492,500	—
In rem proceedings	100,000	100,000	—	100,000
Insurance premiums	670,500	670,500	540,874	129,626
Municipal Sales Tax Distribution	113,557,000	113,557,000	108,625,091	4,931,909
Public Employment Relations Board	1,000	1,000	—	1,000
Services to WCHCC	10,047,168	8,127,954	7,592,893	535,061
Statutory charges	84,405	84,405	76,078	8,327
Tax on County property	1,800,000	1,800,000	1,649,567	150,433
Tourism	832,500	894,814	894,813	1
Workers' compensation	7,000,000	7,000,000	7,000,000	—
	<u>143,151,410</u>	<u>142,966,478</u>	<u>136,812,285</u>	<u>6,154,193</u>
<b>Total General Government</b>	<u>\$ 213,488,527</u>	<u>\$ 213,353,156</u>	<u>\$ 198,620,668</u>	<u>\$ 14,732,488</u>

continued

**Westchester County  
General Fund—  
Schedule of Expenditures and Other Financing  
Uses Compared to Budget (cont'd)**

Exhibit F-4

Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>EDUCATION:</b>				
<b>Department of Health:</b>				
Education/Services for Children with Disabilities	122,614,875	123,561,951	123,560,852	1,109
<b>Other:</b>				
Employee tuition	500,000	500,000	444,689	55,311
Resident tuition—other community colleges	5,400,000	5,739,817	5,739,816	1
Westchester Community College	29,305,388	29,305,388	29,305,388	—
	<u>35,205,388</u>	<u>35,545,205</u>	<u>35,489,893</u>	<u>55,312</u>
Total Education	<u>157,820,263</u>	<u>159,107,166</u>	<u>159,050,745</u>	<u>56,421</u>
<b>PUBLIC SAFETY:</b>				
<b>Department of Corrections:</b>				
<b>Administration:</b>				
Personal services	7,412,255	7,172,400	7,172,397	3
Equipment	90	90	—	90
Materials and supplies	247,124	77,485	61,626	15,859
Contractual	26,536,441	26,436,108	24,061,978	2,374,130
	<u>34,195,910</u>	<u>33,686,083</u>	<u>31,296,001</u>	<u>2,390,082</u>
<b>Jail Division:</b>				
Personal services	62,232,727	64,859,255	64,859,253	2
Equipment	330,257	330,257	243,009	87,248
Materials and supplies	957,557	1,146,849	1,103,622	43,227
Contractual	7,626,231	5,851,895	5,749,344	102,551
	<u>71,146,772</u>	<u>72,188,256</u>	<u>71,955,228</u>	<u>233,026</u>
<b>Penitentiary:</b>				
Personal services	20,992,172	20,157,957	20,157,955	2
Materials and supplies	432,151	412,498	408,033	4,465
Contractual	901,869	1,224,080	1,145,781	78,299
	<u>22,326,192</u>	<u>21,794,535</u>	<u>21,711,769</u>	<u>82,766</u>
Less services to other departments	137,400	137,400	128,923	(8,477)
	<u>22,188,792</u>	<u>21,657,135</u>	<u>21,582,846</u>	<u>74,289</u>
	<u>127,531,474</u>	<u>127,531,474</u>	<u>124,834,075</u>	<u>2,697,399</u>

continued



**Westchester County  
General Fund—  
Schedule of Expenditures and Other Financing  
Uses Compared to Budget (cont'd)**

**Exhibit F-4**

Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>District Attorney:</b>				
Personal services	\$ 21,630,954	\$ 21,630,954	\$ 21,318,132	\$ 312,822
Equipment	170,195	170,195	128,968	41,227
Materials and supplies	332,953	332,953	261,521	71,432
Contractual	6,620,887	6,620,887	6,081,416	539,471
	<u>28,754,989</u>	<u>28,754,989</u>	<u>27,790,037</u>	<u>964,952</u>
<b>Department of Public Safety:</b>				
<b>Services Division:</b>				
Personal services	4,115,773	4,586,171	4,585,828	343
Materials and supplies	108,810	108,810	97,894	10,916
Contractual	465,249	588,086	583,436	4,650
	<u>4,689,832</u>	<u>5,283,067</u>	<u>5,267,158</u>	<u>15,909</u>
<b>Police Division:</b>				
Personal services	32,178,499	32,003,058	31,524,073	478,985
Equipment	277,761	277,761	177,348	100,413
Materials and supplies	1,660,905	1,716,705	1,301,214	415,491
Contractual	5,739,277	5,639,277	4,955,707	683,570
	<u>39,856,442</u>	<u>39,636,801</u>	<u>37,958,342</u>	<u>1,678,459</u>
Less services to other departments	<u>10,551,078</u>	<u>10,551,078</u>	<u>10,327,549</u>	<u>(223,529)</u>
	<u>29,305,364</u>	<u>29,085,723</u>	<u>27,630,793</u>	<u>1,454,930</u>
<b>County Police Academy:</b>				
Personal services	1,432,258	1,393,384	1,385,872	7,512
Equipment	16,292	16,292	14,741	1,551
Materials and supplies	360,001	304,201	219,479	84,722
Contractual	725,276	725,276	571,278	153,998
	<u>2,533,827</u>	<u>2,439,153</u>	<u>2,191,370</u>	<u>247,783</u>
Less services to other departments	<u>236,138</u>	<u>236,138</u>	<u>193,176</u>	<u>(42,962)</u>
	<u>2,297,689</u>	<u>2,203,015</u>	<u>1,998,194</u>	<u>204,821</u>
<b>Parkway Patrol:</b>				
Personal services	2,997,639	2,743,232	2,678,526	64,706
<b>Taxi &amp; Limousine Commission:</b>				
Personal services	996,909	995,233	822,538	172,695
Equipment	18,150	18,150	18,148	2
Materials and supplies	22,947	22,947	15,925	7,022
Contractual	469,011	446,174	373,927	72,247
	<u>1,507,017</u>	<u>1,482,504</u>	<u>1,230,538</u>	<u>251,966</u>
	<u>40,797,541</u>	<u>40,797,541</u>	<u>38,805,209</u>	<u>1,992,332</u>

continued

**Westchester County  
General Fund—  
Schedule of Expenditures and Other Financing  
Uses Compared to Budget (cont'd)**

**Exhibit F-4**

Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Department of Emergency Services:</b>				
Personal services	\$ 2,064,119	\$ 2,093,182	\$ 2,093,181	\$ 1
Equipment	12,000	12,000	183	11,817
Materials and supplies	241,816	212,753	155,775	56,978
Contractual	3,794,071	3,794,071	3,386,317	407,754
	6,112,006	6,112,006	5,635,456	476,550
Less services to other departments	294,462	294,462	294,461	(1)
	5,817,544	5,817,544	5,340,995	476,549
<b>Department of Probation:</b>				
Personal services	17,722,756	17,732,018	17,732,016	2
Equipment	32,964	32,964	28,199	4,765
Materials and supplies	176,672	176,672	158,781	17,891
Contractual	9,632,363	9,623,101	9,341,203	281,898
	27,564,755	27,564,755	27,260,199	304,556
Less services to other departments	1,452,616	1,452,616	1,365,031	(87,585)
	26,112,139	26,112,139	25,895,168	216,971
<b>Other:</b>				
Court ordered medical examinations	10,000	10,000	—	10,000
Legal Aid Society of Westchester	7,903,865	9,075,141	9,075,141	—
Legal services—Indigent defendants--Felony	5,068,067	5,527,625	5,527,624	1
Legal services—Indigent defendants--Misdemeanor	6,971,832	6,076,781	5,361,677	715,104
Legal services-Hudson Valley	771,700	771,700	717,251	54,449
Legal services-Peekskill	107,220	107,220	102,038	5,182
State court facilities	19,482,697	19,482,697	19,379,056	103,641
	40,315,381	41,051,164	40,162,787	888,377
Total Public Safety	269,329,068	270,064,851	262,828,271	7,236,580
<b>HEALTH:</b>				
<b>Community Mental Health Services:</b>				
Personal services	2,997,549	2,851,549	2,844,148	7,401
Materials and supplies	39,847	26,847	18,902	7,945
Contractual	5,462,150	5,667,142	5,667,130	12
	8,499,546	8,545,538	8,530,180	15,358
Less transfers out	1,165,399	1,083,400	1,083,400	—
Less services to other departments	995,848	995,848	917,630	(78,218)
	6,338,299	6,466,290	6,529,150	(62,860)
<b>Department of Health:</b>				
Personal services	16,460,758	15,664,630	15,365,134	299,496
Equipment	19,800	19,800	19,467	333
Materials and supplies	496,377	496,377	331,814	164,563
Contractual	125,163,815	125,959,943	125,959,028	915
	142,140,750	142,140,750	141,675,443	465,307
Less transfer to education	122,614,875	123,561,961	123,560,852	(1,109)
Less services to other departments	140,500	140,500	140,244	(256)
	19,385,375	18,438,289	17,974,347	463,942

continued

**Westchester County  
General Fund—  
Schedule of Expenditures and Other Financing  
Uses Compared to Budget (cont'd)**

**Exhibit F-4**

Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Department of Laboratories and Research:</b>				
Personal services	\$ 8,319,028	\$ 8,319,028	\$ 8,247,269	\$ 71,759
Materials and supplies	1,289,567	1,289,567	1,102,346	187,221
Contractual	4,318,675	4,318,675	4,013,132	305,543
	<u>13,927,270</u>	<u>13,927,270</u>	<u>13,362,747</u>	<u>564,523</u>
Less services to other departments	30,000	30,000	20,977	(9,023)
	<u>13,897,270</u>	<u>13,897,270</u>	<u>13,341,770</u>	<u>555,500</u>
Total Health	<u>39,620,944</u>	<u>38,801,849</u>	<u>37,845,267</u>	<u>956,582</u>
<b>TRANSPORTATION:</b>				
<b>Department of Transportation:</b>				
Personal services	1,264,740	1,289,534	1,289,533	1
Materials and supplies	1,852,092	1,506,350	1,492,552	13,798
Contractual	151,681,293	152,929,205	152,929,193	12
	<u>154,798,125</u>	<u>155,725,089</u>	<u>155,711,278</u>	<u>13,811</u>
Less transfers out	70,000	71,727	71,727	--
Less services to other departments	414,762	414,762	394,825	(19,937)
	<u>154,313,363</u>	<u>155,238,600</u>	<u>155,244,726</u>	<u>(6,126)</u>
<b>County Road Maintenance:</b>				
Personal services	2,238,872	2,238,872	2,124,505	114,367
Equipment	10,400	10,400	10,030	370
Materials and supplies	855,901	855,901	637,777	218,124
Contractual	1,810,777	1,837,223	1,767,380	69,843
	<u>4,915,950</u>	<u>4,942,396</u>	<u>4,539,692</u>	<u>402,704</u>
Less services to other departments	472,087	472,087	473,326	1,239
	<u>4,443,863</u>	<u>4,470,309</u>	<u>4,066,366</u>	<u>403,943</u>
Total Transportation	<u>158,757,226</u>	<u>159,708,909</u>	<u>159,311,092</u>	<u>397,817</u>
<b>ECONOMIC ASSISTANCE AND OPPORTUNITY:</b>				
<b>County Executive:</b>				
<b>Youth Bureau:</b>				
Personal services	517,195	495,123	464,390	30,733
Materials and supplies	4,200	4,200	3,044	1,156
Contractual	1,958,733	1,958,733	1,873,383	85,350
	<u>2,480,128</u>	<u>2,458,056</u>	<u>2,340,817</u>	<u>117,239</u>
Less services to other departments	412,216	412,216	398,202	(14,014)
	<u>2,067,912</u>	<u>2,045,840</u>	<u>1,942,615</u>	<u>103,225</u>
<b>Department of Social Services:</b>				
Personal services	73,431,177	73,431,177	71,365,230	2,065,947
Equipment	75,000	75,000	64,376	10,624
Materials and supplies	852,417	852,417	690,790	161,627
Contractual	40,470,643	37,700,815	37,700,500	315
Relief	429,296,268	510,060,223	484,401,107	25,659,116
	<u>544,125,505</u>	<u>622,119,632</u>	<u>594,222,003</u>	<u>27,897,629</u>
<b>Other:</b>				
Invest in Kids	219,000	219,000	211,131	7,869
Total Economic Assistance and Opportunity	<u>546,412,417</u>	<u>624,384,472</u>	<u>596,375,749</u>	<u>28,008,723</u>

continued

**Westchester County  
General Fund—  
Schedule of Expenditures and Other Financing  
Uses Compared to Budget (cont'd)**

**Exhibit F-4**

Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>CULTURE AND RECREATION:</b>				
<b>Department of Parks, Recreation and</b>				
<b>Conservation:</b>				
<b>General Services:</b>				
Personal services	\$ 5,893,815	\$ 6,330,956	\$ 6,330,953	\$ 3
Equipment	33,450	33,450	30,245	3,205
Materials and supplies	518,859	492,751	492,745	6
Contractual	4,268,459	4,018,056	3,940,136	77,920
	<u>10,714,583</u>	<u>10,875,213</u>	<u>10,794,079</u>	<u>81,134</u>
Less services to other departments	151,759	151,759	210,358	58,599
	<u>10,562,824</u>	<u>10,723,454</u>	<u>10,583,721</u>	<u>139,733</u>
<b>Golf Courses:</b>				
Personal services	3,440,737	3,569,575	3,569,566	9
Equipment	38,950	58,593	55,140	3,453
Materials and supplies	2,042,432	2,290,889	2,289,775	1,114
Contractual	2,458,239	2,404,274	2,296,737	107,537
	<u>7,980,358</u>	<u>8,323,331</u>	<u>8,211,218</u>	<u>112,113</u>
Less transfers to debt service	772,241	772,241	772,241	—
	<u>7,208,117</u>	<u>7,551,090</u>	<u>7,438,977</u>	<u>112,113</u>
<b>Parks:</b>				
Personal services	6,724,484	6,962,868	6,962,842	26
Equipment	175,770	156,127	141,419	14,708
Materials and supplies	2,132,648	2,304,015	2,303,976	39
Contractual	1,166,032	1,032,352	886,936	145,416
	<u>10,198,934</u>	<u>10,455,362</u>	<u>10,295,173</u>	<u>160,189</u>
<b>Playland:</b>				
Personal services	5,301,664	5,290,611	5,289,966	645
Equipment	21,000	21,000	17,725	3,275
Materials and supplies	1,300,931	1,205,022	1,203,887	1,135
Contractual	6,218,207	6,051,351	5,967,274	84,077
	<u>12,841,802</u>	<u>12,567,984</u>	<u>12,478,852</u>	<u>89,132</u>
Less transfers to debt service	2,776,653	2,776,654	2,776,653	(1)
	<u>10,065,149</u>	<u>9,791,330</u>	<u>9,702,199</u>	<u>89,131</u>
<b>Parkways:</b>				
Personal services	928,735	934,619	934,618	1
Equipment	18,625	18,625	16,194	2,431
Materials and supplies	197,705	202,130	202,127	3
Contractual	116,458	111,092	64,584	26,508
	<u>1,261,523</u>	<u>1,266,466</u>	<u>1,237,523</u>	<u>28,943</u>
<b>Recreation:</b>				
Personal services	2,696,017	2,981,294	2,981,289	5
Equipment	71,555	71,555	68,681	2,874
Materials and supplies	871,480	926,722	926,190	532
Contractual	1,972,116	2,061,233	2,006,912	54,321
	<u>5,611,168</u>	<u>6,040,804</u>	<u>5,983,072</u>	<u>57,732</u>
Less transfers to debt service	1,114,026	1,114,026	1,114,026	—
	<u>4,497,142</u>	<u>4,926,778</u>	<u>4,869,046</u>	<u>57,732</u>

continued

**Westchester County**  
**General Fund—**  
**Schedule of Expenditures and Other Financing**  
**Uses Compared to Budget (cont'd)**  
**Year Ended December 31, 2015**

Exhibit F-4

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Department of Parks, Recreation and Conservation: (cont'd)</b>				
<b>Conservation:</b>				
Personal services	\$ 385,675	\$ 364,750	\$ 364,745	\$ 5
Equipment	13,650	13,650	12,723	927
Materials and supplies	57,250	54,040	54,032	8
Contractual	12,001	7,667	768	6,899
	<u>468,576</u>	<u>440,107</u>	<u>432,268</u>	<u>7,839</u>
	<u>44,262,265</u>	<u>45,154,587</u>	<u>44,558,907</u>	<u>595,680</u>
<b>Other:</b>				
Arts in Westchester	1,642,920	1,642,920	1,623,833	19,087
Hudson River Museum	756,000	756,000	756,000	—
Westchester Historical Society	161,179	161,179	161,179	—
Westchester Library System	1,050,000	1,050,000	1,000,000	50,000
	<u>3,610,099</u>	<u>3,610,099</u>	<u>3,541,012</u>	<u>69,087</u>
	<u>47,872,364</u>	<u>48,764,686</u>	<u>48,099,919</u>	<u>664,767</u>
<b>HOME AND COMMUNITY SERVICES:</b>				
<b>Department of Senior Programs and Services:</b>				
Contractual	3,233,061	3,233,061	2,938,887	294,174
Less transfers out	2,426,021	2,426,021	2,426,021	—
Less services to other departments	235,850	235,850	235,850	—
	<u>571,190</u>	<u>571,190</u>	<u>277,016</u>	<u>294,174</u>
<b>Weights, Measures, Consumer Protection:</b>				
Personal services	1,670,878	1,670,878	1,542,651	128,227
Equipment	41,525	41,525	1,974	39,551
Materials and supplies	42,800	42,800	35,033	7,767
Contractual	251,710	251,710	250,072	1,638
	<u>2,006,913</u>	<u>2,006,913</u>	<u>1,829,730</u>	<u>177,183</u>
<b>Other:</b>				
Public Utility Service Agency	634,950	634,950	119,088	515,862
Westchester County Extension Service	800,000	800,000	798,578	1,422
Community Based Initiatives	2,556,618	2,556,618	1,336,714	1,219,904
	<u>3,991,568</u>	<u>3,991,568</u>	<u>2,254,380</u>	<u>1,737,188</u>
	<u>6,569,671</u>	<u>6,569,671</u>	<u>4,361,126</u>	<u>2,208,545</u>
<b>EMPLOYEE BENEFITS:</b>				
State retirement system	65,069,396	61,779,396	61,732,406	46,990
Social security	25,625,213	26,102,155	26,078,685	23,470
Metropolitan Commuter Transportation Mobility Tax	1,338,001	1,341,177	1,341,177	—
Employee health insurance	130,064,281	130,064,281	129,353,071	711,210
Unemployment and union benefits	4,833,000	4,833,000	4,585,021	247,979
	<u>226,929,891</u>	<u>224,120,009</u>	<u>223,090,360</u>	<u>1,029,649</u>

continued

**Westchester County**  
**General Fund—**  
**Schedule of Expenditures and Other Financing**  
**Uses Compared to Budget (cont'd)**

Exhibit F-4

Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>DEBT SERVICE:</b>				
Principal—Bonds	\$ 66,019,265	\$ 66,019,265	\$ 66,019,264	\$ 1
Interest—Bonds	19,502,411	19,502,412	19,499,238	3,174
Interest—Tax Anticipation Notes	300,000	312,000	311,908	92
<b>Total Debt Service</b>	<b>85,821,676</b>	<b>85,833,677</b>	<b>85,830,410</b>	<b>3,267</b>
<b>CAPITAL OUTLAY-</b>				
Cost of New Issues	919,349	907,349	702,850	204,499
<b>Total Expenditures</b>	<b>1,753,541,396</b>	<b>1,831,615,795</b>	<b>1,776,116,457</b>	<b>55,499,338</b>
<b>OTHER FINANCING USES:</b>				
<b>Transfers Out:</b>				
Department Transfers to Other Funds:				
Grants Fund for:				
Community Mental Health	1,165,399	1,083,400	1,083,400	—
Senior Programs and Services:	2,426,021	2,426,021	2,426,021	—
	3,591,420	3,509,421	3,509,421	—
Other:				
Capital Projects Fund	70,000	71,727	71,727	—
Sewer Districts Fund	16,765	16,765	16,765	—
Refuse Disposal District Fund	19,200	19,200	19,200	—
<b>Total Other Financing Uses</b>	<b>3,697,385</b>	<b>3,617,113</b>	<b>3,617,113</b>	<b>—</b>
<b>Total Expenditures and Other Financing Uses</b>	<b>\$ 1,757,238,781</b>	<b>\$ 1,835,232,908</b>	<b>\$ 1,779,733,570</b>	<b>\$ 55,499,338</b>

**Westchester County  
 Combined Sewer Districts Fund—  
 Comparative Balance Sheet  
 December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash	\$ 28,000,400	\$ 30,000,400
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$108,561 in 2015 and \$6,212 in 2014	1,349,430	1,163,472
Due from Other Funds	36,671,151	42,723,814
Prepaid Expenditure-Retirement	<u>578,775</u>	<u>700,000</u>
 Total Assets	 <u>\$ 66,599,756</u>	 <u>\$ 74,587,686</u>
 <b>LIABILITIES AND FUND BALANCE</b>		
Liabilities-		
Accounts Payable and Accrued Liabilities	<u>\$ 3,194,998</u>	<u>\$ 2,615,391</u>
 <b>Fund Balance:</b>		
Nonspendable	578,775	700,000
Assigned	<u>62,825,983</u>	<u>71,272,295</u>
 Total Fund Balance	 <u>63,404,758</u>	 <u>71,972,295</u>
 Total Liabilities and Fund Balance	 <u>\$ 66,599,756</u>	 <u>\$ 74,587,686</u>

**Westchester County  
Sewer Districts Fund—  
Combining Schedule of Revenues, Expenditures and  
Changes in Fund Balances  
Year Ended December 31, 2015**

	Department of Environ- mental Facilities	North Yonkers Pumping Station	Yonkers Joint Treatment Plant	Blind Brook	Bronx Valley	Central Yonkers	Hutchinson Valley	Mamaroneck Valley	New Rochelle
Revenues	\$ 4,791,474	\$ 12,118	\$ 167,624	\$ 9,547,363	\$ 21,355,622	\$ 1,483,954	\$ 6,087,275	\$ 15,465,791	\$ 21,938,274
Expenditures	74,206,438	1,730,124	10,031,103	9,480,067	23,015,724	1,436,831	6,085,402	18,896,079	22,464,107
Excess (Deficiency) of Revenues Over Expenditures	(69,414,964)	(1,718,006)	(9,863,479)	67,276	(1,660,102)	47,123	1,873	(3,410,288)	(525,833)
Other Financing Sources (Uses):									
Transfers In	69,414,964	1,722,706	9,880,679	225	—	—	74,343	318,982	16,400
Transfers Out	—	(4,700)	(17,200)	—	(800)	—	—	(4,000)	—
Total Other Financing Sources (Uses)	69,414,964	1,718,006	9,863,479	225	(800)	—	74,343	314,982	16,400
Net Change in Fund Balances	—	—	—	67,501	(1,660,902)	47,123	76,216	(3,095,306)	(509,433)
Fund Balances—Beginning of Year	—	—	—	2,897,167	17,673,597	1,406,943	5,793,336	15,329,018	2,960,443
Fund Balances—End of Year	\$ —	\$ —	\$ —	\$ 2,964,668	\$ 16,212,695	\$ 1,454,066	\$ 5,869,552	\$ 12,233,712	\$ 2,451,010



Exhibit G-2

North Yonkers	Ossining	Peekskill	Port Chester	Saw Mill Valley	South Yonkers	Upper Bronx Valley	Eliminations	Totals
\$ 4,517,392	\$ 4,233,117	\$ 4,048,663	\$ 2,710,387	\$ 12,979,801	\$ 1,677,939	\$ 1,490,669	\$ —	\$ 112,527,463
<u>4,844,841</u>	<u>4,436,630</u>	<u>4,250,792</u>	<u>3,317,497</u>	<u>15,021,791</u>	<u>1,836,579</u>	<u>1,499,846</u>	<u>(81,018,349)</u>	<u>121,535,522</u>
<u>(327,449)</u>	<u>(203,513)</u>	<u>(202,129)</u>	<u>(607,110)</u>	<u>(2,041,990)</u>	<u>(158,640)</u>	<u>(9,177)</u>	<u>81,018,349</u>	<u>(9,008,059)</u>
62,237	695	—	140	—	—	—	(81,018,349)	473,022
<u>—</u>	<u>(700)</u>	<u>(3,800)</u>	<u>—</u>	<u>(1,300)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(32,500)</u>
<u>62,237</u>	<u>(5)</u>	<u>(3,800)</u>	<u>140</u>	<u>(1,300)</u>	<u>—</u>	<u>—</u>	<u>(81,018,349)</u>	<u>440,522</u>
(265,212)	(203,518)	(205,929)	(608,970)	(2,043,290)	(158,640)	(9,177)	—	(8,567,537)
<u>2,806,311</u>	<u>1,543,632</u>	<u>1,600,143</u>	<u>2,248,834</u>	<u>15,503,559</u>	<u>1,201,776</u>	<u>726,536</u>	<u>—</u>	<u>71,972,295</u>
<u>\$ 2,621,099</u>	<u>\$ 1,340,114</u>	<u>\$ 1,394,214</u>	<u>\$ 1,642,864</u>	<u>\$ 13,460,269</u>	<u>\$ 1,043,136</u>	<u>\$ 717,359</u>	<u>\$ —</u>	<u>\$ 63,404,758</u>

**Westchester County  
 Combined Sewer Districts Fund—  
 Comparative Schedule of Revenues, Expenditures and  
 Changes in Fund Balance—Budget and Actual**

Years Ended December 31, 2015 and 2014

	2015			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES:</b>				
Taxes on Real Property	\$ 98,801,597	\$ 98,801,597	\$ 98,801,597	\$ —
State Aid	—	—	—	—
Departmental income	3,889,541	3,889,541	4,438,334	548,793
Earnings on Investments	8,604,918	8,604,918	8,576,633	(28,285)
Miscellaneous Revenues	407,000	407,000	710,899	303,899
<b>Total Revenues</b>	<b>111,703,056</b>	<b>111,703,056</b>	<b>112,527,463</b>	<b>824,407</b>
<b>EXPENDITURES:</b>				
Current:				
General Government	2,682,821	2,442,994	1,776,164	666,830
Home and Community Services	66,912,684	66,892,777	59,348,957	7,543,820
Employee Benefits	14,632,307	14,632,307	14,400,455	231,852
Debt Service	45,262,152	45,521,886	45,270,881	251,005
Capital Outlay	1,183,260	1,183,260	739,065	444,195
<b>Total Expenditures</b>	<b>130,673,224</b>	<b>130,673,224</b>	<b>121,535,522</b>	<b>9,137,702</b>
Deficiency of Revenues Over Expenditures	(18,970,168)	(18,970,168)	(9,008,059)	9,962,109
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	473,022	473,022	473,022	—
Transfers Out	(32,500)	(32,500)	(32,500)	—
<b>Total Other Financing Sources</b>	<b>440,522</b>	<b>440,522</b>	<b>440,522</b>	<b>—</b>
<b>Net Change in Fund Balance</b>	<b>(18,529,646)</b>	<b>(18,529,646)</b>	<b>(8,567,537)</b>	<b>9,962,109</b>
Fund Balance—Beginning of Year	18,529,646	18,529,646	71,972,295	53,442,649
Fund Balance—End of Year	\$ —	\$ —	\$ 63,404,758	\$ 63,404,758

Exhibit G-3

2014			
Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
\$ 98,182,960	\$ 98,182,960	\$ 98,182,960	\$ —
—	—	82,675	82,675
3,866,159	3,866,159	3,828,718	(37,441)
7,068,594	7,570,225	7,923,496	353,271
555,000	555,000	800,327	245,327
109,672,713	110,174,344	110,818,176	643,832
2,830,000	2,421,016	1,087,444	1,333,572
64,820,019	63,546,178	60,983,804	2,562,374
13,856,410	13,856,410	13,682,857	173,553
43,465,465	45,738,483	45,197,626	540,857
1,422,731	1,422,731	747,599	675,132
126,394,625	126,984,818	121,699,330	5,285,488
(16,721,912)	(16,810,474)	(10,881,154)	5,929,320
1,697,683	1,697,683	1,698,141	458
(62,590)	(62,590)	(62,590)	—
1,635,093	1,635,093	1,635,551	458
(15,086,819)	(15,175,381)	(9,245,603)	5,929,778
15,086,819	15,175,381	81,217,898	66,042,517
\$ —	\$ —	\$ 71,972,295	\$ 71,972,295

**Westchester County  
Combined Sewer Districts Fund—  
Schedule of Revenues and Other Financing  
Sources Compared to Budget**

Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES:</b>				
Taxes on Real Property:				
Blind Brook	\$ 8,525,659	\$ 8,525,659	\$ 8,525,659	\$ —
Bronx Valley	20,593,322	20,593,322	20,593,322	—
Central Yonkers	1,422,722	1,422,722	1,422,722	—
Hutchinson Valley	5,883,577	5,883,577	5,883,577	—
Mamaroneck Valley	14,143,170	14,143,170	14,143,170	—
New Rochelle	18,471,675	18,471,675	18,471,675	—
North Yonkers	4,304,454	4,304,454	4,304,454	—
Ossining	3,892,824	3,892,824	3,892,824	—
Peekskill	3,897,401	3,897,401	3,897,401	—
Port Chester	2,250,005	2,250,005	2,250,005	—
Saw Mill Valley	12,341,786	12,341,786	12,341,786	—
South Yonkers	1,627,510	1,627,510	1,627,510	—
Upper Bronx Valley	1,447,492	1,447,492	1,447,492	—
	<u>98,801,597</u>	<u>98,801,597</u>	<u>98,801,597</u>	<u>—</u>
Departmental Income:				
Environmental Facilities	3,809,541	3,809,541	4,051,174	241,633
Blind Brook	—	—	330,550	330,550
Bronx Valley	80,000	80,000	56,610	(23,390)
	<u>3,889,541</u>	<u>3,889,541</u>	<u>4,438,334</u>	<u>548,793</u>
Earnings on Investments:				
Environmental Facilities	29,157	29,157	29,400	243
North Yonkers Pumping Station	22,905	22,905	12,118	(10,787)
Yonkers Joint Treatment Plant	182,751	182,751	167,624	(15,127)
Blind Brook	838,629	838,629	691,155	(147,474)
Bronx Valley	663,126	663,126	705,690	42,564
Central Yonkers	55,298	55,298	61,232	5,934
Hutchinson Valley	185,347	185,347	203,698	18,351
Mamaroneck Valley	1,373,387	1,373,387	1,342,621	(30,766)
New Rochelle	3,431,458	3,431,458	3,466,599	35,141
North Yonkers	200,053	200,053	212,938	12,885
Ossining	344,424	344,424	340,293	(4,131)
Peekskill	114,822	114,822	151,262	36,440
Port Chester	460,529	460,529	460,382	(147)
Saw Mill Valley	613,212	613,212	638,015	24,803
South Yonkers	47,465	47,465	50,429	2,964
Upper Bronx Valley	42,355	42,355	43,177	822
	<u>8,604,918</u>	<u>8,604,918</u>	<u>8,576,633</u>	<u>(28,285)</u>

continued

**Westchester County  
Combined Sewer Districts Fund—  
Schedule of Revenues and Other Financing  
Sources Compared to Budget (cont'd)**

Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Miscellaneous Revenues- Environmental Facilities	\$ 407,000	\$ 407,000	\$ 710,899	\$ 303,899
Total Revenues	<u>111,703,056</u>	<u>111,703,056</u>	<u>112,527,463</u>	<u>824,407</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers from General Fund to:				
Blind Brook	225	225	225	—
New Rochelle	16,400	16,400	16,400	—
Port Chester	140	140	140	—
	<u>16,765</u>	<u>16,765</u>	<u>16,765</u>	<u>—</u>
Transfers from Capital Projects Fund to:				
Hutchinson Valley	74,343	74,343	74,343	—
Mamaroneck Valley	318,982	318,982	318,982	—
North Yonkers	62,237	62,237	62,237	—
Ossining	695	695	695	—
	<u>456,257</u>	<u>456,257</u>	<u>456,257</u>	<u>—</u>
Total Other Financing Sources	<u>473,022</u>	<u>473,022</u>	<u>473,022</u>	<u>—</u>
Total Revenues and Other Financing Sources	<u>\$ 112,176,078</u>	<u>\$ 112,176,078</u>	<u>\$ 113,000,485</u>	<u>\$ 824,407</u>

**Westchester County  
 Combined Sewer Districts Fund—  
 Schedule of Expenditures and Other Financing  
 Uses Compared to Budget**

Exhibit G-5

Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>EXPENDITURES:</b>				
<b>General Government:</b>				
Blind Brook	\$ 80,000	\$ 80,000	\$ 27,152	\$ 52,848
Bronx Valley	700,000	700,000	655,377	44,623
Central Yonkers	60,000	60,000	15,255	44,745
Hutchinson Valley	150,000	146,256	127,037	19,219
Mamaroneck Valley	400,000	282,457	101,327	181,130
New Rochelle	300,000	210,953	210,952	1
North Yonkers	100,000	100,000	99,295	705
Ossining	100,000	100,000	28,883	71,117
Peekskill	22,821	22,821	22,188	633
Port Chester	30,000	507	507	—
Saw Mill Valley	600,000	600,000	306,022	293,978
South Yonkers	40,000	40,000	154,287	(114,287)
Upper Bronx Valley	100,000	100,000	27,882	72,118
	<u>2,682,821</u>	<u>2,442,994</u>	<u>1,776,164</u>	<u>666,830</u>
<b>Home and Community Services:</b>				
<b>Personal Services-</b>				
Environmental Facilities	<u>20,756,758</u>	<u>20,756,758</u>	<u>20,569,791</u>	<u>186,967</u>
<b>Equipment-</b>				
Environmental Facilities	<u>1,055,836</u>	<u>1,055,836</u>	<u>594,593</u>	<u>461,243</u>
<b>Materials and supplies-</b>				
Environmental Facilities	<u>20,637,158</u>	<u>20,637,158</u>	<u>16,943,096</u>	<u>3,694,062</u>
<b>Contractual:</b>				
Environmental Facilities	23,277,249	23,277,249	20,170,966	3,106,283
North Yonkers Pumping Station	18,205	18,205	7,418	10,787
Yonkers Joint Treatment Plant	165,551	165,551	150,424	15,127
Blind Brook	6,438,198	6,438,198	5,804,708	633,490
Bronx Valley	19,483,340	19,483,340	17,595,076	1,888,264
Central Yonkers	1,142,756	1,142,756	1,032,168	110,588
Hutchinson Valley	5,149,589	5,149,589	4,649,441	500,148
Mamaroneck Valley	13,012,723	13,012,723	11,772,050	1,240,673
New Rochelle	6,835,706	6,837,124	6,228,648	608,476
North Yonkers	3,672,330	3,672,330	3,316,844	355,486
Ossining	2,321,756	2,321,756	2,101,973	219,783
Peekskill	2,947,151	2,944,555	2,670,928	273,627
Port Chester	1,517,951	1,499,222	1,377,890	121,332
Saw Mill Valley	11,613,385	11,613,385	10,488,313	1,125,072
South Yonkers	1,476,868	1,476,868	1,333,947	142,921
Upper Bronx Valley	1,292,226	1,292,226	1,167,173	125,053
	<u>100,364,984</u>	<u>100,345,077</u>	<u>89,867,967</u>	<u>10,477,110</u>

continued

**Westchester County**  
**Combined Sewer Districts Fund—**  
**Schedule of Expenditures and Other Financing**  
**Uses Compared to Budget (cont'd)**

Exhibit G-5

Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Debt Service:</b>				
Environmental Facilities	\$ 788,475	\$ 788,475	\$ 788,474	\$ 1
North Yonkers Pumping Station	1,722,707	1,722,707	1,722,706	1
Yonkers Joint Treatment Plant	9,880,680	9,880,680	9,880,679	1
	<u>12,391,862</u>	<u>12,391,862</u>	<u>12,391,859</u>	<u>3</u>
<b>Less Services to Sewer Districts by:</b>				
Environmental Facilities	(76,690,527)	(76,690,527)	(69,414,964)	(7,275,563)
North Yonkers Pumping Station	(1,722,707)	(1,722,707)	(1,722,706)	(1)
Yonkers Joint Treatment Plant	(9,880,680)	(9,880,680)	(9,880,679)	(1)
	<u>(88,293,914)</u>	<u>(88,293,914)</u>	<u>(81,018,349)</u>	<u>(7,275,565)</u>
	<u>66,912,684</u>	<u>66,892,777</u>	<u>59,348,957</u>	<u>7,543,820</u>
<b>Employee Benefits-</b>				
Environmental Facilities	14,632,307	14,632,307	14,400,455	231,852
<b>Debt Service:</b>				
Blind Brook	3,898,515	3,898,515	3,648,227	250,288
Bronx Valley	4,765,477	4,765,477	4,765,271	206
Central Yonkers	389,420	389,420	389,408	12
Hutchinson Valley	1,305,231	1,308,975	1,308,923	52
Mamaroneck Valley	6,905,295	7,022,838	7,022,701	137
New Rochelle	15,936,946	16,024,575	16,024,507	68
North Yonkers	1,428,743	1,428,743	1,428,702	41
Ossining	2,305,799	2,305,799	2,305,774	25
Peekskill	1,555,083	1,557,679	1,557,676	3
Port Chester	1,890,895	1,939,117	1,939,100	17
Saw Mill Valley	4,227,585	4,227,585	4,227,456	129
South Yonkers	348,358	348,358	348,345	13
Upper Bronx Valley	304,805	304,805	304,791	14
	<u>45,262,152</u>	<u>45,521,886</u>	<u>45,270,881</u>	<u>251,005</u>
<b>Capital Outlay:</b>				
<b>Non-Recurring Repairs-</b>				
Environmental Facilities	1,183,260	1,183,260	739,065	444,195
<b>Total Expenditures</b>	<u>130,673,224</u>	<u>130,673,224</u>	<u>121,535,522</u>	<u>9,137,702</u>

continued

**Westchester County  
 Combined Sewer Districts Fund—  
 Schedule of Expenditures and Other Financing  
 Uses Compared to Budget (cont'd)  
 Year Ended December 31, 2015**

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>OTHER FINANCING USES:</b>				
Transfers Out:				
General Fund for:				
Bronx Valley	\$ 800	\$ 800	\$ 800	\$ —
Mamaroneck Valley	4,000	4,000	4,000	—
Saw Mill Valley	1,300	1,300	1,300	—
North Yonkers Pumping Station	4,700	4,700	4,700	—
Yonkers Joint Treatment Plant	17,200	17,200	17,200	—
Ossining	700	700	700	—
Peekskill	3,800	3,800	3,800	—
	<u>32,500</u>	<u>32,500</u>	<u>32,500</u>	<u>—</u>
Total Other Financing Uses				
	<u>32,500</u>	<u>32,500</u>	<u>32,500</u>	<u>—</u>
Total Expenditures and Other Financing Uses	<u>\$ 130,705,724</u>	<u>\$ 130,705,724</u>	<u>\$ 121,568,022</u>	<u>\$ 9,137,702</u>



**Westchester County  
 Refuse Disposal District Fund—  
 Comparative Balance Sheet**

**Exhibit H-1**

**December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash	\$ 12,000,000	\$ 15,000,000
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$656,122 in 2015 and 2014	4,404,706	4,770,193
Due from Other Funds	<u>42,893,786</u>	<u>43,294,369</u>
Total Assets	<u>\$ 59,298,492</u>	<u>\$ 63,064,562</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities-</b>		
Accounts Payable and Accrued Liabilities	\$ 5,180,222	\$ 5,182,505
<b>Fund Balance-</b>		
Assigned	<u>54,118,270</u>	<u>57,882,057</u>
Total Liabilities and Fund Balance	<u>\$ 59,298,492</u>	<u>\$ 63,064,562</u>

**Westchester County**  
**Refuse Disposal District Fund—**  
**Comparative Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance—Budget and Actual**  
**Years Ended December 31, 2015 and 2014**

	2015			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES:</b>				
Taxes on Real Property	\$ 45,035,977	\$ 45,035,977	\$ 45,035,977	\$ —
State Aid	—	—	98,577	98,577
Departmental Income	21,155,640	21,155,640	17,363,905	(3,791,735)
Earnings on Investments	416,303	416,303	398,467	(17,836)
Miscellaneous Revenues	90,000	90,000	71,499	(18,501)
<b>Total Revenues</b>	<b>66,697,920</b>	<b>66,697,920</b>	<b>62,968,425</b>	<b>(3,729,495)</b>
<b>EXPENDITURES:</b>				
Current:				
General Government	5,743,233	5,749,141	4,450,249	1,298,892
Home and Community Services	68,190,983	68,182,070	57,658,416	10,523,654
Employee Benefits	1,294,418	1,297,423	1,222,037	75,386
Debt Service	2,456,831	2,456,831	2,420,710	36,121
Capital Outlay	175,000	175,000	—	175,000
<b>Total Expenditures</b>	<b>77,860,465</b>	<b>77,860,465</b>	<b>65,751,412</b>	<b>12,109,053</b>
Deficiency of Revenues Over Expenditures	(11,162,545)	(11,162,545)	(2,782,987)	8,379,558
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In:				
General Fund	19,200	19,200	19,200	—
Capital Projects Fund	—	—	—	—
	19,200	19,200	19,200	—
Transfers Out-				
Capital Projects Fund	(1,000,000)	(1,000,000)	(1,000,000)	—
<b>Total Other Financing Uses</b>	<b>(980,800)</b>	<b>(980,800)</b>	<b>(980,800)</b>	<b>—</b>
<b>Net Change in Fund Balance</b>	<b>(12,143,345)</b>	<b>(12,143,345)</b>	<b>(3,763,787)</b>	<b>8,379,558</b>
Fund Balance—Beginning of Year	12,143,345	12,143,345	57,882,057	45,738,712
Fund Balance—End of Year	\$ —	\$ —	\$ 54,118,270	\$ 54,118,270

Exhibit H-2

2014			
Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
\$ 45,035,977	\$ 45,035,977	\$ 45,035,977	\$ —
—	—	852,025	852,025
21,540,064	21,540,064	17,951,573	(3,588,491)
399,923	399,923	429,399	29,476
90,000	90,000	171,894	81,894
<u>67,065,964</u>	<u>67,065,964</u>	<u>64,440,868</u>	<u>(2,625,096)</u>
5,400,528	5,375,904	4,140,423	1,235,481
68,672,361	68,598,894	57,397,322	11,201,572
1,171,317	1,244,784	1,198,654	46,130
2,459,247	2,483,871	2,477,576	6,295
—	—	—	—
<u>77,703,453</u>	<u>77,703,453</u>	<u>65,213,975</u>	<u>12,489,478</u>
<u>(10,637,489)</u>	<u>(10,637,489)</u>	<u>(773,107)</u>	<u>9,864,382</u>
13,800	13,800	13,800	—
50,703	50,703	50,703	—
64,503	64,503	64,503	—
<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>—</u>
<u>(935,497)</u>	<u>(935,497)</u>	<u>(935,497)</u>	<u>—</u>
(11,572,986)	(11,572,986)	(1,708,604)	9,864,382
11,572,986	11,572,986	59,590,661	48,017,675
<u>\$ —</u>	<u>\$ —</u>	<u>\$ 57,882,057</u>	<u>\$ 57,882,057</u>

**Westchester County**  
**Refuse Disposal District Fund—**  
**Schedule of Expenditures and Other Financing Uses**  
**Compared to Budget**

Exhibit H-3

Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>EXPENDITURES:</b>				
<b>General Government:</b>				
<b>Administration:</b>				
Personal services	\$ 376,625	\$ 387,533	\$ 387,531	\$ 2
Equipment	250,000	245,000	—	245,000
Materials and supplies	6,300	6,300	99	6,201
Contractual	5,110,308	5,110,308	4,062,619	1,047,689
	<u>5,743,233</u>	<u>5,749,141</u>	<u>4,450,249</u>	<u>1,298,892</u>
<b>Home and Community Services:</b>				
<b>Mount Vernon Transfer Station:</b>				
Personal services	58,135	58,135	24,044	34,091
Materials and supplies	66,900	66,900	43,926	22,974
Contractual	2,282,504	2,282,504	2,032,916	249,588
	<u>2,407,539</u>	<u>2,407,539</u>	<u>2,100,886</u>	<u>306,653</u>
<b>Yonkers Transfer Station:</b>				
Personal services	60,270	60,270	55,817	4,453
Materials and supplies	215,786	215,786	172,663	43,123
Contractual	3,851,504	3,851,504	3,422,251	429,253
	<u>4,127,560</u>	<u>4,127,560</u>	<u>3,650,731</u>	<u>476,829</u>
<b>White Plains:</b>				
Personal services	52,070	52,070	47,384	4,686
Materials and supplies	86,250	86,250	56,404	29,846
Contractual	2,546,504	2,546,504	2,400,416	146,088
	<u>2,684,824</u>	<u>2,684,824</u>	<u>2,504,204</u>	<u>180,620</u>
<b>Recovery and Disposal:</b>				
Personal services	396,079	405,140	404,555	585
Materials and supplies	220,320	220,320	92,820	127,500
Contractual	42,197,478	42,197,478	37,092,028	5,105,450
	<u>42,813,877</u>	<u>42,822,938</u>	<u>37,589,403</u>	<u>5,233,535</u>
<b>Recycling:</b>				
Personal services	872,729	849,755	800,159	49,596
Equipment	45,000	50,000	47,479	2,521
Materials and supplies	118,477	118,477	48,681	69,796
Contractual	94,501	94,501	65,781	28,720
	<u>1,130,707</u>	<u>1,112,733</u>	<u>962,100</u>	<u>150,633</u>

continued

**Westchester County**  
**Refuse Disposal District Fund—**  
**Schedule of Expenditures and Other Financing Uses**  
**Compared to Budget (cont'd)**

Exhibit H-3

Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Material Recovery Facility:</b>				
Personal services	\$ 30,741	\$ 30,741	\$ 30,741	\$ ---
Materials and supplies	404,700	404,700	278,381	126,319
Contractual	14,591,035	14,591,035	10,541,970	4,049,065
	<u>15,026,476</u>	<u>15,026,476</u>	<u>10,851,092</u>	<u>4,175,384</u>
	<u>68,190,983</u>	<u>68,182,070</u>	<u>57,658,416</u>	<u>10,523,654</u>
<b>Employee Benefits:</b>				
Administration	197,009	186,101	181,592	4,509
Mount Vernon Transfer Station	46,686	46,686	19,981	26,705
Yonkers Transfer Station	47,207	47,207	30,247	16,960
White Plains	55,206	55,206	53,513	1,693
Recovery and Disposal	321,645	335,558	335,557	1
Recycling	599,663	599,663	574,145	25,518
Material Recovery Facility	27,002	27,002	27,002	---
	<u>1,294,418</u>	<u>1,297,423</u>	<u>1,222,037</u>	<u>75,386</u>
<b>Debt Service:</b>				
Administration	2,319,593	2,319,593	2,283,472	36,121
Material Recovery Facility	137,238	137,238	137,238	---
	<u>2,456,831</u>	<u>2,456,831</u>	<u>2,420,710</u>	<u>36,121</u>
<b>Capital Outlay:</b>				
<b>Non-Recurring Repairs-</b>				
Material Recovery Facility	175,000	175,000	---	175,000
Total Expenditures	77,860,465	77,860,465	65,751,412	12,109,053
<b>OTHER FINANCING USES:</b>				
Transfers Out-				
Capital Projects Fund	1,000,000	1,000,000	1,000,000	---
Total Expenditures and Other Financing Uses	<u>\$ 78,860,465</u>	<u>\$ 78,860,465</u>	<u>\$ 66,751,412</u>	<u>\$ 12,109,053</u>

# Westchester County Grants Fund Comparative Balance Sheet

December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash	\$ 1,819,056	\$ 6,001,930
Accounts Receivable	3,766,145	1,197,562
Due from Federal and State Governments	25,124,992	38,735,656
Due from Other Funds	<u>31,819,647</u>	<u>16,518,381</u>
Total Assets	<u>\$ 62,529,840</u>	<u>\$ 62,453,529</u>
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities-</b>		
Accounts Payable and Accrued Liabilities	\$ 45,746,500	\$ 53,145,462
<b>Fund Balance-</b>		
Assigned	<u>16,783,340</u>	<u>9,308,067</u>
Total Liabilities and Fund Balance	<u>\$ 62,529,840</u>	<u>\$ 62,453,529</u>

**Westchester County  
Grants Fund  
Comparative Statement of Revenues, Expenditures and  
Changes in Fund Balance**

Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>REVENUES:</b>		
Federal Aid	\$ 68,588,775	\$ 56,218,475
State Aid	45,175,418	52,981,679
Departmental Income	11,383,963	10,615,291
Miscellaneous Revenues	<u>10,832,290</u>	<u>7,574,636</u>
Total Revenues	<u>135,980,446</u>	<u>127,390,081</u>
<b>EXPENDITURES -</b>		
Current:		
General Government	4,871,831	3,761,070
Public Safety	17,088,383	17,651,104
Health Services	57,832,908	56,230,324
Transportation	2,450,659	2,590,112
Economic Assistance	38,454,046	41,587,137
Culture and Recreation	2,475,529	3,069,581
Home and Community Services	<u>8,841,238</u>	<u>5,607,418</u>
Total Expenditures	<u>132,014,594</u>	<u>130,496,746</u>
Excess (Deficiency) of Revenues Over Expenditures	3,965,852	(3,106,665)
<b>OTHER FINANCING SOURCES -</b>		
Transfers In	<u>3,509,421</u>	<u>3,191,157</u>
Net Change in Fund Balance	7,475,273	84,492
Fund Balance—Beginning of Year	<u>9,308,067</u>	<u>9,223,575</u>
Fund Balance—End of Year	<u>\$ 16,783,340</u>	<u>\$ 9,308,067</u>

**Westchester County  
Capital Projects Fund—  
Comparative Balance Sheet  
December 31, 2015 and 2014**

**Exhibit J-1**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash	\$ 20,424,240	\$ 15,503,106
Investments	103,806,897	98,876,232
Due from Federal and State Governments	8,021,664	8,508,815
Due from Other Funds	—	2,503,187
Other Assets	3,890,000	6,145,000
	<u>136,142,801</u>	<u>131,536,340</u>
Total Assets	<u>\$ 136,142,801</u>	<u>\$ 131,536,340</u>
<b>LIABILITIES AND FUND DEFICIT</b>		
<b>Liabilities:</b>		
Accounts Payable and Accrued Liabilities	\$ 21,692,506	\$ 40,721,756
Bond Anticipation Notes Payable	73,036,800	87,627,800
Due to Other Funds	69,567,514	57,355,170
	<u>164,296,820</u>	<u>185,704,726</u>
Total Liabilities	<u>164,296,820</u>	<u>185,704,726</u>
<b>Fund Balance (Deficit):</b>		
Restricted	5,113,371	3,950,910
Unassigned	(33,267,390)	(58,119,296)
	<u>(28,154,019)</u>	<u>(54,168,386)</u>
Total Fund Deficit	<u>(28,154,019)</u>	<u>(54,168,386)</u>
Total Liabilities and Fund Deficit	<u>\$ 136,142,801</u>	<u>\$ 131,536,340</u>



**Westchester County**  
**Capital Projects Fund—**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balance**

Exhibit J-2

Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>REVENUES:</b>		
Federal Aid	\$ 14,805,277	\$ 52,211,443
State Aid	7,914,152	8,846,993
Earnings on Investments	13,750	23,777
Miscellaneous Revenues	161,745	2,335,836
	<u>22,894,924</u>	<u>63,418,049</u>
Total Revenues		
<b>EXPENDITURES:</b>		
Capital Outlay:		
General Government	24,338,101	22,331,824
Education	7,970,304	8,669,346
Public Safety	6,007,510	4,003,796
Health Services	358,594	603,206
Transportation	33,898,347	60,721,406
Culture and Recreation	7,378,138	8,155,706
Home and Community Services	30,817,020	58,461,233
	<u>110,768,014</u>	<u>162,946,517</u>
Total Capital Outlay		
Debt Service - Bond Issuance Costs	473,676	890,304
	<u>111,241,690</u>	<u>163,836,821</u>
Total Expenditures		
Deficiency of Revenues over Expenditures	<u>(88,346,766)</u>	<u>(100,418,772)</u>
<b>OTHER FINANCING SOURCES (USES):</b>		
Bonds Issued	98,840,457	85,957,000
Refunding Bonds Issued	23,295,000	9,245,000
Bond Premium	14,287,481	27,948
Transfers In	2,033,727	3,834,000
Transfers Out	(1,167,287)	(4,806,852)
Payment to Refunded Bond Escrow Agent	(22,928,245)	(9,157,006)
	<u>114,361,133</u>	<u>85,100,090</u>
Total Other Financing Sources		
Net Change in Fund Balance	26,014,367	(15,318,682)
Fund Deficit - Beginning of Year	<u>(54,168,386)</u>	<u>(38,849,704)</u>
Fund Deficit - End of Year	<u>\$ (28,154,019)</u>	<u>\$ (54,168,386)</u>

**Westchester County  
Combining Balance Sheet  
Nonmajor Funds**

December 31, 2015

	<u>Airport Fund</u>	<u>Combined Water Districts Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash	\$ 40,001,717	\$ 4,000,000	\$ 44,001,717
Accounts Receivable, Net	4,182,228	10,159,904	14,342,132
Due from Other Funds	—	224,426	224,426
<b>Total Assets</b>	<b><u>\$ 44,183,945</u></b>	<b><u>\$ 14,384,330</u></b>	<b><u>\$ 58,568,275</u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable and Accrued Liabilities	\$ 1,712,320	\$ 3,743,695	\$ 5,456,015
Unearned Revenue	22,257,540	—	22,257,540
<b>Total Liabilities</b>	<b><u>23,969,860</u></b>	<b><u>3,743,695</u></b>	<b><u>27,713,555</u></b>
Fund Balances:			
Nonspendable	17,900,048	—	17,900,048
Assigned	2,314,037	10,640,635	12,954,672
	<u>20,214,085</u>	<u>10,640,635</u>	<u>30,854,720</u>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 44,183,945</u></b>	<b><u>\$ 14,384,330</u></b>	<b><u>\$ 58,568,275</u></b>

**Westchester County**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Nonmajor Funds**

Year Ended December 31, 2015

	Airport Fund	Combined Water Districts Fund	Total
<b>REVENUES</b>			
Taxes on Real Property	\$ —	\$ 2,336,264	\$ 2,336,264
Departmental Income	44,268,489	17,594,575	61,863,064
Earnings on Investments	49,606	22,333	71,939
Miscellaneous Revenues	818,947	203,677	1,022,624
	<u>45,137,042</u>	<u>20,156,849</u>	<u>65,293,891</u>
<b>EXPENDITURES</b>			
Current:			
Transportation	37,204,766	—	37,204,766
Home and Community Services	—	20,130,679	20,130,679
Employee Benefits	3,357,241	295,103	3,652,344
Debt Service:			
Principal	594,573	576,775	1,171,348
Interest	190,789	330,405	521,194
Capital Outlay	2,204,186	178,227	2,382,413
	<u>43,551,555</u>	<u>21,511,189</u>	<u>65,062,744</u>
Excess (Deficiency) of Revenues Over Expenditures	1,585,487	(1,354,340)	231,147
<b>OTHER FINANCING USES</b>			
Transfers Out	(962,000)	—	(962,000)
Net Change in Fund Balances	623,487	(1,354,340)	(730,853)
Fund Balances - Beginning of Year	19,590,598	11,994,975	31,585,573
Fund Balances - End of Year	<u>\$ 20,214,085</u>	<u>\$ 10,640,635</u>	<u>\$ 30,854,720</u>

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**Westchester County**  
**Airport Fund—**  
**Comparative Balance Sheet**  
**December 31, 2015 and 2014**

**Exhibit L-1**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash	\$ 40,001,717	\$ 43,717,750
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$764,466 in 2015 and \$990,637 in 2014	<u>4,182,228</u>	<u>4,408,238</u>
Total Assets	<u>\$ 44,183,945</u>	<u>\$ 48,125,988</u>
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities:</b>		
Accounts Payable and Accrued Liabilities	\$ 1,712,320	\$ 2,837,665
Due to Other Funds	—	2,503,187
Unearned Revenue	<u>22,257,540</u>	<u>23,194,538</u>
Total Liabilities	<u>23,969,860</u>	<u>28,535,390</u>
 <b>Fund Balance:</b>		
Nonspendable	17,900,048	—
Assigned	<u>2,314,037</u>	<u>19,590,598</u>
Total Fund Balance	<u>20,214,085</u>	<u>19,590,598</u>
Total Liabilities and Fund Balance	<u>\$ 44,183,945</u>	<u>\$ 48,125,988</u>

**Westchester County**  
**Airport Fund-**  
**Comparative Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance—Budget and Actual**  
**Years Ended December 31, 2015 and 2014**

	2015			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES:</b>				
Departmental Income	\$ 43,813,710	\$ 43,813,710	\$ 44,268,489	\$ 454,779
Earnings on Investments	40,000	40,000	49,606	9,606
Miscellaneous Revenues	—	—	818,947	818,947
<b>Total Revenues</b>	<b>43,853,710</b>	<b>43,853,710</b>	<b>45,137,042</b>	<b>1,283,332</b>
<b>EXPENDITURES:</b>				
Current:				
Transportation	39,857,479	39,236,369	37,204,766	2,031,603
Employee Benefits	2,772,073	3,367,073	3,357,241	9,832
Debt Service	810,362	810,362	785,362	25,000
Capital Outlay	2,397,237	2,423,347	2,204,186	219,161
<b>Total Expenditures</b>	<b>45,837,151</b>	<b>45,837,151</b>	<b>43,551,555</b>	<b>2,285,596</b>
Excess (Deficiency) of Revenues Over Expenditures	(1,983,441)	(1,983,441)	1,585,487	3,568,928
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In- Capital Projects Fund	—	—	—	—
Transfers Out- Capital Projects Fund	(962,000)	(962,000)	(962,000)	—
<b>Total Other Financing Uses</b>	<b>(962,000)</b>	<b>(962,000)</b>	<b>(962,000)</b>	<b>—</b>
<b>Net Change in Fund Balance</b>	<b>(2,945,441)</b>	<b>(2,945,441)</b>	<b>623,487</b>	<b>3,568,928</b>
Fund Balance—Beginning of Year	2,945,441	2,945,441	19,590,598	16,645,157
Fund Balance—End of Year	\$ —	\$ —	\$ 20,214,085	\$ 20,214,085

Exhibit L-2

2014			
Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
\$ 43,568,937	\$ 43,568,937	\$ 42,793,169	\$ (775,768)
50,000	50,000	50,348	348
—	—	—	—
<u>43,618,937</u>	<u>43,618,937</u>	<u>42,843,517</u>	<u>(775,420)</u>
38,460,958	38,473,659	35,865,599	2,608,060
2,895,549	2,882,848	2,830,937	51,911
1,320,787	1,320,787	1,264,934	55,853
2,899,208	2,899,208	2,102,727	796,481
<u>45,576,502</u>	<u>45,576,502</u>	<u>42,064,197</u>	<u>3,512,305</u>
<u>(1,957,565)</u>	<u>(1,957,565)</u>	<u>779,320</u>	<u>2,736,885</u>
1,134	1,134	61,514	60,380
<u>(2,834,000)</u>	<u>(2,834,000)</u>	<u>(2,834,000)</u>	<u>—</u>
<u>(2,832,866)</u>	<u>(2,832,866)</u>	<u>(2,772,486)</u>	<u>60,380</u>
(4,790,431)	(4,790,431)	(1,993,166)	2,797,265
<u>4,790,431</u>	<u>4,790,431</u>	<u>21,583,764</u>	<u>16,793,333</u>
<u>\$ —</u>	<u>\$ —</u>	<u>\$ 19,590,598</u>	<u>\$ 19,590,598</u>

**Westchester County**  
**Airport Fund—**  
**Schedule of Expenditures and Other Financing**  
**Uses Compared to Budget**  
**Year Ended December 31, 2015**

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>EXPENDITURES:</b>				
Current:				
Transportation:				
Personal services	\$ 9,860,641	\$ 9,265,641	\$ 8,840,764	\$ 424,877
Equipment	895,904	895,904	587,930	307,974
Materials and supplies	2,716,605	2,716,605	2,196,469	520,136
Contractual	26,384,329	26,358,219	25,579,603	778,616
	<u>39,857,479</u>	<u>39,236,369</u>	<u>37,204,766</u>	<u>2,031,603</u>
Employee Benefits	2,772,073	3,367,073	3,357,241	9,832
Debt Service	810,362	810,362	785,362	25,000
Capital Outlay	<u>2,397,237</u>	<u>2,423,347</u>	<u>2,204,186</u>	<u>219,161</u>
Total Expenditures	45,837,151	45,837,151	43,551,555	2,285,596
<b>OTHER FINANCING USES-</b>				
Transfers Out-				
Capital Projects Fund	<u>962,000</u>	<u>962,000</u>	<u>962,000</u>	<u>—</u>
Total Expenditures and Other Financing Uses	<u>\$ 46,799,151</u>	<u>\$ 46,799,151</u>	<u>\$ 44,513,555</u>	<u>\$ 2,285,596</u>



**Westchester County  
 Combined Water Districts Fund—  
 Comparative Balance Sheet  
 December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash	\$ 4,000,000	\$ 4,000,000
Accounts Receivable	10,159,904	10,162,901
Due from Other Funds	<u>224,426</u>	<u>179,134</u>
Total Assets	<u>\$ 14,384,330</u>	<u>\$ 14,342,035</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities-</b>		
Accounts Payable and Accrued Liabilities	\$ 3,743,695	\$ 2,347,060
<b>Fund Balance-</b>		
Assigned	<u>10,640,635</u>	<u>11,994,975</u>
Total Liabilities and Fund Balance	<u>\$ 14,384,330</u>	<u>\$ 14,342,035</u>

**Westchester County  
Water Districts Fund—  
Combining Schedule of Revenues, Expenditures  
and Changes in Fund Balances**

Year Ended December 31, 2015

	County Water District No. 1	County Water District No. 2	County Water District No. 3	County Water District No. 4	Totals
Revenues	\$ 18,084,668	\$ 82,528	\$ 1,988,567	\$ 1,086	\$ 20,156,849
Expenditures	19,353,922	82,594	2,074,673	—	21,511,189
Excess (Deficiency) of Revenues Over Expenditures	(1,269,254)	(66)	(86,106)	1,086	(1,354,340)
Fund Balances (Deficits)—Beginning of Year	6,806,236	(92)	4,871,364	317,467	11,994,975
Fund Balances (Deficits)—End of Year	<u>\$ 5,536,982</u>	<u>\$ (158)</u>	<u>\$ 4,785,258</u>	<u>\$ 318,553</u>	<u>\$ 10,640,635</u>

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**Westchester County  
 Combined Water Districts Fund—  
 Comparative Schedule of Revenues, Expenditures  
 and Changes in Fund Balance—Budget and Actual  
 Years Ended December 31, 2015 and 2014**

	2015			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES:</b>				
Taxes on Real Property	\$ 2,336,264	\$ 2,336,264	\$ 2,336,264	\$ —
Departmental Income	17,940,000	17,940,000	17,594,575	(345,425)
Earnings on Investments	18,283	18,283	22,333	4,050
Miscellaneous	220,123	220,123	203,677	(16,446)
Total Revenues	<u>20,514,670</u>	<u>20,514,670</u>	<u>20,156,849</u>	<u>(357,821)</u>
<b>EXPENDITURES:</b>				
Current:				
Home and Community Services	20,619,726	20,719,726	20,130,679	589,047
Employee Benefits	325,682	325,682	295,103	30,579
Debt Service	907,183	907,183	907,180	3
Capital Outlay	664,562	564,562	178,227	386,335
Total Expenditures	<u>22,517,153</u>	<u>22,517,153</u>	<u>21,511,189</u>	<u>1,005,964</u>
Deficiency of Revenues Over Expenditures	(2,002,483)	(2,002,483)	(1,354,340)	648,143
Fund Balance—Beginning of Year	<u>2,002,483</u>	<u>2,002,483</u>	<u>11,994,975</u>	<u>9,992,492</u>
Fund Balance—End of Year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 10,640,635</u>	<u>\$ 10,640,635</u>

Exhibit M-3

2014			
Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
\$ 2,967,138	\$ 2,967,138	\$ 2,967,138	\$ —
16,790,000	16,790,000	15,938,433	(851,567)
18,283	18,283	24,161	5,878
211,388	211,388	204,335	(7,053)
<u>19,986,809</u>	<u>19,986,809</u>	<u>19,134,067</u>	<u>(852,742)</u>
19,512,572	19,768,546	17,960,920	1,807,626
399,359	378,385	307,673	70,712
873,783	873,783	861,220	12,563
898,776	663,776	285,475	378,301
<u>21,684,490</u>	<u>21,684,490</u>	<u>19,415,288</u>	<u>2,269,202</u>
(1,697,681)	(1,697,681)	(281,221)	1,416,460
<u>1,697,681</u>	<u>1,697,681</u>	<u>12,276,196</u>	<u>10,578,515</u>
<u>\$ —</u>	<u>\$ —</u>	<u>\$ 11,994,975</u>	<u>\$ 11,994,975</u>

**Westchester County  
Combined Water Districts Fund  
Schedule of Revenues Compared to Budget  
Year Ended December 31, 2015**

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES:</b>				
Taxes on Real Property- County Water District No. 1	\$ 2,336,264	\$ 2,336,264	\$ 2,336,264	\$ —
Departmental Income:				
County Water District No. 1	16,040,000	16,040,000	15,616,752	(423,248)
County Water District No. 3	1,900,000	1,900,000	1,977,823	77,823
	<u>17,940,000</u>	<u>17,940,000</u>	<u>17,594,575</u>	<u>(345,425)</u>
Earnings on Investments:				
County Water District No. 1	8,892	8,892	10,503	1,611
County Water District No. 2	267	267	—	(267)
County Water District No. 3	8,624	8,624	10,744	2,120
County Water District No. 4	500	500	1,086	586
	<u>18,283</u>	<u>18,283</u>	<u>22,333</u>	<u>4,050</u>
Miscellaneous Revenues:				
County Water District No. 1	135,265	135,265	121,149	(14,116)
County Water District No. 2	84,858	84,858	82,528	(2,330)
	<u>220,123</u>	<u>220,123</u>	<u>203,677</u>	<u>(16,446)</u>
Total Revenues	<u>\$ 20,514,670</u>	<u>\$ 20,514,670</u>	<u>\$ 20,156,849</u>	<u>\$ (357,821)</u>

**Westchester County  
Combined Water Districts Fund  
Schedule of Expenditures Compared to Budget  
Year Ended December 31, 2015**

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>EXPENDITURES:</b>				
<b>Home and Community Services:</b>				
<b>County Water District No. 1:</b>				
Personal services	\$ 284,290	\$ 284,290	\$ 244,518	\$ 39,772
Equipment	20,000	20,000	2,419	17,581
Materials and supplies	16,858,766	16,236,798	16,182,790	54,008
Contractual	1,770,178	2,492,146	2,572,709	(80,563)
	<u>18,933,234</u>	<u>19,033,234</u>	<u>19,002,436</u>	<u>30,798</u>
<b>County Water District No. 2 -</b>				
Contractual	<u>10,000</u>	<u>10,000</u>	<u>7,470</u>	<u>2,530</u>
<b>County Water District No. 3:</b>				
Personal services	247,221	247,221	206,390	40,831
Equipment	10,000	10,000	—	10,000
Materials and supplies	736,450	736,450	525,355	211,095
Contractual	682,321	682,321	389,028	293,293
	<u>1,675,992</u>	<u>1,675,992</u>	<u>1,120,773</u>	<u>555,219</u>
<b>County Water District No. 4 -</b>				
Contractual	<u>500</u>	<u>500</u>	<u>—</u>	<u>500</u>
	<u>20,619,726</u>	<u>20,719,726</u>	<u>20,130,679</u>	<u>589,047</u>
<b>Employee Benefits:</b>				
County Water District No. 1	167,458	167,458	165,245	2,213
County Water District No. 3	158,224	158,224	129,858	28,366
	<u>325,682</u>	<u>325,682</u>	<u>295,103</u>	<u>30,579</u>
<b>Debt Service:</b>				
County Water District No. 1	88,443	88,443	88,442	1
County Water District No. 2	75,125	75,125	75,124	1
County Water District No. 3	743,615	743,615	743,614	1
	<u>907,183</u>	<u>907,183</u>	<u>907,180</u>	<u>3</u>
<b>Capital Outlay:</b>				
<b>Non-Recurring Repairs:</b>				
County Water District No. 1	279,251	179,251	97,799	81,452
County Water District No. 3	385,311	385,311	80,428	304,883
	<u>664,562</u>	<u>564,562</u>	<u>178,227</u>	<u>386,335</u>
Total Expenditures	<u>\$ 22,517,153</u>	<u>\$ 22,517,153</u>	<u>\$ 21,511,189</u>	<u>\$ 1,005,964</u>

Westchester County  
 Combining Statement of Net Position  
 Internal Service Funds  
 December 31, 2015  
 (With Comparative Totals for 2014)

	Health Insurance Fund	Casualty Reserve Fund	Workers' Compensation Reserve Fund	Totals	
				2015	2014
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash	\$ 1,000,000	\$ 22,197,534	\$ 719,677	\$ 23,917,211	\$ 26,872,654
Investments	—	39,782,187	1,306,562	41,088,749	45,703,750
Accounts Receivable	5,444,939	535,229	6,708	5,986,876	4,654,778
Due from Other Funds	16,792,766	—	—	16,792,766	20,153,292
Prepaid Expenses	43,339	—	—	43,339	600,000
<b>Total assets</b>	<b>23,281,044</b>	<b>62,514,950</b>	<b>2,032,947</b>	<b>87,828,941</b>	<b>97,984,474</b>
<b>LIABILITIES</b>					
<b>Current liabilities:</b>					
Accounts Payable and Accrued Liabilities	20,752,077	3,500,000	3,760,000	28,012,077	29,350,705
Due to Other Funds	—	515,518	297,703	813,221	1,138,424
<b>Total current liabilities</b>	<b>20,752,077</b>	<b>4,015,518</b>	<b>4,057,703</b>	<b>28,825,298</b>	<b>30,489,129</b>
<b>Non-current liabilities-</b>					
Accrued Liabilities	—	31,905,667	33,846,290	65,751,957	62,078,582
<b>Total liabilities</b>	<b>20,752,077</b>	<b>35,921,185</b>	<b>37,903,993</b>	<b>94,577,255</b>	<b>92,567,711</b>
<b>NET POSITION-</b>					
Unrestricted	\$ 2,528,967	\$ 26,593,765	\$ (35,871,046)	\$ (6,748,314)	\$ 5,416,763



Exhibit N-2

Westchester County  
 Combining Statement of Revenues, Expenses and Changes in Net Position  
 Internal Service Funds  
 Year Ended December 31, 2015  
 (With Comparative Totals for 2014)

	Health Insurance Fund	Casualty Reserve Fund	Workers' Compensation Reserve Fund	Totals	
				2015	2014
Operating revenues - Charges for Services	\$ 171,386,601	\$ 72,917	\$ 7,644,842	\$ 179,104,360	\$ 179,869,094
Operating expenses:					
Claims	—	5,205,738	10,375,194	15,580,932	16,588,592
Claim Adjustments	—	4,979,000	(861,000)	4,118,000	(869,000)
Employee Benefits	172,200,601	—	—	172,200,601	168,861,571
Total operating expenses	172,200,601	10,184,738	9,514,194	191,899,533	184,581,163
Operating loss	(814,000)	(10,111,821)	(1,869,352)	(12,795,173)	(4,712,069)
Nonoperating revenues (expenses):					
Earnings on investments	44,789	2,134,505	55,581	2,234,875	2,317,909
Net decrease in fair value of investments	—	(1,569,352)	(35,427)	(1,604,779)	1,842,076
Total nonoperating revenues	44,789	565,153	20,154	630,096	4,159,985
Change in net position	(769,211)	(9,546,668)	(1,849,198)	(12,165,077)	(552,084)
Net Position -- beginning	3,298,178	36,140,433	(34,021,848)	5,416,763	5,968,847
Net Position -- ending	\$ 2,528,967	\$ 26,593,765	\$ (35,871,046)	\$ (6,748,314)	\$ 5,416,763

Exhibit N-3

Westchester County  
 Combining Statement of Cash Flows  
 Internal Service Funds  
 Year Ended December 31, 2015  
 (With Comparative Totals for 2014)

	Health Insurance Fund	Casualty Reserve Fund	Workers' Compensation Reserve Fund	Totals	
				2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash receipts from customers	\$ 170,037,253	\$ 72,917	\$ 7,644,842	\$ 177,755,012	\$ 177,017,432
Payments to suppliers	(173,442,568)	(5,229,482)	(10,336,075)	(189,008,125)	(186,887,567)
Net cash used in operating activities	(3,405,315)	(5,156,565)	(2,691,233)	(11,253,113)	(9,870,135)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Advances from other funds	3,348,226	—	—	3,348,226	1,102,502
Payments to other funds	12,300	(167,436)	(157,767)	(312,903)	—
Net cash provided by (used in) noncapital financing activities	3,360,526	(167,436)	(157,767)	3,035,323	1,102,502
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Earnings on investments	44,789	2,151,755	55,581	2,252,125	2,330,048
Purchase of investments	—	—	(114)	(114)	(114)
Sale of Investments	—	3,010,336	—	3,010,336	2,005,941
Net cash provided by investing activities	44,789	5,162,091	55,467	5,262,347	4,335,875
Net decrease in cash	—	(161,910)	(2,793,533)	(2,955,443)	(4,431,758)
Cash - beginning of year	1,000,000	22,359,444	3,513,210	26,872,654	31,304,412
Cash - end of the year	\$ 1,000,000	\$ 22,197,534	\$ 719,677	\$ 23,917,211	\$ 26,872,654
<b>Reconciliation of operating income (loss) to net cash used in operating activities:</b>					
Operating loss	\$ (814,000)	\$ (10,111,821)	\$ (1,869,352)	\$ (12,795,173)	\$ (4,712,069)
Adjustments to reconcile operating loss to net cash used in operating activities:					
Changes in assets and liabilities:					
Accounts receivable	(1,349,348)	—	—	(1,349,348)	(2,851,662)
Prepaid Expenses	556,661	—	—	556,661	(600,000)
Accounts payable and accrued liabilities	(1,798,628)	4,955,256	(821,881)	2,334,747	(1,706,404)
Net cash used in operating activities	\$ (3,405,315)	\$ (5,156,565)	\$ (2,691,233)	\$ (11,253,113)	\$ (9,870,135)
Noncash investing activities-					
Increase (Decrease) in fair value of investments	—	(1,569,352)	(35,427)	(1,604,779)	1,842,076

**Westchester County**  
**Internal Service Fund-Health Insurance Fund**  
**Comparative Statement of Net Position**

**Exhibit N-4**

December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash	\$ 1,000,000	\$ 1,000,000
Accounts Receivable	5,444,939	4,095,591
Due from Other Funds	16,792,766	20,153,292
Prepaid Expenses	<u>43,339</u>	<u>600,000</u>
Total Assets	23,281,044	25,848,883
<b>LIABILITIES</b>		
<b>Current Liabilities-</b>		
Accounts Payable and Accrued Liabilities	<u>20,752,077</u>	<u>22,550,705</u>
<b>NET POSITION-</b>		
Unrestricted	<u>\$ 2,528,967</u>	<u>\$ 3,298,178</u>

**Westchester County**  
**Internal Service Fund-Health Insurance Fund**  
**Comparative Statement of Revenues, Expenses and**  
**Changes in Net Position**

Exhibit N-5

Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating Revenues- Charges for Services	\$ 171,386,601	\$ 171,869,094
Operating Expenses- Employee Benefits	<u>172,200,601</u>	<u>168,861,571</u>
Operating Income (Loss)	(814,000)	3,007,523
Nonoperating Revenues- Earnings on Investments	<u>44,789</u>	<u>55,633</u>
Change in Net Position	(769,211)	3,063,156
Net Position - beginning	<u>3,298,178</u>	<u>235,022</u>
Net Position - ending	<u>\$ 2,528,967</u>	<u>\$ 3,298,178</u>

**Westchester County**  
**Internal Service Fund-Health Insurance Fund**  
**Comparative Statement of Cash Flows**  
**Years Ended December 31, 2015 and 2014**

**Exhibit N-6**

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	\$ 170,037,253	\$ 169,017,432
Payments to providers	<u>(173,442,568)</u>	<u>(169,810,214)</u>
Net cash used in operating activities	<u>(3,405,315)</u>	<u>(792,782)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Advances from other funds	3,348,226	737,149
Payments to other funds	<u>12,300</u>	<u>---</u>
Net cash provided by noncapital financing activities	<u>3,360,526</u>	<u>737,149</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Earnings on Investments	<u>44,789</u>	<u>55,633</u>
Net increase in cash	<u>---</u>	<u>---</u>
Cash - beginning of year	<u>1,000,000</u>	<u>1,000,000</u>
Cash - end of year	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Reconciliation of operating income (loss) to net cash used in operating activities:		
Operating income (loss)	\$ (814,000)	\$ 3,007,523
Adjustments to reconcile operating income (loss) to net cash used in operating activities		
Changes in assets and liabilities:		
Accounts receivable	(1,349,348)	(2,851,662)
Prepaid expenses	556,661	(600,000)
Accounts payable and accrued liabilities	<u>(1,798,628)</u>	<u>(348,643)</u>
Net cash used in operating activities	<u>\$ (3,405,315)</u>	<u>\$ (792,782)</u>

**Westchester County**  
**Internal Service Fund-Casualty Reserve Fund**  
**Comparative Statement of Net Position**  
**December 31, 2015 and 2014**

Exhibit N-7

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash	\$ 22,197,534	\$ 22,359,444
Investments	39,782,187	44,361,875
Accounts Receivable	<u>535,229</u>	<u>552,479</u>
Total Assets	<u>62,514,950</u>	<u>67,273,798</u>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts Payable and Accrued Liabilities	3,500,000	3,000,000
Due to Other Funds	<u>515,518</u>	<u>682,954</u>
Total Current Liabilities	4,015,518	3,682,954
<b>Non-Current Liabilities-</b>		
Accrued Liabilities	<u>31,905,667</u>	<u>27,450,411</u>
Total Liabilities	<u>35,921,185</u>	<u>31,133,365</u>
<b>NET POSITION-</b>		
Unrestricted	<u>\$ 26,593,765</u>	<u>\$ 36,140,433</u>

# Westchester County

Exhibit N-8

## Internal Service Fund-Casualty Reserve Fund Comparative Statement of Revenues, Expenses and Changes in Net Position

Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating Revenues	\$ 72,917	\$ —
Operating Expenses:		
Claims	5,205,738	7,161,787
Claim adjustments	4,979,000	(4,089,000)
Total Operating Expenses	<u>10,184,738</u>	<u>3,072,787</u>
Operating Loss	<u>(10,111,821)</u>	<u>(3,072,787)</u>
Nonoperating Revenues (Expenses):		
Earnings on Investments	2,134,505	2,202,630
Net increase (decrease) in fair value of investments	(1,569,352)	1,701,253
Total Nonoperating revenues	<u>565,153</u>	<u>3,903,883</u>
Change in Net Position	(9,546,668)	831,096
Net Position - beginning	<u>36,140,433</u>	<u>35,309,337</u>
Net Position - ending	<u>\$ 26,593,765</u>	<u>\$ 36,140,433</u>

**Westchester County**  
**Internal Service Fund-Casualty Reserve Fund**  
**Comparative Statement of Cash Flows**  
**Years Ended December 31, 2015 and 2014**

Exhibit N-9

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	\$ 72,917	\$ —
Payments for claims	<u>(5,229,482)</u>	<u>(7,187,439)</u>
Net cash used in operating activities	<u>(5,156,565)</u>	<u>(7,187,439)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Advances from other funds	—	159,439
Payments to other funds	<u>(167,436)</u>	<u>—</u>
Net cash provided by (used in) noncapital financing activities	<u>(167,436)</u>	<u>159,439</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Earnings on Investments	2,151,755	2,214,769
Sale of Investments	<u>3,010,336</u>	<u>2,005,941</u>
Net cash provided by investing activities	<u>5,162,091</u>	<u>4,220,710</u>
Net Decrease in cash	(161,910)	(2,807,290)
Cash - beginning of year	<u>22,359,444</u>	<u>25,166,734</u>
Cash - end of year	<u>\$ 22,197,534</u>	<u>\$ 22,359,444</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (10,111,821)	\$ (3,072,787)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Changes in assets and liabilities:		
Accounts payable and accrued liabilities	<u>4,955,256</u>	<u>(4,114,652)</u>
Net cash used in operating activities	<u>\$ (5,156,565)</u>	<u>\$ (7,187,439)</u>
Noncash investing activities-Increase (Decrease) in fair value of investments	(1,569,352)	1,701,253



**Westchester County**  
**Internal Service Fund-Workers' Compensation**  
**Reserve Fund**  
**Comparative Statement of Net Position**

Exhibit N-10

December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash	\$ 719,677	\$ 3,513,210
Investments	1,306,562	1,341,875
Accounts Receivable	<u>6,708</u>	<u>6,708</u>
Total Assets	<u>2,032,947</u>	<u>4,861,793</u>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts Payable and Accrued Liabilities	3,760,000	3,800,000
Due to Other Funds	<u>297,703</u>	<u>455,470</u>
Total Current Liabilities	4,057,703	4,255,470
<b>Non-Current Liabilities-</b>		
Accrued Liabilities	<u>33,846,290</u>	<u>34,628,171</u>
Total Liabilities	<u>37,903,993</u>	<u>38,883,641</u>
<b>NET POSITION-</b>		
Unrestricted	<u>\$ (35,871,046)</u>	<u>\$ (34,021,848)</u>

**Westchester County**  
**Internal Service Fund-Workers' Compensation**  
**Reserve Fund**  
**Comparative Statement of Revenues, Expenses and**  
**Changes in Net Position**  
**Years Ended December 31, 2015 and 2014**

Exhibit N-11

	<u>2015</u>	<u>2014</u>
Operating Revenues- Charges for services	\$ 7,644,842	\$ 8,000,000
Operating Expenses:		
Claims	10,375,194	9,426,805
Claim adjustments	<u>(861,000)</u>	<u>3,220,000</u>
Total Operating Expenses	<u>9,514,194</u>	<u>12,646,805</u>
Operating Loss	<u>(1,869,352)</u>	<u>(4,646,805)</u>
Nonoperating Revenues (Expenses):		
Earnings on Investments	55,581	59,646
Net increase (decrease) in fair value of investments	<u>(35,427)</u>	<u>140,823</u>
Total Nonoperating Revenues	<u>20,154</u>	<u>200,469</u>
Change in Net Position	(1,849,198)	(4,446,336)
Net Position - beginning	<u>(34,021,848)</u>	<u>(29,575,512)</u>
Net Position - ending	<u>\$ (35,871,046)</u>	<u>\$ (34,021,848)</u>

# Westchester County

## Internal Service Fund-Workers' Compensation Reserve

### Fund

### Comparative Statement of Cash Flows

Exhibit N-12

Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	\$ 7,644,842	\$ 8,000,000
Payments to suppliers	<u>(10,336,075)</u>	<u>(9,889,914)</u>
Net cash used in operating activities	<u>(2,691,233)</u>	<u>(1,889,914)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Advances from other funds	—	205,914
Payments to other funds	<u>(157,767)</u>	<u>—</u>
Net cash used in noncapital financing activities	<u>(157,767)</u>	<u>205,914</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Earnings on investments	55,581	59,646
Purchase of investments	<u>(114)</u>	<u>(114)</u>
Net cash provided by investing activities	<u>55,467</u>	<u>59,532</u>
Net decrease in cash	(2,793,533)	(1,624,468)
Cash - beginning of year	<u>3,513,210</u>	<u>5,137,678</u>
Cash - end of year	<u>\$ 719,677</u>	<u>\$ 3,513,210</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (1,869,352)	\$ (4,646,805)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Changes in assets and liabilities-		
Accounts payable and accrued liabilities	<u>(821,881)</u>	<u>2,756,891</u>
Net cash used in operating activities	<u>\$ (2,691,233)</u>	<u>\$ (1,889,914)</u>
Noncash investing activities-Increase (decrease) in fair value of investments	(35,427)	140,823

Westchester County  
 Fiduciary Funds - Agency Fund  
 Statement of Changes in Assets and Liabilities  
 Year Ended December 31, 2015

	Balance January 1, 2015	Additions	Deletions	Balance December 31, 2015
<b>ASSETS</b>				
Cash	\$ 75,131,469	\$ 146,918,228	\$ 147,841,485	\$ 74,208,212
Accounts Receivable	21,297,596	3,512,630	3,685,184	21,125,042
Restricted Investments	26,180,578	23,324,980	23,328,720	26,176,838
Due from Other Funds	133,191	76,052	—	209,243
Total Assets	<u>\$ 122,742,834</u>	<u>\$ 173,831,890</u>	<u>\$ 174,855,389</u>	<u>\$ 121,719,335</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 34,828,322	\$ 274,637,396	\$ 273,484,983	\$ 35,980,735
Securities and Deposits Payable	87,914,512	47,964,528	50,140,440	85,738,600
Total Liabilities	<u>\$ 122,742,834</u>	<u>\$ 322,601,924</u>	<u>\$ 323,625,423</u>	<u>\$ 121,719,335</u>

**SUMMARY OF CERTAIN PROVISIONS OF THE AGREEMENT**

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## **SUMMARY OF CERTAIN PROVISIONS OF THE AGREEMENT**

The following is a brief summary of certain provisions of the Agreement. This summary is intended to supplement the information provided in the body of this Official Statement and does not purport to be complete. Reference is made to the Agreement for full and complete statements of such and all provisions. Except as noted, defined terms used herein have the meanings ascribed to them in Appendix A.

### **Lease of Facilities**

DASNY agrees to lease to the County, and the County agrees to take and hire from DASNY, the Leased Property on the terms and conditions set forth in the Agreement.

(Section 2.01)

### **Term of Lease**

The Lease Term shall commence on the date on which Bonds of any Series are first issued and delivered by DASNY and shall terminate on the date on which no Bonds are Outstanding and the County has satisfied its obligations under the Agreement, unless sooner terminated in accordance with the provisions of the Agreement.

(Section 2.02)

### **Acquisition of Facility Sites**

Unless otherwise agreed by the County and DASNY, the County shall obtain as soon as practicable good and marketable fee title to the land on which each Facility is to be located and the building and improvements thereon, free and clear of all liens, charges and encumbrances, except for encumbrances permitted by the Agreement, and on or prior to the date on which Bonds are first issued, but, with respect to a Facility in connection with which the County and DASNY have agreed otherwise, not later than the date moneys in the Construction Fund are advanced to pay any of the Costs of such Facility, other than Planning Costs, convey to DASNY, by bargain and sale deed without covenant against grantor's acts, fee title to the land on which such Facility is or is to be located.

(Section 2.03)

### **Construction of Court Facilities**

DASNY agrees that, subject to the limitations contained in the Agreement, it will prepare or cause to be prepared the Plans and Specifications for each Facility and it will construct, reconstruct, rehabilitate and improve or cause to be constructed, reconstructed, rehabilitated and improved each Facility substantially in accordance with the Plans and Specifications therefor.

The Plans and Specifications and the cost estimates appertaining thereto prepared by DASNY shall be approved in writing by an Authorized Officer and the Chief Administrator prior to DASNY letting any contract for the construction, reconstruction, rehabilitation or improvement of a Facility or part thereof. Any construction change order which will result in a material modification of the Plans or Specifications shall be approved in writing by an Authorized Officer and the Chief Administrator. A material modification of the Plans and Specifications shall include, but not be limited to, any modification which effects a substantial change in the County's capital plan approved pursuant to the Judiciary Law.

DASNY agrees that it will use its best efforts to cause such construction, reconstruction, rehabilitation and improvement to be completed as soon as may be practicable, delays incident to strikes, riots or acts of God, the public enemy or any delay beyond its reasonable control only excepted; but if for any reason such construction, reconstruction, rehabilitation or improvement is delayed there shall be no resulting liability on the part of DASNY and no diminution in or postponement of the amounts payable under the Agreement by the County.

DASNY shall be responsible for the letting of contracts for the design, construction, reconstruction, rehabilitation and improvement of the Facilities, supervision of construction, acceptance of the completed Facilities or parts thereof, and all other matters incidental to performance of the duties and powers expressly granted in the Agreement to DASNY in connection with the design, construction, reconstruction, rehabilitation and improvement of the Facilities.

(Section 3.01)

## **Payment of Rentals**

The County shall pay to DASNY the following Basic Rent in the amounts and on the dates as follows:

(i) On August 10 and November 10 of each Bond Year; one-half (1/2) the interest on Outstanding Bonds payable on the immediately succeeding February 1, and one-quarter (1/4) of the principal and Sinking Fund Installments of Outstanding Bonds payable on the immediately succeeding August 1; and

(ii) On May 10 and February 10 of each Bond Year, one-half (1/2) the interest on Outstanding Bonds payable on the immediately succeeding August 1, and one-quarter (1/4) of the principal and Sinking Fund Installments of Outstanding Bonds payable on the immediately succeeding August 1.

In addition to the options of the County to purchase Facilities, the County shall have the option to make from time to time prepayments in part of payments due as aforesaid of Basic Rent, together with interest accrued and to accrue and premium, if any, to be paid on the Bonds, if such prepayment is to be used for the purchase or redemption of such Bonds.

The County shall pay to DASNY, as additional rent for the Facilities, the amounts, and on the dates, as follows:

(i) On the date of delivery of Bonds of a Series, to the extent not paid from the proceeds of the Bonds, the Administrative Expenses, as estimated by an Authorized Officer of DASNY, incurred in connection with the issuance of Bonds of such Series;

(ii) On each July 10 and January 10 of each Bond Year, one-half (1/2) of the Annual Administrative Fee;

(iii) The Administrative Expenses of DASNY, the Trustee and each Paying Agent for the Bonds, within thirty (30) days after notice of the amount thereof is given to the County; provided, however, that the estimated Administrative Expenses paid pursuant to paragraph (i) above shall be applied in reduction of the amount payable pursuant to this paragraph; and

(iv) The amount determined by an Authorized Officer of DASNY as required to be rebated to the Department of the Treasury of the United States of America in excess of the amount available therefor in the Arbitrage Rebate Fund.

Any Rentals not paid by the County within seven (7) days after the due date thereof, or any additional rent not paid within seven (7) days after the due date thereof, shall, from and after said due date, bear interest (to the extent permitted by law) at the highest rate per annum borne by any of the Bonds until paid, time being of the absolute essence of this obligation.

(Section 4.01)

## **Nature of Obligations of the County**

Except as hereinafter provided in the following three paragraphs, the obligation of the County to pay Rentals and to pay all other amounts provided for in the Agreement and to perform its obligations under the Agreement shall be absolute and unconditional, and such Rentals and other amounts shall be payable without any rights of set-off, recoupment or counterclaim it might have against DASNY, the Trustee or any other person and whether or not the Facilities are used or occupied by the County or available for use or occupancy by the County including, but not limited to, as a result of damage to or destruction of one or more Facilities for the repair or replacement of which insurance proceeds available to the County are not sufficient. If the County shall have paid all amounts required by the Agreement and continues to pay the same when due, it shall not be precluded from bringing any action it may otherwise have against DASNY; provided, however, that the County shall not as a result of the County's failure to pay any Administrative Expenses or Annual Administrative Fee be precluded from bringing any such action if the amount thereof is disputed or is being contested by the County in good faith.

Notwithstanding anything in the Agreement to the contrary, the cost and expense of the performance by the County of its obligations under the Agreement and the occurrence of any liabilities of the County under the Agreement, including, without limitation, the payment of all Rentals and the payment of all other amounts required to be paid by the County under the Agreement, shall be subject to and dependent upon appropriations being made from time to time by the County for such purpose.

The County will not terminate the Agreement (other than such termination as is provided for under the Agreement) or be excused from performing its obligations under the Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute an eviction or constructive eviction, failure of consideration,



failure of title, or frustration of purpose, or any damage to or destruction of the Project, or the taking by eminent domain of title to or the right of temporary use of all or any part of the Project, or the failure of DASNY to perform and observe any agreement or covenant, whether expressed or implied, or any duty, liability or obligation arising out of or in connection with the Agreement.

(Section 4.04)

### **Operation, Maintenance and Repair**

During the Lease Term, the County shall be responsible for, and pay all costs of, operating the Facilities, maintaining the same in good condition, and making all necessary repairs and replacements, interior and exterior, structural and non-structural; provided, however, that the County shall not be obligated to pay the costs thereof paid by any person (other than DASNY) to whom a Facility has been sublet in accordance with the Agreement.

(Section 5.01)

### **Utilities, Taxes and Governmental Charges**

The County will pay or cause to be paid all charges for water, electricity, light, heat or power, sewage, telephone and other utility service, rendered or supplied upon or in connection with the Facilities during the Lease Term; provided, however, that the County shall not be obligated to pay the costs thereof paid by any person (other than DASNY) to whom a Facility has been sublet in accordance with the Agreement.

In addition, the County shall (i) pay, or make provision for payment of, all lawful taxes and assessments (other than those which are the basis of an encumbrance permitted by the Agreement), including income, profits, property or excise taxes, if any, or other municipal or governmental charges, levied or assessed by any federal, state or any municipal government upon DASNY or the County with respect to or upon a Facility or any part thereof or upon any payments under the Agreement when the same shall become due; provided, however, that the County shall not be obligated to pay the costs thereof paid by any person (other than DASNY) to whom a Facility has been sublet in accordance with the Agreement; (ii) duly observe and comply with all valid requirements of any governmental authority relative to the Facilities; (iii) not create or suffer to be created any lien or charge upon a Facility or any part thereof, except encumbrances permitted by the Agreement, or upon the payments in respect thereof pursuant to the Agreement; and (iv) pay or cause to be discharged or make adequate provision to satisfy and discharge, within sixty (60) days after the same shall come into force, any lien or charge upon the Project or any part thereof, except encumbrances permitted by the Agreement, or upon any payments under the Agreement and all lawful claims or demands for labor, materials, supplies or other charges which, if unpaid, might be or become a lien upon any payments under the Agreement; provided, however, that the County shall not be obligated to pay the costs thereof paid by any person (other than DASNY) to whom a Facility has been sublet in accordance with the Agreement.

(Section 5.02)

### **Additions, Enlargements and Improvements**

The County shall have the right at any time and from time to time during the Lease Term, at its own cost and expense, to make such additions, enlargements, improvements and expansions to, or repairs, reconstruction and restorations of, a Facility, as the County shall deem necessary or desirable in connection with the use thereof; provided, however, that no addition to or enlargement, improvement, expansion, repair, reconstruction or restoration of, a Facility which requires structural change of the Facility, or which modifies or changes any aspect or feature thereof designed or intended to protect the life or provide for the safety of the occupants of the Facility, shall be made by the County without the prior written consent of an Authorized Officer of DASNY. The cost of any such additions, enlargements, improvements, expansions, repairs, reconstruction or restorations shall be promptly paid or discharged so that the Facility shall at all times be free of liens for labor and materials supplied thereto other than encumbrances permitted by the Agreement. All additions, enlargements, improvements and expansions to, or repairs, reconstruction and restorations of, a Facility shall be and become a part of the Facility and be the property of DASNY.

(Section 5.03)

### **Insurance**

The County shall maintain or cause to be maintained, for the benefit of DASNY and the County, various kinds and amounts of insurance with respect to each Facility.

The County shall not be required to obtain or maintain any class or type of insurance required by the Agreement for which it provides and maintains an appropriate substitute self-insurance arrangement under which DASNY would be fully

protected from loss or general public liability arising from its ownership or interest in the Facilities, or under which assurance will be provided that funds will be available to repair, restore, rebuild or replace the Facilities upon damage, loss or destruction thereof.

(Section 5.05)

### **Damage or Destruction**

The County agrees to notify DASNY and the Trustee immediately in the case of damage to or destruction of a Facility or any portion thereof in an amount exceeding \$100,000 resulting from fire or other casualty. DASNY agrees that the net proceeds of any insurance relating to such damage or destruction, not exceeding \$100,000, may be paid directly to the County.

In the event a Facility or any portion thereof is damaged or destroyed by fire or other casualty and the damage or destruction is estimated to exceed \$100,000, the net proceeds of any insurance shall be initially paid directly to DASNY for deposit and application as provided in the Agreement. The County shall within ninety (90) days after such damage or destruction determine whether or not to repair, reconstruct, restore or improve the Facility and give written notice of such determination to DASNY. If the County elects to repair, reconstruct, restore or improve the Facility it shall proceed forthwith to repair, reconstruct, restore or improve the Facility to substantially the same condition as it existed prior to the event causing such damage or destruction. So long as the County is not in default under the Agreement, any net proceeds of insurance relating to such damage or destruction received by DASNY shall be deposited to the credit of the Construction Fund and applied to payment of the costs of such repairs, reconstruction, restoration or improvement in the same manner and upon the same conditions as set forth in the Resolution for the payment of the Costs of the Project from the Construction Fund.

It is further understood and agreed that in the event the County shall elect to repair, reconstruct or restore the Facility, the County shall complete the repair, reconstruction or restoration of the Facility.

In the event the County elects not to repair, reconstruct, restore or improve the Facility, the County may elect to have the net proceeds of any insurance paid either (i) to DASNY, as a prepayment of the Rentals under the Agreement, for deposit to the Debt Service Fund and application to the redemption of Outstanding Bonds or for payment to the Trustee, to be held by the Trustee, in trust, pursuant to the Resolution for the payment of Outstanding Bonds in accordance with the written instructions of an Authorized Officer of DASNY or (ii) to the County and applied for any of its corporate purposes, provided that such payment and application, in the opinion of Bond Counsel, would not adversely affect the exclusion of interest on any of the Bonds from gross income for federal income tax purposes.

(Section 5.06)

### **Condemnation**

The Agreement and the interest of the County shall terminate as to a Facility or portion thereof and the Leased Property appertaining thereto condemned or taken by eminent domain when title thereto vests in the party condemning or taking the same (hereinafter referred to as the "termination date"). The County irrevocably assigns to DASNY all right, title and interest of the County in and to any net proceeds of any award, compensation or damages (hereinafter referred to as an "award"), payable in connection with any such condemnation or taking during the Lease Term. Such net proceeds shall be initially paid to the Trustee for deposit and application as provided in the Agreement.

In the event of any such condemnation or taking the County shall within ninety (90) days after the termination date therefor determine whether or not to repair, reconstruct, restore or improve the Facility and give written notice of such determination to DASNY. If the County elects to repair, reconstruct, restore or improve the Facility, so long as the County is not in default under the Agreement, any such net proceeds received by the Trustee shall be deposited to the credit of the Construction Fund and be applied to finance the costs of such repairs and improvements in the same manner and upon the same conditions set forth in the Resolution for the payment of the Costs of the Project from the Construction Fund.

In the event the County elects not to repair, reconstruct, restore or improve the Facility, the County may elect to have the award paid to DASNY, as a prepayment of the Rentals under the Agreement, for deposit to the Debt Service Fund and application to the redemption of Outstanding Bonds or for payment to the Trustee, to be held by the Trustee, in trust, pursuant to the Resolution for the payment of Outstanding Bonds in accordance with the written instructions of an Authorized Officer of DASNY.

(Section 5.07)

## **Net Lease**

The Agreement shall be deemed and construed to be a “net lease”, and the County shall pay absolutely net during the Lease Term the Rentals and all other payments required under the Agreement, free of all deductions, without abatement, diminution and set-off.

(Section 5.09)

## **Assignment and Sale by County**

The County will not sell, sublease or otherwise dispose of or encumber, other than by encumbrances permitted by the Agreement, its interest in a Facility except as provided in the Agreement. The Agreement may be assigned in whole or in part by the County upon written consent of DASNY (which consent shall not be unreasonably withheld) but no assignment shall relieve the County from primary liability for any of its obligations under the Agreement, and in the event of any such assignment the County shall continue to remain primarily liable for the payments specified in the Agreement and for performance and observance of the other agreements on its part provided in the Agreement.

(Section 7.06)

## **Use of the Facilities**

The County covenants that, except as otherwise expressly permitted by the Agreement, the Facilities shall be occupied by the State, the County or any other governmental agency, department, division, commission or board. Not less than fifty-one per centum (51%) of the total square footage of each Facility shall be used for purposes of the Unified Court System of the State and the agencies thereof and related purposes and the balance thereof may be used for any other purpose if in the opinion of Bond Counsel such use will not adversely affect the exclusion of interest on Bonds from gross income for purposes of federal income taxation.

(Section 7.07)

## **Subletting**

The County may use, rent or sublease space in a Facility, in excess of the space required for its purposes or the purposes of the Unified Court System of the State and related purposes, as determined by an Authorized Officer of the County, with the consent of an Authorized Officer of DASNY; provided, however, that not more than forty-nine per centum (49%) of the total square footage contained in the Facility shall be used for purposes unrelated to the function of the court facilities located in the Facility and that such area shall be used by a governmental agency, department, division, commission or board for a governmental purpose unless, in the opinion of Bond Counsel, such use is authorized or permitted by law, including the Act, and would not adversely affect the exclusion of interest on any of the Bonds from gross income for purposes of federal income taxation. No such use, lease or sublease shall have any adverse effect upon the Agreement or affect or reduce the County’s obligations under the Agreement. No sublease to DASNY shall become merged in the fee title.

The County shall not rent, sublease or otherwise dispose of all or any portion of a Facility if such rental, sublease or disposition would, in the opinion of Bond Counsel, cause the interest on any of the Bonds to be includable in gross income for purposes of federal income taxation.

(Section 7.08)

## **Executive Budget**

The expense budget submitted by the County Executive to the County’s local legislative body for each of the County’s ensuing fiscal years shall include either as a separate unit of appropriation or as an expenditure within a unit of appropriation the amount of the Rentals projected by the County to be payable during such fiscal year, but in no event in an amount less than the Basic Rent payable during such fiscal year; provided, however, that if said Rentals are included within a unit of appropriation out of which payments other than the Rentals may be paid, the amount set forth in said expense budget for such unit of appropriation shall not be less than the amount of all payments, including the Basic Rent, payable from such unit of appropriation.

(Section 7.13)

## **Events of Default**

An “event of default” or a “default” shall mean, whenever they are used in the Agreement, any one or more of the following events:

(a) Failure by the County to pay or cause to be paid when due the Rentals to be paid under the Agreement, which failure continues for a period of seven (7) days after payment thereof was due;

(b) Failure by the County to pay or to cause to be paid when due any other payment required to be made under the Agreement, which failure continues for a period of thirty (30) days after payment thereof was due;

(c) Failure by the County to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in paragraphs (a) and (b) above, which failure shall continue for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to the County by DASNY, unless by reason of the nature of such failure the same can not be remedied within such thirty (30) day period and the County has within such period commenced to take appropriate actions to remedy such failure and is diligently pursuing such actions;

(d) Any representation or warranty of the County contained in the Agreement shall have been at the time it was made untrue in any material respect; or

(e) The County shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the County seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, or other similar official for it for any substantial part of its property, or the County shall authorize any of the foregoing actions.

Notwithstanding anything contained above to the contrary, a failure by the County to pay when due any payment required to be made under the Agreement or a failure by the County to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Agreement, resulting from a failure by the County to appropriate moneys for such purposes, shall not constitute an Event of Default under the Agreement; provided, however, that such failure to pay shall not impair or limit DASNY's right, and DASNY shall be entitled to exercise its right, under Section 1680-b(4) of the Act to certify as provided therein the amount of the Rentals which the County has failed to pay.

(Section 8.01)

### **Remedies**

Whenever any Event of Default referred to in paragraph (a) or (b) above shall have happened and be continuing, in addition to exercising its rights under Section 1680-b(4) of the Act, any one or more of the following remedial steps may be taken by DASNY:

(a) DASNY may re-enter and take possession of one or more of the Facilities without terminating the Agreement, and sublease the same for the account of the County, holding the County liable for the difference in the rent and other amounts paid by the sublessee in such subleasing and the rents and other amounts required to be paid by the County under the Agreement;

(b) DASNY may terminate the Lease Term, exclude the County from possession of one or more of the Facilities and use its best efforts to lease such Facilities for the account of the County, holding the County liable for all rent and other amounts due under the Agreement and not paid by such other lessee;

(c) To the extent the same may be permitted by law, DASNY may terminate the Lease Term, exclude the County from possession of one or more of the Facilities and sell such Facilities, holding the County liable for all rent and other amounts due under the Agreement and not paid for by such purchaser; or

(d) DASNY may take whatever action at law or in equity may appear necessary or desirable to collect the payments then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the County under the Agreement.

Any amounts collected pursuant to action taken shall be applied in proportion to the total principal amount of Bonds then Outstanding in accordance with the provisions of the Resolution, or if the Bonds and all other amounts due under the Agreement have been fully paid or provision for payment thereof has been made, such amounts shall be paid to the County.

(Section 8.02)

## **Reinstatement**

Notwithstanding any termination, except with respect to any Facility and Leased Property appertaining thereto for which in accordance with the provisions of the Agreement DASNY shall have entered into an agreement providing for the reletting thereof for a period of at least one year, if all arrears of interest on Outstanding Bonds and interest on overdue installments of principal, premium, if any, and, to the extent permitted by law, interest on such Bonds, at a rate per annum equal to the highest rate per annum borne by any of the Outstanding Bonds, and the principal and premium (if any) on all Bonds then Outstanding which have become due and payable otherwise than by reason that the principal amount thereof shall have been declared by the Trustee to be immediately due and payable upon the occurrence of an Event of Default under the Resolution, and all other sums payable under the Resolution, except the principal of and the interest on such Bonds which by reason of such declaration shall have become due and payable, shall have been paid, all other things shall have been performed in respect of which there was a default and there shall have been paid the reasonable fees and expenses, including Administrative Expenses, of the Trustee, including reasonable attorneys' fees paid or incurred, and such declaration under the Resolution is annulled, then the County's default under the Agreement shall be waived without further action by the Trustee or DASNY. Upon such payment and waiver, the Agreement shall be fully reinstated, as if it had never been terminated, and the County shall be restored to the use, occupancy and possession of the Facilities and Leased Property.

(Section 8.03)

## **Conveyance upon Expiration of Lease Term**

When the Lease Term has expired and all of the Bonds, including principal, interest and redemption premium, if any, and all other obligations incurred and to be incurred by DASNY in connection with the Project and the Facilities under the Agreement and under the Resolution have been paid in full or provision has been made for such payment in accordance with the Resolution, DASNY shall transfer, convey, release, assign and set over to the County all of DASNY's right, title and interest in and to the Leased Property and the Facilities by a good and sufficient quit-claim deed and such other legal instruments as may be required therefor. The County shall bear all costs and expenses in connection with the preparation of the documents of conveyance and the delivery thereof and all fees, assessments, taxes and charges payable in connection with the conveyance of and title to the Leased Property and the Facilities. Upon conveyance of title and payment therefor as aforesaid, the Agreement shall cease and terminate and all obligations of the County under the Agreement, except the provisions pertaining to indemnification and the obligation of the County to pay any amounts then due and owing as additional rent for the Facilities or interest for any Rentals not paid by the County within seven (7) days after the due date thereof, shall be terminated and extinguished.

(Section 9.01)

## **Option to Purchase Prior to Expiration of Lease**

The County shall have and may exercise, at any time prior to the expiration of the Lease Term, the option to purchase any of the Facilities and the Leased Property appertaining thereto upon payment to DASNY of the purchase price therefor in an amount as provided in the Agreement. The County may exercise such option by giving written notice thereof to DASNY at least sixty (60) days before the date that the purchase is to be consummated.

(Section 9.02)

## **Purchase Price**

The purchase price for a Facility shall be such amount, if any, which, with all other funds available therefor, will be sufficient to pay or provide for payment, in full, in conformity with the Resolution, of the Outstanding Bonds issued in connection with such Facility and all other obligations incurred and to be incurred by DASNY in connection with such Facility and Leased Property under the Agreement and under the Resolution. Such payment in full of such Outstanding Bonds shall include the principal of all such Bonds, the redemption premium, if any, and all interest accrued and to accrue on such Bonds to their earliest redemption date or their maturity date, whichever is earlier, and any expenses in connection with such payment in full. The obligation to make payments required by the Agreement with the respect to Bonds may be satisfied in the same manner as Bonds we deemed paid pursuant to the Resolution.

(Section 9.03)

## **Date of Settlement**

The purchase price of a Facility and the Leased Property appertaining thereto shall be paid on a date of settlement and at a place to be mutually agreed upon by DASNY and the County. Upon payment of the purchase price, DASNY shall contemporaneously convey to the County all of DASNY's right, title and interest in and to the Facility and the Leased

Property appertaining thereto by a good and sufficient quit-claim deed and such other legal instruments required therefor. The County shall bear all costs and expenses in connection with the preparation of the documents of conveyance and the delivery thereof and all fees, assessments, taxes and charges payable in connection with the conveyance of and title to the Leased Property and the Facilities. Upon conveyance of title and payment therefor as aforesaid, the Agreement shall cease and terminate with respect to such Facility and Leased Property and all obligations of the County under the Agreement relating thereto, except the provisions pertaining to indemnification and the obligation of the County to pay any amounts then due and owing as additional rent for the Facilities or interest for any Rentals not paid by the County within seven (7) days after the due date thereof.

(Section 9.04)

#### **Termination of Agreement by Authority**

If, as a result of a failure of the County duly to appropriate moneys for such purposes, the County (i) fails to pay when due the payments to be paid under the Agreement or (ii) fails to observe and perform any covenant or agreement on its part to be observed or performed under the Agreement, DASNY shall have the right to terminate the Agreement.

Upon such termination neither the County nor DASNY shall have any further obligations under the Agreement, except that the County's obligations pertaining to indemnification and the County's obligation to pay any amounts then due and owing as additional rent for the Facilities or interest for any Rentals not paid by the County within seven (7) days after the due date thereof, shall survive such termination.

(Section 10.01)

#### **Right to Lease or Sell Project**

Upon the exercise of its right to terminate the Agreement, DASNY shall exclude the County from possession of the Leased Property and the Facilities and use its best efforts to lease the Leased Property and the Facilities to another party or, to the extent permitted by law, sell the Leased Property and the Facilities.

Any amounts collected pursuant to action taken above shall be applied in accordance with the Resolution.

(Section 10.02)

#### **Reinstatement**

Notwithstanding any termination hereof by DASNY in accordance with the provisions for termination of the Agreement, except with respect to any Facility and Leased Property appertaining thereto which shall have been sold by DASNY or in connection with which DASNY shall have entered into an agreement providing for the lease of a Facility for a period of at least one year, if all arrears of interest on such Outstanding Bonds and interest on overdue installments of principal, premium, if any, and (to the extent permitted by law) interest on such Bonds, at a rate per annum equal to the highest rate per annum borne by any of the Bonds, and the principal and premium, if any, on all Bonds then Outstanding which have become due and payable otherwise than by reason that the principal of the Outstanding Bonds shall have been declared by the Trustee to be immediately due and payable upon the occurrence of an Event of Default under the Resolution, and all other sums payable under the Resolution, except the principal of and the interest on such Bonds which by reason of such declaration shall have become due and payable, shall have been paid, and such declaration under the Resolution is annulled, and if the County has agreed to pay or provide for the payment of the payments to be paid under the Agreement and if the County observes or performs or agrees to observe or perform all covenants or agreements on its part to be observed or performed under the Agreement, the Agreement shall be fully reinstated, as if it had never been terminated, and the County shall be restored to the use, occupancy and possession of the Leased Property and the Facilities.

(Section 10.03)

### **Amendments, Changes and Modifications**

The Agreement may be amended, changed or modified in any respect provided that each amendment, change or modification is in writing signed by an Authorized Officer of DASNY and of the County, and is approved by the Chief Administrator; provided, however, that no amendment, change or modification shall take effect unless and until (i) if the consent of Holders of Outstanding Bonds is required by the Resolution, there shall have been filed with the Trustee the written consents of the Holders of the percentages of Outstanding Bonds specified in the Resolution, (ii) if the consent of the Trustee is required by the Resolution, the Trustee shall have consented thereto and (iii) an executed copy of such amendment, change or modification, certified by an Authorized Officer of DASNY, shall have been filed with the Trustee.

(Section 11.04)

### **Amounts Remaining under Bond Resolution**

It is agreed by the parties that any amounts remaining in any fund or account created under the Resolution, upon expiration or sooner termination of the Lease Term, as provided in the Agreement, after payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Resolution) and the fees, charges and expenses of the Trustee and paying agents and DASNY in accordance with the Agreement and with the Resolution, shall belong to and be paid to the County.

(Section 11.05)

### **Investment of Moneys**

The County acknowledges that DASNY may in its sole discretion invest or direct the investment of certain moneys held under the Resolution as provided therein; provided, however, that DASNY shall not invest such moneys in a manner inconsistent with the "Investment Policy" of the County's Department of Finance, as approved by the County's Board of Legislators on November 18, 1996, or any modification or amendment thereof filed with DASNY. No representation or warranty has been made by DASNY with respect to interest rates on, or the amount to be earned as a result of, any such investment. Neither DASNY nor the Trustee shall have any liability arising out of or in connection with the making of any investment authorized by the provisions of the Resolution in the manner provided therein, for any depreciation in value of any investment or for any loss, direct or indirect, resulting from any such investment.

(Section 11.07)

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**SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION**

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## SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

The following is a brief summary of certain provisions of the Resolution. Such summary does not purport to be complete and reference is made to the Resolution for full and complete statements of such and all provisions. Defined terms used herein shall have the meanings ascribed to them in Appendix A or in the body of this Official Statement.

### **Resolution and Bonds Constitute a Contract**

With respect to the Bonds, in consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued under the Resolution by those who shall hold or own the same from time to time, the Resolution shall be deemed to be and shall constitute a contract among DASNY, the Trustee and the Holders from time to time of such Bonds, and the pledge made in the Resolution and the covenants and agreements set forth to be performed by or on behalf of DASNY shall be for the equal and ratable benefit, protection and security of the Holders of any and all of such Bonds, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any such Bonds over any other Bonds except as expressly provided in the Resolution or permitted by the Resolution.

(Section 1.03)

### **Authorization and Issuance of the Series 2016 Bonds**

The Series 2016 Bonds will be issued pursuant to the Resolution, the Series 2016 Resolution and the Act. In addition to the Series 2016 Bonds, the Resolution authorizes the issuance of other Series of Bonds for such other purposes as are authorized by the Resolution.

The Bonds of DASNY shall not be a debt of the State or the County, nor shall the State or the County be liable thereon, nor shall the Bonds be payable out of any funds other than those of DASNY hereby pledged to the payment of the principal and Redemption Price of an interest on all of the Bonds.

(Section 2.01)

### **Additional Bonds and Other Obligations**

The issuance of Bonds shall be authorized by a Series Resolution or Series Resolutions. DASNY shall, in addition to other requirements, deliver to the Trustee: a certified copy of the Resolution, the Series Resolution authorizing the Bonds and the Agreement by an Authorized Officer of DASNY; a copy of the Bond Series Certificate executed in connection with the Bonds; a Reserve Fund Facility and an opinion of counsel to the Facility Provider, if one is to be provided in connection with the issuance of Bonds of a Series; the written consent of the Facility Provider if any Provider Payments under a Reserve Fund Facility are then unpaid; an opinion of Bond Counsel concerning the validity of the Resolution and the Bonds; a written order as to the delivery of the Bonds, signed by an Authorized Officer of DASNY, describing the Bonds to be delivered, designating the purchaser or purchasers to whom the Bonds are to be delivered and stating the consideration for the Bonds; a certificate of an Authorized Officer of DASNY stating that upon issuance, the amount on deposit in the Debt Service Reserve Fund will not be less than the amount required to be therein; except in the case of Refunding Bonds, a certificate of an Authorized Officer of DASNY stating that DASNY is not in default under the Resolution; a certificate of an Authorized Officer of DASNY stating that there will be sufficient moneys to pay the then estimated Costs of the Project, including the Facilities in connection with which the Bonds are to be issued; except in the case of Refunding Bonds, a certificate of an Authorized Officer of the County stating that no event of default under the Agreement has occurred; a certificate of the Chief Administrator stating that the Facility or Facilities in connection with which the Bonds are to be issued are consistent with the capital plan approved pursuant to Section 1680-c of the Act.

(Section 2.02)

DASNY reserves the right to issue bonds, notes or any other obligations or otherwise incur indebtedness pursuant to other and separate resolutions or agreements of DASNY, so long as such bonds, notes or other obligations are not, or such other indebtedness is not, except as provided in the Resolution, entitled to a charge or lien or right prior or equal to the charge or lien created by the Resolution, or prior or equal to the rights of DASNY and Holders of Bonds.

(Section 2.05)

### **Authorization of Redemption**

Bonds subject to redemption prior to maturity shall be redeemable at such times, at such Redemption Prices and upon such terms as may be specified in the Resolution or in the Series Resolution authorizing their issuance or the applicable Bond Series Certificate.

(Section 4.01)

### **Redemption at Election of DASNY**

The Series, maturities and principal amounts thereof to be redeemed at the election or direction of DASNY shall be determined by DASNY in its sole discretion, subject to any limitations with respect thereto contained in the Resolution or in the Series Resolution authorizing such Series or the applicable Bond Series Certificate. The notice of redemption required by the Resolution to be given shall not be given with respect to Bonds to be redeemed pursuant to the Resolution unless prior to the date such notice is to be given DASNY shall (i) have paid or caused to be paid to the Trustee an amount which, in addition to other amounts available therefor held by the Trustee, is sufficient to redeem, on the redemption dates at the Redemption Price thereof, together with interest accrued and unpaid thereon to the redemption date, all of the Bonds to be so redeemed and (ii) have obtained the written consent of each Facility Provider to which Provider Payments are then due and unpaid.

(Section 4.02)

### **Selection of Bonds to Be Redeemed**

Unless otherwise provided in the Series Resolution authorizing the issuance of Bonds of a Series or the Bond Series Certificate relating to such Bonds, in the event of redemption of less than all of the Outstanding Bonds of like Series, maturity and tenor, the Trustee shall assign to each Outstanding Bond of the Series, maturity and tenor to be redeemed a distinctive number for each unit of the principal amount of such Bond equal to the lowest denomination in which the Bonds of such Series are authorized to be issued and shall select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers assigned to such Bonds as many numbers as, at such unit amount equal to the lowest denomination in which the Bonds of such Series are authorized to be issued for each number, shall equal the principal amount of such Bonds to be redeemed. In making such selections the Trustee may draw the Bonds by lot (i) individually or (ii) by one or more groups, the grouping for the purpose of such drawing to be by serial numbers (or, in the case of Bonds of a denomination of more than the lowest denomination in which the Bonds of such Series are authorized to be issued, by the numbers assigned thereto as provided in the Resolution) which end in the same digit or in the same two digits. In case, upon any drawing by groups, the total principal amount of Bonds drawn shall exceed the amount to be redeemed, the excess may be deducted from any group or groups so drawn in such manner as the Trustee may determine. The Trustee may in its discretion assign numbers to aliquot portions of Bonds and select part of any Bond for redemption. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; provided, however, that only so much of the principal amount of each such Bond of a denomination of more than the lowest denomination in which the Bonds of such Series are authorized to be issued shall be redeemed as shall equal the lowest denomination in which the Bonds of such Series are authorized to be issued for each number assigned to it and so selected.

(Section 4.04)

### **Notice of Redemption**

Whenever Bonds are to be redeemed, the Trustee shall give notice of the redemption of the Bonds in the name of DASNY. Such notice shall be given by mailing a copy of such notice not less than thirty (30) days nor more than sixty (60) days prior to the redemption date. Such notice shall be sent by first class mail, postage prepaid, to the Holders of the Bonds which are to be redeemed, at their last known addresses, if any, appearing on the registration books not more than ten (10) Business Days prior to the date such notice is given. Upon giving such notice, the Trustee shall promptly certify to DASNY that it has mailed or caused to be mailed such notice to the Holders of the Bonds to be redeemed in the manner provided in the Resolution. Such certificate shall be conclusive evidence that such notice was given in the manner required by the Resolution. The failure of any Holder of a Bond to be redeemed to receive such notice shall not affect the validity of the proceedings for the redemption of the Bonds.

(Section 4.05)

### **Payment of Redeemed Bonds**

If, on the redemption date, moneys for the redemption of all Bonds or portions thereof of any like Series, maturity and tenor to be redeemed, together with interest accrued and unpaid thereon to the redemption date, shall be held by the Trustee and Paying Agents so as to be available therefor on such date and if notice of redemption shall have been mailed as stated in the Resolution, then, from and after the redemption date, interest on the Bonds or portions thereof so called for redemption shall cease to accrue and such Bonds shall no longer be considered to be Outstanding under the Resolution. If such moneys shall not be so available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

(Section 4.06)

### **Pledge of Revenues**

The proceeds from the sale of the Bonds, the Revenues and, except as otherwise provided in the Resolution, all funds and accounts established by the Resolution, other than the Arbitrage Rebate Fund, are pledged to the Trustee as security for the payment of the principal and Redemption Price of and interest on the Bonds and as security for the performance of any other obligation of DASNY under the Resolution and each such Series Resolution, all in accordance with the provisions of the Resolution and under any Series Resolution. The pledge of the Revenues shall also be for the benefit of each Facility Provider as security for the payment of any amounts payable to such Facility Provider under the Resolution; provided, however, that such pledge shall, in all respects, be subject and subordinate to the rights and interest therein of the Bondholders. Each pledge is valid, binding and perfected from the time when the pledge attaches and the proceeds from the sale of the Bonds, the Revenues and the funds and accounts established by the Resolution and by any Series Resolution shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid, binding and perfected as against all parties having claims of any kind in tort, contract or otherwise against DASNY irrespective of whether such parties have notice thereof. No instrument by which such pledge is created nor any financing statement need be recorded or filed. The Bonds shall be special obligations of DASNY payable solely from and secured by a pledge of the proceeds from the sale of the Bonds, the Revenues and the funds and accounts established by the Resolution and any Series Resolution which are pledged under the Resolution as provided in the Resolution, which pledge shall constitute a first lien thereon.

(Section 5.01)

### **Establishment of Funds and Accounts**

The following funds are established by the Resolution and, except for the Construction Fund and the Operating Fund which shall be held and maintained by DASNY, shall be held and maintained by the Trustee:

- Construction Fund;
- Debt Service Fund;
- Debt Service Reserve Fund;
- Operating Fund; and
- Arbitrage Rebate Fund.

(Section 5.02)

### **Application of Bond Proceeds**

Upon the receipt of proceeds from the sale of a Series of Bonds, DASNY shall apply such proceeds as specified in the Resolution and in the Series Resolution authorizing such Series or in the Bond Series Certificate relating to such Series.

Accrued interest, if any, received upon the delivery of a Series of Bonds shall be deposited in the Debt Service Fund unless all or any portion of such amount is to be otherwise applied as specified in the Series Resolution authorizing such Series or the Bond Series Certificate relating to such Series.

(Section 5.03)

## **Application of Moneys in the Construction Fund**

As soon as practicable after the delivery of each Series of Bonds, there shall be deposited in the Construction Fund the amount required to be deposited therein pursuant to the Series Resolution authorizing such Series or the Bond Series Certificate relating to such Series. In addition, DASNY shall deposit in the Construction Fund any moneys paid to DASNY for the acquisition, construction, reconstruction, rehabilitation or improvement of any Facility, including the proceeds of any insurance or condemnation award. Moneys deposited in the Construction Fund shall be used only to pay the Costs of Issuance of the Bonds and the Costs of the Project.

Upon the filing in the records of DASNY of a requisition signed by an Authorized Officer of DASNY relating to the Project, the moneys, if any, then remaining in the Construction Fund, after making provision in accordance with the direction of an Authorized Officer of DASNY for the payment of any Costs of Issuance and Costs of the Project then unpaid, shall be paid by DASNY to the Trustee and applied by it as follows and in the following order of priority:

First: To the Arbitrage Rebate Fund, the amount determined by DASNY to be required to be deposited therein;

Second: To the Debt Service Reserve Fund, such amount as shall be necessary to make the amount on deposit in such fund equal to the Debt Service Reserve Fund Requirement; and

Third: To the Debt Service Fund, any balance remaining.

(Section 5.04)

## **Deposit and Allocation of Revenues**

The Revenues and any other moneys which are required under the Agreement to be paid to the Trustee, shall upon receipt thereof be deposited or paid by the Trustee in the following order of priority:

First: To the Debt Service Fund (i) in the case of Revenues received during the period from August 1 of a Bond Year until January 31 thereof, the amount, if any, necessary to make the amount in the Debt Service Fund equal to (a) the interest on Outstanding Bonds payable on the next succeeding February 1, (b) one-half (2) of the principal and Sinking Fund Installments of Outstanding Bonds payable on the next succeeding August 1 and (c) the purchase price or Redemption Price of Outstanding Bonds theretofore contracted to be purchased or called for redemption, plus accrued interest thereon to the date of purchase or redemption plus accrued interest thereon to the date of purchase or redemption; and (ii) in the case of Revenues received during the period from February 1 of such Bond Year until July 31 thereof, the amount, if any, necessary to make the amount in the Debt Service Fund equal to (a) the interest on Outstanding Bonds payable on the next succeeding August 1, (b) the principal and Sinking Fund Installments of Outstanding Bonds on the next succeeding August 1 and (c) the purchase price or Redemption Price of Outstanding Bonds theretofore contracted to be purchased or called for redemption, plus accrued interest thereon to the date of purchase or redemption;

Second: To reimburse, pro rata, each Facility Provider for Provider Payments which are then unpaid, in proportion to the respective Provider Payments then unpaid to each Facility Provider;

Third: Upon the direction of an Authorized Officer of DASNY, to the Arbitrage Rebate Fund the amount set forth in such direction;

Fourth: To the Debt Service Reserve Fund, such amount, if any, necessary to make the amount on deposit in such fund equal to the Debt Service Reserve Fund Requirement;

Fifth: To DASNY for deposit to the credit of the Operating Fund, the amount of Operating Expenses theretofore paid by DASNY in excess of the moneys available therefor in the Operating Fund, as certified in writing by an Authorized Officer of DASNY; and

Sixth: To DASNY, unless otherwise paid, such amounts as are payable to DASNY; but only upon receipt by the Trustee of a certificate signed by an Authorized Officer of DASNY, stating in reasonable detail the amounts payable to DASNY pursuant to this paragraph Sixth.

After making the payments required by paragraphs First, Second, Third, Fourth, Fifth and Sixth, the balance, if any, of the Revenues remaining shall be paid by the Trustee to the County, free and clear of any pledge, lien, encumbrance or security interest created by the Resolution.

(Section 5.05)

### **Debt Service Fund**

The Trustee will on the Business Day preceding each interest payment date pay to itself and any other Paying Agent out of the Debt Service Fund:

- (a) the interest due and payable on all Outstanding Bonds on such interest payment date;
- (b) the principal amount due and payable on all Outstanding Bonds on such interest payment date; and
- (c) the Sinking Fund Installments or other amounts related to a mandatory redemption, if any, due and payable on all Outstanding Bonds on such interest payment date.

The amounts paid out pursuant to (a), (b) and (c) above shall be irrevocably pledged to and applied to such payments.

Notwithstanding the above, DASNY may, at any time subsequent to the first day of any Bond Year but in no event less than forty-five (45) days prior to the next succeeding August 1 on which a Sinking Fund Installment is scheduled to be due, direct the Trustee to purchase, with moneys on deposit in the Debt Service Fund, at a price not in excess of par plus interest accrued and unpaid to the date of such purchase, Term Bonds to be redeemed from such Sinking Fund Installment.

In the event that on the fourth Business Day preceding any interest payment date there are insufficient amounts in the Debt Service Fund, the Trustee is required to withdraw from the Debt Service Reserve Fund and deposit to the Debt Service Fund such amount as will increase the amount therein to an amount sufficient to make the required payments from such fund.

Moneys in the Debt Service Fund in excess of the amount required to pay the principal and Sinking Fund Installments of Outstanding Bonds payable during the next succeeding Bond Year, the interest on Outstanding Bonds payable on and prior to the earlier of the next succeeding February 1 or August 1, and the purchase price or Redemption Price of Outstanding Bonds theretofore contracted to be purchased or called for redemption, plus accrued interest thereon to the date of purchase or redemption, shall be paid or applied by the Trustee in accordance with the direction of an Authorized Officer of DASNY (i) to the County, (ii) to the purchase of Outstanding Bonds of any Series at purchase prices not exceeding the Redemption Price applicable on the next interest payment date on which such Bonds are redeemable, plus accrued and unpaid interest to such date, at such times, at such purchase prices and in such manner as an Authorized Officer of DASNY shall direct or (iii) to the redemption of Bonds as provided in the Resolution, at the Redemption Prices specified in the applicable Series Resolution or Bond Series Certificate.

(Section 5.06)

### **Debt Service Reserve Fund**

The Trustee shall deposit to the credit of the Debt Service Reserve Fund such proceeds of the sale of Bonds, if any, as shall be prescribed in the Series Resolution authorizing the issuance of such Series of Bonds or the Bond Series Certificate relating to such Series. Moneys held for the credit of the Debt Service Reserve Fund are required to be withdrawn by the Trustee and deposited to the credit of the Debt Service Fund at the times and in the amounts required to comply with the provisions of the Resolution.

In lieu of or in substitution for moneys, DASNY may deposit or cause to be deposited with the Trustee a Reserve Fund Facility for the benefit of the Holders of the Bonds for all or any part of the Debt Service Reserve Requirement; provided, however, (i) that any such surety bond or insurance policy shall be issued by an insurance company or association duly authorized to do business in the State and either (A) the claims paying ability of such insurance company or association is rated in the highest rating category accorded by a nationally recognized insurance rating agency or (B) obligations insured by a surety bond or an insurance policy issued by such company or association are rated at the time such surety bond or insurance policy is delivered, without regard to qualification of such rating by symbols such as “+” or “-” or numerical notation, in the highest rating category of each Rating Service and (ii) that any letter of credit shall be issued by a bank, a trust company, a national banking association, a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provision of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provision of law, or a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of

the United States of America, the unsecured or uncollateralized long term debt obligations of which, or long term obligations secured or supported by a letter of credit issued by such person, are rated at the time such letter of credit is delivered, without regard to qualification of such rating by symbols such as “+” or “-” or numerical notation, in not less than the second highest rating category of each Rating Service.

In addition to the conditions and requirements set forth above, no Reserve Fund Facility shall be deposited in full or partial satisfaction of the Debt Service Reserve Fund Requirement unless the Trustee and each Facility Provider of a Reserve Fund Facility shall have received prior to such deposit (i) an opinion of counsel acceptable to the Trustee and to each Facility Provider of a Reserve Fund Facility to the effect that such Reserve Fund Facility has been duly authorized, executed and delivered by the Facility Provider thereof and is valid, binding and enforceable in accordance with its terms, (ii) in the event such Facility Provider is not a domestic entity, an opinion of foreign counsel in form and substance satisfactory to the Trustee and to each Facility Provider and (iii) in the event such Reserve Fund Facility is a letter of credit, an opinion of counsel acceptable to the Trustee and to each Facility Provider of a Reserve Fund Facility substantially to the effect that payments under such letter of credit will not constitute avoidable preferences under Section 547 of the United States Bankruptcy Code in a case commenced by or against DASNY or the County thereunder.

Notwithstanding the foregoing, if at any time after a Reserve Fund Facility has been deposited with the Trustee the ratings on any Outstanding Bonds are rated, without regard to qualifications of such rating by symbols such as “+” or “-” or numerical negotiation, in less than the second highest rating category of each Rating Service and the unsecured or uncollateralized long term debt of the Facility Provider or the long term debt obligations secured or supported by a surety bond, insurance policy or letter of credit of a Facility Provider are rated in less than the third highest rating category by a Rating Service, without regard to qualifications of such rating by symbols such as “+” or “-” or numerical notation, DASNY shall either (i) replace or cause to be replaced said Reserve Fund Facility with another Reserve Fund Facility which satisfies the requirements of the two preceding paragraphs or (ii) deposit or cause to be deposited in the Debt Service Reserve Fund an amount of moneys equal to the value of the Reserve Fund Facility of such Facility Provider, such deposits to be, as nearly as practicable, in ten equal semiannual installments commencing on the earlier of the February 10 or August 10 next succeeding the reduction in said ratings.

Each such surety bond, insurance policy or letter of credit shall be payable (upon the giving of such notice as may be required thereby) on any date on which moneys are required to be withdrawn from the Debt Service Reserve Fund and such withdrawal cannot be made without obtaining payment under such Reserve Fund Facility.

For the purposes of the Resolution, in computing the amount on deposit in the Debt Service Reserve Fund, a Reserve Fund Facility shall be valued at the amount available to be paid thereunder on the date of computation; provided that, if the unsecured or uncollateralized long term debt of such Facility Provider, or the long term debt obligations secured or supported by a surety bond, insurance policy or letter of credit of said Facility Provider has been reduced below the ratings required by the Resolution, said Reserve Fund Facility shall be valued at the lesser of (i) the amount available to be paid thereunder on the date of calculation and (ii) the difference between the amount available to be paid thereunder on the date of issue thereof and an amount equal to a fraction of such available amount the numerator of which is the aggregate number of August 1st's and February 1st's which has elapsed since such ratings were reduced and the denominator of which is ten.

The income or interest earned on investments held for the credit of the Debt Service Reserve Fund shall be withdrawn by the Trustee, as received, and deposited in the Debt Service Fund or, if directed by an Authorized Officer of DASNY in the Arbitrage Rebate Fund or the Construction Fund in accordance with such direction. If on July 31 of a Bond Year the value of the moneys and investments held for the credit of the Debt Service Reserve Fund exceeds the Debt Service Reserve Fund Requirement, such excess shall be, upon direction of an Authorized Officer of DASNY, deposited in the Arbitrage Rebate Fund, the Debt Service Fund or the Construction Fund in accordance with such direction; provided, however, that if such amount results from the substitution of a Reserve Fund Facility for moneys or investments in the Debt Service Reserve Fund, such amount shall not be deposited in the Debt Service Fund or the Construction Fund unless in the opinion of Bond Counsel such application will not adversely effect the exclusion of interest on any of the Bonds from gross income for federal income tax purposes.

Notwithstanding the provisions above, if, upon a Bond having been deemed to have been paid in accordance with the Resolution, the moneys and investments held for the credit of the Debt Service Reserve Fund will exceed the Debt Service Reserve Fund Requirement, then the Trustee shall withdraw all or any portion of such excess from the Debt Service Reserve Fund and either (i) apply such amount to the payment of the principal or Redemption Price of and interest on such Bond or to fund any reserve for the payment of the principal and sinking fund installments of or interest on the bonds, notes or other obligations, if any, issued to provided for the payment of such Bond or (ii) pay such amount to DASNY for deposit to the Construction Fund if, in the opinion of Bond Counsel, application of such moneys to the payment of Costs of the Project will not adversely affect the exclusion of interest on any Bonds from gross income for federal income tax purposes;



provided, however, that after such withdrawal the amount remaining in the Debt Service Reserve Fund shall not be less than the Debt Service Reserve Fund Requirement.

If on January 31 or July 31 of a Bond Year the value of the moneys and investments held for the credit of the Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement, the Trustee shall immediately notify DASNY and each Facility Provider of such deficiency. The amount of such deficiency shall be included in the Basic Rent payable during the next succeeding Bond Year.

(Section 5.07)

#### **Application of Moneys in the Operating Fund**

Moneys paid to DASNY for deposit in the Operating Fund shall be held separate and apart from all other moneys of DASNY in an account or accounts of which the Trustee shall be the depository. Moneys in the Operating Fund shall be used only for the payment of Operating Expenses and shall be withdrawn by DASNY at such times and in such amounts as are necessary to make such payments. Payments from the Operating Fund shall be made by DASNY pursuant to a requisition of DASNY, signed by an Authorized Officer, describing in reasonable detail the purposes for which such moneys are to be used and the amount thereof.

(Section 5.08)

#### **Arbitrage Rebate Fund**

The Trustee shall deposit to the Arbitrage Rebate Fund any moneys delivered to it by the County for deposit therein and, notwithstanding any other provisions of the Resolution, shall transfer to the Arbitrage Rebate Fund, in accordance with the directions of an Authorized Officer of DASNY, moneys on deposit in any other funds held by the Trustee under the Resolution at such times and in such amounts as shall be set forth in such directions.

Moneys on deposit in the Arbitrage Rebate Fund shall be applied by the Trustee in accordance with the direction of an Authorized Officer of DASNY to make payments to the Department of the Treasury of the United States of America at such times and in such amounts as DASNY shall determine to be required by the Code to be rebated to the Department of the Treasury of the United States of America. Moneys which an Authorized Officer of DASNY determines to be in excess of the amount required to be so rebated shall first, be applied to reimburse, pro rata, each Facility Provider for moneys advanced under a Reserve Fund Facility, including interest thereon, which is then unpaid, in proportion to the respective amounts advanced by each such Facility Provider; and then be deposited to the any fund or account established hereunder in accordance with the written direction of such Authorized Officer.

If and to the extent required by the Code, DASNY shall periodically, at such times as may be required to comply with the Code, determine the amount required by the Code to be rebated to the Department of the Treasury of the United States of America with respect to each Series of Bonds and (i) transfer or direct the Trustee to transfer from any other of the funds and accounts held hereunder and deposit to the Arbitrage Rebate Fund, such amount as DASNY shall have determined to be necessary in order to enable it to comply with its obligation to rebate moneys to the Department of the Treasury of the United States of America with respect to each Series of Bonds and (ii) pay out of the Arbitrage Rebate Fund to the Department of the Treasury of the United States of America the amount, if any, required by the Code to be rebated thereto.

(Section 5.09)

#### **Application of Moneys in Certain Funds for Retirement of Bonds**

Notwithstanding any other provisions of the Resolution, if at any time the amounts held in the Debt Service Fund and the Debt Service Reserve Fund are sufficient to pay the principal or Redemption Price of all Outstanding Bonds and the interest accrued and unpaid and to accrue on such Bonds to the next date of redemption when all such Bonds are redeemable, or to make provision pursuant to the Resolution for the payment of the Outstanding Bonds at the maturity or redemption dates thereof, DASNY may (i) direct the Trustee to redeem all such Outstanding Bonds, whereupon the Trustee shall proceed to redeem or provide for the redemption of such Outstanding Bonds in the manner provided for redemption of such Bonds by the Resolution or (ii) give the Trustee irrevocable instructions and make provision for the payment of the Outstanding Bonds at the maturity or redemption dates thereof in accordance with the Resolution.

(Section 5.10)

## **Transfer of Investments**

Whenever moneys in any fund or account established under the Resolution are to be paid in accordance herewith to another such fund or account, such payment may be made, in whole or in part, by transferring to such other fund or account investments held as part of the fund or account from which such payment is to be made, whose value, together with the moneys, if any, to be transferred, is at least equal to the amount of the payment then to be made; provided that no such transfer of investments would result in a violation of any investment standard or guideline applicable to such fund.

(Section 5.11)

## **Computation of Assets of Certain Funds**

The Trustee, as soon as practicable, shall compute the value of the assets in the Debt Service Reserve Fund on January 31 and July 31 of each Bond Year, and notify DASNY, the County and each Facility Provider as to the results of such computation and the amount by which the value of the assets in the Debt Service Reserve Fund exceeds or is less than the Debt Service Reserve Fund Requirement.

(Section 5.12)

## **Security for Deposits**

All moneys held under the Resolution by the Trustee shall be continuously and fully secured, for the benefit of DASNY and the Holders of the Bonds, by direct obligations of the United States of America or obligations the principal of and interest on which are guaranteed by the United States of America of a market value equal at all times to the amount of the deposit so held by the Trustee; provided, however, (a) that if the securing of such moneys is not permitted by applicable law, then in such other manner as may then be required or permitted by applicable State or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds, and (b) that it shall not be necessary for the Trustee or any Paying Agent to give security for the deposit of any moneys with them pursuant to the Resolution and held in trust for the payment of the principal or Redemption Price of or interest on any Bonds, or for the Trustee to give security for any moneys which shall be represented by obligations purchased or other investments made under the provisions hereof as an investment of such moneys.

(Section 6.01)

## **Investment of Funds and Accounts**

Moneys held under the Resolution, if permitted by law, shall, as nearly as may be practicable, be invested in Government Obligations or Exempt Obligations; provided, however, that each such investment shall permit the moneys so deposited or invested to be available for use at the times at which DASNY reasonably believes such moneys will be required for the purposes hereof.

In lieu of the investments of moneys in obligations authorized in the Resolution, the Trustee shall, to the extent permitted by law, upon direction of DASNY given or confirmed in writing, signed by an Authorized Officer of DASNY, invest moneys in the Debt Service Reserve Fund, and DASNY may, to the extent permitted by law, invest moneys in the Construction Fund and the Operating Fund, in (i) interest-bearing time deposits, certificates of deposit or other similar investment arrangements including, but not limited to, written repurchase agreements relating to Government Obligations, with Qualified Financial Institutions; (ii) Exempt Obligations or (iii) Investment Agreements; provided that (w) each such investment shall permit the moneys so deposited or invested to be available for use at the times at, and in the amounts in, which DASNY reasonably believes such moneys will be required for the purposes of the Resolution, (x) all moneys in each such interest-bearing time deposit, certificate of deposit or other similar investment arrangement shall be continuously and fully secured by ownership of or a security interest in Government Obligations of a market value, determined by the Trustee or its agent not less frequently than monthly, equal to the amount deposited or invested including interest accrued thereon, (y) the obligations securing such interest-bearing time deposit or certificate of deposit or which are the subject of such other similar investment arrangement shall be deposited with and held by the Trustee or an agent of the Trustee approved by an Authorized Officer of DASNY, and (z) the Government Obligations securing such time deposit or certificate of deposit or which are the subject of such other similar investment arrangement shall be free and clear of claims of any other person.

Obligations purchased or other investments made as an investment of moneys in any fund or account held under the provisions of the Resolution shall be deemed at all times to be a part of such fund or account and the income or interest earned, profits realized or losses suffered by a fund or account due to the investment thereof shall be credited or charged, as the case may be, to such fund or account.

In computing the amount in any fund or account held by the Trustee under the provisions of the Resolution, obligations purchased as an investment of moneys therein or held therein shall be valued at par or the market value thereof, plus accrued interest, whichever is lower, except that investments held in the Debt Service Reserve Fund shall be valued at par or the cost thereof, including accrued interest, whichever is lower.

(Section 6.02)

### **Payment of Principal and Interest**

DASNY covenants to pay or cause to be paid the principal, Sinking Fund Installments, if any, or Redemption Price of and interest on every Bond of each Series on the date and at the places and in the manner provided in the Bonds according to the true intent and meaning thereof.

(Section 7.01)

### **Accounts and Audits**

DASNY covenants to keep proper books of records and accounts (separate from all other records and accounts), which may be kept on behalf of DASNY by the Trustee, in which complete and correct entries shall be made of its transactions relating to each Series of Bonds, which books and accounts, at reasonable hours and subject to the reasonable rules and regulations of DASNY, shall be subject to the inspection of the County, the Trustee or of any Holder of a Bond or his representative duly authorized in writing. DASNY shall cause such books and accounts to be audited annually after the end of its fiscal year by a nationally recognized independent public accountant selected by DASNY. Annually within thirty (30) days after receipt by DASNY of the report of such audit, a signed copy of such report shall be furnished to the Trustee, to each Facility Provider and to the County.

(Section 7.05)

### **Creation of Liens**

DASNY covenants not create or cause to be created any lien or charge prior or equal to that of the Bonds on the proceeds from the sale of the Bonds, the Revenues or the funds and accounts established by the Resolution or by any Series Resolution which are pledged under the Resolution; provided, however, that nothing contained in the Resolution shall prevent DASNY from issuing bonds, notes or other obligations under another and separate resolution so long as the charge or lien created by such resolution is not prior or equal to the charge or lien created by the Resolution.

(Section 7.06)

### **Enforcement of Obligations of the County**

DASNY covenants to take all legally available action to cause the County to perform fully its obligation to pay the Basic Rent and other amounts which under the Agreement are to be paid to the Trustee, in the manner and at the times provided in the Agreement.

(Section 7.07)

### **Deposit of Certain Moneys in the Construction Fund**

In addition to the proceeds of Bonds to be deposited in the Construction Fund, any moneys paid to DASNY for the acquisition, construction, reconstruction, rehabilitation or improvement of any Facility, including the proceeds of any insurance or condemnation award to be so applied, shall be deposited in the Construction Fund.

(Section 7.08)

### **Offices for Payment and Registration of Bonds**

DASNY shall at all times maintain an office or agency in the State where Bonds may be presented for payment. DASNY may, pursuant to a Supplemental Resolution or a Series Resolution or pursuant to a resolution adopted in accordance with the Resolution, designate an additional Paying Agent or Paying Agents where Bonds of the Series authorized thereby or referred to therein may be presented for payment. DASNY shall at all times maintain an office or

agency in the State where Bonds may be presented for registration, transfer or exchange and the Trustee is appointed as its agent to maintain such office or agency for the registration, transfer or exchange of Bonds.

(Section 7.09)

### **Amendment, Change, Modification or Waiver of Agreement**

The Agreement may not be amended, changed, modified or terminated, nor may any provision thereof be waived, without the consent of the Holders of Outstanding Bonds, if such amendment, change, modification, termination or waiver (i) reduces the amount of Basic Rent payable on any date or delays the date on which Basic Rent is payable, (ii) reduces the purchase price payable for a Facility pursuant to the Agreement, (iii) provides for the conveyance or transfer of a Facility to the County other than upon payment of the purchase price therefor or when no Bonds issued in connection with such Facility are Outstanding, (iv) modifies the terms or conditions upon which the Agreement may be reinstated pursuant to the Agreement, (v) waives or surrenders any right of DASNY to terminate the Agreement or (vi) modifies the events which constitute events of default under the Agreement or diminishes, limits or conditions the rights of or remedies which may be exercised by DASNY upon the occurrence of an Event of Default under the Agreement.

No such amendment, change, modification, termination or waiver shall take effect unless the prior written consent of (a) the Holders of at least a majority in principal amount of the Bonds then Outstanding, or (b) in case less than all of the several Series of Bonds then Outstanding are affected by the amendment, change, modification, termination or waiver, the Holders of not less than a majority in principal amount of the Bonds of the Series so affected and then Outstanding; provided, however, that if such amendment, change, modification, termination or waiver will, by its terms, not take effect so long as any Bonds of any specified Series and maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under the Resolution.

The Agreement, the Construction Management Agreement and the Design Agreement may be amended, changed or modified or any provision thereof waived in any other respect without the consent of the Holders of Outstanding Bonds, except that no amendment, change, modification or alteration of the Agreement to cure any ambiguity or defect or inconsistent provision in the Agreement or to insert such provisions clarifying matters or questions arising under the Agreement as are necessary or desirable, shall be made unless such amendment, change, modification or waiver is not contrary to or inconsistent with the Agreement as theretofore in effect and unless consented to by the Trustee.

No amendment, change, modification or termination of the Agreement or waiver or a provision thereof shall be made other than pursuant to a written instrument signed by DASNY and the County. A copy of each such amendment, change, modification, termination or waiver shall be filed with the Trustee.

For the purposes of the Resolution, the purchasers of the Bonds of a Series, whether purchasing as underwriters, for resale or otherwise, upon such purchase from DASNY, may consent to an amendment, change, modification, termination or waiver permitted by this Section with the same effect as a consent given by the Holder of such Bonds.

(Section 7.10)

### **Notice as to Agreement Default**

DASNY covenants to notify the Trustee in writing that an event of default under the Agreement, as such term is defined in the Agreement, has occurred and is continuing, which notice is required to be given within five (5) days after DASNY has obtained actual knowledge thereof.

(Section 7.11)

### **Certificate to the State Comptroller**

In order to assure the payment of the Basic Rent payable pursuant to the Agreement, including amounts necessary to restore the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement, not more than ten (10) days after a payment of the Basic Rent is due, but in no event later than August 25, November 25, February 25, and May 25 of each Bond Year, the Chairman or another Authorized Officer of DASNY shall, pursuant to and in accordance with Section 1680-b(4) of the Act, certify to the Comptroller of the State the total amount of Basic Rent required to have been paid by the County on the immediately preceding payment date therefor, the date such payment was due and the amount of such payment remaining unpaid and required to satisfy the obligation of the County therefor.

Nothing contained in the Resolution is intended to waive, impair or limit, or shall be construed as a waiver, impairment or limitation of, DASNY's right pursuant to Section 1680-b(4) of the Act to certify to the Comptroller of the

State, at the times and in the manner provided therein, the amount, if any, of the rentals, other than Basic Rent, required to have been paid by the County which remains unpaid.

(Section 7.16)

### **Modification and Amendment without Consent of Holders**

DASNY may adopt at any time or from time to time Series Resolutions or Supplemental Resolutions: (a) to provide for the issuance of a Series of Bonds pursuant to the provisions of the Resolution and to prescribe the terms and conditions pursuant to which such Bonds may be issued, paid or redeemed; (b) to add additional covenants and agreements of DASNY for the purpose of further securing the payment of the Bonds, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of DASNY contained in the Resolution; (c) to prescribe further limitations and restrictions upon the issuance of Bonds and the incurring of indebtedness by DASNY which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect; (d) to surrender any right, power or privilege reserved to or conferred upon DASNY by the terms of the Resolution, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of DASNY contained in the Resolution; (e) to confirm, as further assurance, any pledge under the Resolution, and the subjection to any lien, claim or pledge created or to be created by the provisions of the Resolution, of the Revenues, or any pledge of any other moneys, investments thereof or funds; (f) to modify any of the provisions hereof or of any previously adopted Series Resolution or Supplemental Resolution in any other respects, provided that such modifications shall not be effective until after all Bonds of any Series of Bonds Outstanding as of the date of adoption of such Supplemental Resolution or Series Resolution shall cease to be Outstanding, and all Bonds issued under such resolutions shall contain a specific reference to the modifications contained in such subsequent Resolutions or (g) with the consent of the Trustee, to cure any ambiguity or defect or inconsistent provision in the Resolution or to insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable, provided that any such modifications are not contrary to or inconsistent with the Resolution as theretofore in effect, or to modify any of the provisions of the Resolution or of any previously adopted Series Resolution or Supplemental Resolution in any other respect, provided that such modification shall not adversely affect the interests of the Bondholders in any material respect.

(Section 9.01)

### **Supplemental Resolutions Effective with Consent of Bondholders**

The provisions of the Resolution may also be modified or amended at any time or from time to time by a Supplemental Resolution, subject to the consent of the Bondholders in accordance with and subject to the provisions of the Resolution, such Supplemental Resolution to become effective upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of DASNY. The Trustee shall transmit a copy of such Supplemental Resolution to the County upon its becoming effective.

(Section 9.02)

### **General Provisions Relating to Series Resolutions and Supplemental Resolutions**

The Resolution shall not be modified or amended in any respect except in accordance with and subject to the provisions of the Resolution. Nothing contained in the Resolution shall affect or limit the rights or obligations of DASNY to adopt, make, do, execute or deliver any resolution, act or other instrument pursuant to the provisions of the Resolution or the right or obligation of DASNY to execute and deliver to the Trustee or any Paying Agent any instrument elsewhere in the Resolution provided or permitted to be delivered to the Trustee or any Paying Agent.

A copy of every Series Resolution and Supplemental Resolution adopted by DASNY, when filed with the Trustee, shall be accompanied by an opinion of Bond Counsel stating that such Series Resolution or Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution and is valid and binding upon DASNY and enforceable in accordance with its terms. The Trustee shall be entitled to rely upon such opinion, which shall be conclusive evidence that such Series Resolution or Supplemental Resolution is authorized or permitted by the provisions of the Resolution.

The Trustee is authorized to accept delivery of a certified copy of any Series Resolution or Supplemental Resolution permitted or authorized pursuant to the provisions of the Resolution and to make all further agreements and stipulations which may be contained therein, and, in taking such action, the Trustee shall be fully protected in relying on the opinion of Bond Counsel that such Series Resolution or Supplemental Resolution is authorized or permitted by the provisions of the Resolution.

No Series Resolution or Supplemental Resolution changing, amending or modifying any of the rights or obligations of the Trustee or of any Paying Agent shall become effective without the written consent of the Trustee or Paying Agent affected thereby.

The Trustee shall transmit a copy of such Supplemental Resolution to the County and to each Facility Provider upon its becoming effective.

(Section 9.03)

### **Powers of Amendment**

Any modification or amendment of the Resolution and of the rights and obligations of DASNY and of the Holders of the Bonds under the Resolution, in any particular, may be made by a Supplemental Resolution, with the written consent given as provided in the Resolution, (i) of the Holders of at least a majority in principal amount of the Bonds Outstanding at the time such consent is given, or (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Holders of at least a majority in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given, or (iii) in case the modification or amendment changes the amount or date of any Sinking Fund Installment, of the Holders of at least a majority in principal amount of the Bonds of the particular Series, maturity and interest rate entitled to such Sinking Fund Installment, Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series, maturity and tenor remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment.

(Section 10.01)

### **Consent of Bondholders**

DASNY may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of the Resolution to take effect when and as provided in the Resolution. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to the Bondholders for their consent thereto in form satisfactory to the Trustee, shall promptly after adoption be mailed by DASNY to the Bondholders (but failure to mail such copy and request to any particular Bondholder shall not affect the validity of the Supplemental Resolution when consented to as provided in the Resolution). Such Supplemental Resolution shall not be effective unless and until (i) there shall have been filed with the Trustee (a) the written consent of the Holders of the percentages of Outstanding Bonds specified in the Resolution and (b) an opinion of Bond Counsel stating that such Supplemental Resolution has been duly and lawfully adopted and filed by DASNY in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon DASNY and enforceable in accordance with its terms, and (ii) a notice shall have been mailed as provided in the Resolution. Each such consent shall be effective only if accompanied by proof of the holding or owning at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by the Resolution. A certificate or certificates by the Trustee filed with the Trustee that it has examined such proof and that such proof is sufficient in accordance with the Resolution shall be conclusive proof that the consents have been given by the Holders of the Bonds described in the certificate or certificates of the Trustee. Any consent given by a Bondholder shall be binding upon the Bondholder giving such consent and, anything in the Resolution to the contrary notwithstanding, upon any subsequent Holder of such Bond and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Bondholder giving such consent or a subsequent Holder thereof by filing such revocation with the Trustee, prior to the time when the written statement of the Trustee hereinafter in this paragraph provided for is filed. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the Trustee to the effect that no revocation thereof is on file with the Trustee. At any time after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with DASNY and the Trustee a written statement that such Holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by DASNY on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds and will be effective as provided in this paragraph, shall be given to the Bondholders by DASNY by mailing such notice to the

Bondholders and, at the discretion of DASNY, by publishing the same at least once not more than ninety (90) days after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution and the written statement of the Trustee hereinabove provided for is filed (but failure to publish such notice shall not prevent such Supplemental Resolution from becoming effective and binding as in this paragraph provided). DASNY shall file with the Trustee proof of the mailing of such notice, and, if the same shall have been published, of the publication thereof.

For the purposes of the Resolution, the purchasers of the Bonds of a Series, whether purchasing as underwriters, for resale or otherwise, upon such purchase from DASNY, may consent to a modification or amendment permitted by the Resolution in the manner provided in the Resolution except that no proof of ownership shall be required, and with the same effect as a consent given by the Holder of such Bonds; provided, however, that, if such consent is given by a purchaser who is purchasing as an underwriter or for resale, the nature of the modification or amendment and the provisions for the purchaser consenting thereto shall be described in the official statement, prospectus, offering memorandum or other offering document prepared in connection with the primary offering of the Bonds of such Series by DASNY.

(Section 10.02)

### **Modifications by Unanimous Consent**

The terms and provisions of the Resolution and the rights and obligations of DASNY and of the Holders of the Bonds may be modified or amended in any respect upon the adoption and filing with the Trustee by DASNY of a copy of a Supplemental Resolution certified by an Authorized Officer of DASNY and the consent of the Holders of all of the Bonds then Outstanding, such consent to be given as provided in the Resolution, except that no notice to the Bondholders either by mailing or publication shall be required.

(Section 10.03)

### **Consent of Facility Provider**

Whenever by the terms of the Resolution the consent of any of the Holders of the Bonds to a modification or amendment hereof made by a Series Resolution or Supplemental Resolution is required, such modification or amendment shall not become effective until the written consent of each Facility Provider has been obtained; provided, however, that the consent of a Facility Provider which has provided a Credit Facility shall not be required unless the modification or amendment requires the consent of the Holders of any percentage in principal amount of Outstanding Bonds or of the Holders of any percentage in principal amount of the Bonds of the Series in connection with which such Credit Facility was provided. No modification or amendment of the Resolution which adversely affects a Facility Provider shall be made without the written consent thereto of the Facility Provider affected thereby. Notice of the adoption of any such Series Resolution or Supplemental Resolution and of the effectiveness of the modification or amendment made thereby shall be given to each Facility Provider by mail at the times and in the manner provided in the Resolution with respect to notices thereof required to be given to the Holders of the Bonds. Notice thereof shall also be given to each Rating Service as soon as practical after adoption of such Supplemental Resolution and of the effectiveness thereof.

(Section 10.04)

### **Events of Default**

Event of Default under the Resolution include: failure by DASNY to pay the principal, or Redemption Price of any Bond when the same shall become due and payable; failure by DASNY to pay an installment of interest on any Bond when the same shall become due and payable; DASNY defaults in the due and punctual performance of the tax covenants contained in the Series Resolution and, as a result thereof, the interest on the Bonds of a Series is no longer excludable from gross income under Section 103 of the Code (a "Taxability Default"); default by DASNY in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Resolution or in the Bonds or in any Series Resolution on the part of DASNY to be performed and such default continues for thirty (30) days after written notice specifying such default and requiring same to be remedied has been given to DASNY by the Trustee, which may give such notice in its discretion and must give such notice at the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds, unless, if such default is not capable of being cured within thirty (30) days, DASNY has commenced to cure such default within said thirty (30) days and diligently prosecutes the cure thereof; failure by the State Comptroller to make payment to or upon the order of DASNY in accordance with Section 1680-b(4) of the Act upon receipt of a certificate of the Chairman or other officer of DASNY, as provided therein.

(Section 11.02)

## **Acceleration of Maturity**

Upon the happening and continuance of any Event of Default specified in the Resolution, then and in every such case the Trustee may, and, upon the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds, shall, by a notice in writing to DASNY, declare the principal of and interest on all of the Outstanding Bonds to be due and payable. At the expiration of thirty (30) days after such notice is given, such principal and interest shall become and be immediately due and payable, anything in the Resolution or in any Series Resolution or in the Bonds to the contrary notwithstanding. If all defaults shall have been remedied to the satisfaction of the Trustee with the written consent of the Holders of not less than twenty-five per centum (25%) in principal amount of the Bonds not then due by their terms and then Outstanding and by written notice to DASNY, the Trustee may, provided certain conditions are satisfied, annul such declaration and its consequences.

(Section 11.03)

## **Enforcement of Remedies**

Upon the happening and continuance of any Event of Default specified in the Resolution, then and in every such case, the Trustee may proceed, and upon the written request of the Facility Provider of a Reserve Fund Facility, or of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds or, in the case of a happening and continuance of a Taxability Default, upon the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of the Series affected thereby, shall proceed (upon receiving compensation, expenses and indemnity to its satisfaction), to protect and enforce its rights and the rights of the Bondholders or of such Facility Provider under the Resolution or under any Series Resolution or under the laws of the State by such suits, actions or special proceedings in equity or at law, as the Trustee deems most effectual to protect and enforce such rights.

(Section 11.04)

## **Limitation of Rights of Individual Bondholders**

No Holder of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust under the Resolution, or for any other remedy under the Resolution unless such Holder previously shall have given to the Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted, and unless also the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds or, in the case of an Event of Default in the performance of the covenants relating to tax exemption of the Bonds, the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of the Series affected thereby, shall have made written request to the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted by the Resolution or to institute such action, suit or proceeding in its or their name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses, and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time.

(Section 11.08)

## **Defeasance**

If DASNY pays or causes to be paid to the Holders of Bonds of a Series the principal or Redemption Price of and interest thereon, at the times and in the manner stipulated therein, in the Resolution, and in the applicable Series Resolution and Bond Series Certificate, then the pledge of the Revenues or other moneys and securities pledged to such Bonds and all other rights granted by the Resolution to such Holders of Bonds shall be discharged and satisfied.

Bonds for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee (through deposit of moneys for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in the paragraph above. All Outstanding Bonds of any Series or any maturity within a Series or a portion of a maturity within a Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in the paragraph above if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, DASNY shall have given to the Trustee, in form satisfactory to it, irrevocable instructions to give as provided in the Resolution notice of redemption on said date of such Bonds, (b) there has been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal or Redemption Price, if



applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (c) the Trustee has received the written consent of each Facility Provider which has given written notice to the Trustee and DASNY that amounts advanced under a Credit Facility or Reserve Fund Facility issued by it or the interest thereon have not been repaid to such Facility Provider, and (d) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, DASNY has given the Trustee, in form satisfactory to it, irrevocable instructions to give, as soon as practicable, by first class mail, postage prepaid, to the Holders of said Bonds at their last known addresses appearing on the registration books, a notice to the Holders of such Bonds that the deposit required by (b) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, of and interest on said Bonds. DASNY will give written notice to the Trustee of its selection of the maturity payment of which shall be made in accordance with the Resolution. The Trustee will select the Bonds of like Series and maturity payment of which shall be made in accordance with the Resolution. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to the Resolution nor principal or interest payments on any such Defeasance Securities will be withdrawn or used for any purpose other than, and will be held in trust for, the payment of the principal or Redemption Price, if applicable, of and interest on said Bonds; provided, however, that any moneys received from such principal or interest payments on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, must, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, of and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be.

(Section 12.01)

#### **No Recourse under Resolution or on the Bonds**

All covenants, stipulations, promises, agreements and obligations of DASNY contained in the Resolution will be deemed to be the covenants, stipulations, promises, agreements and obligations of DASNY and not of any member, officer or employee of DASNY in his individual capacity, and no recourse will be had for the payment of the principal or Redemption Price of or interest on the Bonds or for any claims based thereon, on the Resolution or on a Series Resolution against any member, officer or employee of DASNY or any person executing the Bonds, all such liability, if any, being expressly waived and released by every Holder of Bonds by the acceptance of the Bonds.

(Section 14.04)

#### **Certain Provisions Relating to Capital Appreciation Bonds and Deferred Income Bonds**

For the purposes of (i) receiving payment of the Redemption Price if a Capital Appreciation Bond is redeemed prior to maturity, (ii) receiving payment of a Capital Appreciation Bond if the principal of all Bonds is declared immediately due and payable following an "event of default", as provided in the Resolution or (iii) computing the principal amount of Bonds held by the Holder of a Capital Appreciation Bond in giving to DASNY, the County or the Trustee any notice, consent, request, or demand pursuant to the Resolution for any purpose whatsoever, the then current Accreted Value of such Bond shall be deemed to be its principal amount. Notwithstanding any other provision hereof, the amount payable at any time with respect to the principal of and interest on any Capital Appreciation Bond shall not exceed the Accreted Value thereof at such time. For purposes of receiving payment of the Redemption Price or principal of a Capital Appreciation Bond called for redemption prior to maturity or the principal of which has been declared to be immediately due and payable pursuant to the Resolution, the difference between the Accreted Value of such Bond when the Redemption Price or principal thereof is due upon such redemption or declaration and the principal of such Bond on the date the Bonds of the Series of which it is a part were first issued shall be deemed not to be accrued and unpaid interest thereon.

For the purposes of (i) receiving payment of the Redemption Price if a Deferred Income Bond is redeemed, or (ii) receiving payment of a Deferred Income Bond if the principal of all Bonds is declared immediately due and payable following an "event of default", as provided in the Resolution or (iii) computing the principal amount of Bonds held by the Holder of a Deferred Income Bond in giving to DASNY or the Trustee any notice, consent, request, or demand pursuant to the Resolution for any purpose whatsoever, the then current Appreciated Value of such Bond shall be deemed to be its principal amount. Notwithstanding any other provision of the Resolution, the amount payable at any time prior to the Interest Commencement Date with respect to the principal of and interest on any Deferred Income Bond shall not exceed the Appreciated Value thereof at such time. For purposes of receiving payment prior to the Interest Commencement Date of the Redemption Price or principal of a Deferred Income Bond called for redemption prior to maturity or the principal of which has been declared to be immediately due and payable pursuant to the Resolution, the difference between the Appreciated Value of such Bond when the Redemption Price or principal thereof is due upon such redemption or declaration and the principal of such Bond on the date the Bonds were first issued will be deemed not to be accrued and unpaid interest thereon.

(Section 14.07)

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**FORM OF CONTINUING DISCLOSURE AGREEMENT**

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**\$22,485,000**  
**DORMITORY AUTHORITY OF THE STATE OF NEW YORK**  
**COURT FACILITIES LEASE REVENUE BONDS**  
**(THE COUNTY OF WESTCHESTER ISSUE), SERIES 2016**

**THIS AGREEMENT**, dated the date of issuance of the Bonds (defined below) (the “Agreement”), is made by and among the Authority, the County and the Trustee, each as defined below in Section 1.

In order to provide certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 (as hereinafter defined), the parties hereto, in consideration of the mutual covenants herein contained and other good and lawful consideration, hereby agree for the sole and exclusive benefit of the Holders as follows:

**Section 1. Definitions.** Capitalized terms used but not defined herein as follows shall have the meanings ascribed to them in Rule 15c2-12, or to the extent not in conflict with Rule 15c2-12, in the Resolution.

“Agreement” shall mean this Agreement as the same from time to time may be amended and supplemented in accordance with the terms hereof.

“Annual Information” shall mean the information specified in Section 3 hereof.

“Authority” shall mean the Dormitory Authority of the State of New York, a public benefit corporation of the State of New York and the issuer of the Bonds, and any successor thereto.

“Bonds” shall mean the Dormitory Authority of the State of New York Court Facilities Lease Revenue Bonds (The County of Westchester Issue), Series 2016.

“County” shall mean the County of Westchester, New York executing this Agreement and, an “obligated person” with respect to the Bonds within the meaning of Rule 15c2-12.

“DTC” shall mean The Depository Trust Company, New York, New York, which is acting as the Depository for the Bonds within the meaning of the Resolution.

“EMMA” means the Electronic Municipal Market Access System of the MSRB.

“GAAP” shall mean generally accepted accounting principles as in effect from time to time in the United States.

“GAAS” shall mean generally accepted auditing standards as in effect from time to time in the United States.

“Holder” shall mean any registered owner of the Bonds and for the purpose of Section 5 of this Agreement only, if registered in the name of DTC (or a nominee thereof) or in the name of any other entity (or a nominee thereof) that acts as a “clearing corporation” within the meaning of the New York Uniform Commercial Code and is a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended, any beneficial owner of Bonds.

“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, as amended.

“Outstanding” shall mean Outstanding within the meaning of the Resolution.

“Rating Agency” shall mean S&P, Moody’s or any other nationally recognized rating service which has assigned a rating to the Bonds.

“Resolution” shall mean the Authority’s Court Facilities Lease Revenue Bond Resolution (The County of Westchester Issue) adopted October 28, 1998, as it may be thereafter amended and supplemented, together with the Series Resolution adopted thereunder authorizing the issuance of Bonds.

“Rule 15c2-12” shall mean Rule 15c2-12 under the Securities Exchange Act of 1934, as amended through the date of this Agreement.

“Trustee” shall mean The Bank of New York Mellon, a banking corporation organized and existing under the laws of the United States.

“Underwriter” shall mean the underwriter or underwriters that have contracted to purchase the Bonds from the Authority upon initial issuance.

## **Section 2. Obligations to Provide Continuing Disclosure.**

### **(i) Obligations of the County and the Trustee.**

(a) The County hereby undertakes, for the benefit of the Holders, to provide, no later than 270 days after the end of each of its fiscal years, commencing with the County’s current fiscal year (unless audited financial statements for the County’s most recently completed fiscal year have not, as of the date hereof, been provided to EMMA, in which case such obligation shall commence with the County’s most recently completed fiscal year), to EMMA, the Annual Information relating to such fiscal year, together with audited financial statements of the County for such fiscal year provided, however, that if audited financial statements are not then available, unaudited financial statements shall be provided and such audited financial statements shall be delivered to EMMA when they become available.

(b) In addition, and in connection with the Bonds, the County and the Trustee shall immediately notify the Authority in writing of the occurrence of any of the fourteen events listed in Section 2(ii) hereof upon gaining actual knowledge of the occurrence of any such event.

(c) The County shall provide to EMMA, in a timely manner, notice of a failure by the County to comply with Section 2(i)(a) hereof.

(ii) Obligations of the Authority. The Authority hereby undertakes, for the benefit of Holders, to provide to EMMA, in a timely manner not in excess of ten (10) business days following the occurrence of any of the following events with respect to the Bonds (“Listed Events”), notice of any of the Listed Events provided, however, that the Authority shall have no obligation to provide notice of the Listed Events set forth in paragraphs 12 or 13 hereof, unless the Authority shall have received written notice thereof from the County as provided in subsection (i)(b) of this Section 2:

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 IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. modification to rights of bondholders, if material;
8. bond calls, if material and tender offers;
9. defeasances;
10. release, substitution, or sale of property securing repayment of the Bonds, if material;
11. rating changes;
12. bankruptcy, insolvency, receivership or similar event of the County;
13. the consummation of a merger, consolidation, or acquisition involving the County or sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. appointment of a successor or additional trustee or the change of name of a trustee, if material.

(iii) Termination of Disclosure Obligation. The obligations of the County pursuant to Section 2(i) hereof and of the Authority pursuant to Section 2(ii) hereof may be terminated if such County is no longer an “obligated person” as defined in Rule 15c2-12.

(iv) Other Information. Nothing herein shall be deemed to prevent the Authority or the County from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the Authority or the County should disseminate any such additional information, the Authority or the County shall have no obligation to update such information or include it in any future materials disseminated hereunder.

(v) Electronic Format. All documents, reports, notices, statements, information and other materials provided to the MSRB and EMMA under this Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

### **Section 3. Annual Information.**

(i) Specified Information. The Annual Information shall consist of the following:

(a) operating data and financial information of the type included in the Official Statement for the Bonds under the headings and subheadings “PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Payment of the Bonds” and Appendix B – THE COUNTY OF WESTCHESTER, including more specifically information consisting of (1) for prior fiscal years, the amount of court facilities incentive aid received by the County similar to that set forth in the table captioned “Court Facilities

Incentive Aid”, the amount of administrative aid received by the County, similar to that set forth in the table captioned “Administrative Aid”, and the amount of assistance received by the County pursuant to Section 10-c of the Highway Law, similar to that set forth in the table captioned “Aid Received Pursuant to Section 10-c of the Highway Law”, all of which information is set forth under the subheading “*Sources of State Assistance*” under “PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Payment of the Bonds” and (2) the County’s annual financial information and operating data for the preceding fiscal year, in a form generally consistent with the information contained in “Appendix B – THE COUNTY OF WESTCHESTER” under the headings “County of Westchester”, “County Indebtedness”, “Financial Factors”, “Budgetary Process”, “Financial Statements and Accounting Procedures”, “Results of Operations”, “Employees” and” Litigation.”

(ii) Cross Reference. All or any portion of the Annual Information may be incorporated in the Annual Information by cross reference to any other documents which have been filed with EMMA or the MSRB.

(iii) Informational Categories. The requirements contained in this Agreement under Section 3(i) are intended to set forth a general description of the type of financial information and operating data to be provided; such descriptions are not intended to state more than general categories of financial information and operating data; and where the provisions of Section 3(i) call for information that no longer can be generated or is no longer relevant because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided.

#### **Section 4. Financial Statements.**

The County’s annual financial statements for each fiscal year shall be prepared in accordance with GAAP unless applicable accounting principles are otherwise disclosed in the Official Statement and audited by an independent accounting firm in accordance with GAAS.

#### **Section 5. Remedies.**

The sole and exclusive remedy for breach of this Agreement shall be an action to compel specific performance of the obligations of the parties hereunder. No person or entity shall be entitled to recover any monetary damages hereunder under any circumstances. The County and the Authority may be compelled to comply with their respective obligations to provide information required under this Agreement by any Holder or by the Trustee on behalf of the Holders; provided, however, that the Trustee shall not be required to take any enforcement action except at the direction of the Holders of not less than 25% in aggregate principal amount of Bonds at the time Outstanding.

Failure by any party to perform its obligations hereunder shall not constitute an Event of Default under the Resolution or an event of default under any other agreement executed and delivered in connection with the issuance of the Bonds including, but not limited to, the Financing Agreement.

#### **Section 6. Parties in Interest.**

This Agreement is executed and delivered solely for the benefit of the Holders. No other person (other than the Trustee on behalf of the Holders) shall have any right to enforce the provisions hereof or any other rights hereunder, except that the Authority shall have the right to enforce the provisions hereof and to assert rights hereunder.



## **Section 7. Amendments.**

Without the consent of any Holders, the Authority, the County, and the Trustee at any time and from time to time may enter into amendments or changes to this Agreement for any of the following purposes:

(i) to comply with or conform to any changes in Rule 15c2-12 or any formal authoritative interpretations thereof by the Securities and Exchange Commission or its staff (whether required or optional);

(ii) to add or change a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;

(iii) to evidence the succession of another person to the County, the Trustee or the Authority and the assumption by any such successor of the covenants of the County, the Trustee or the Authority hereunder;

(iv) to add to the covenants of the County or the Authority for the benefit of the Holders, or to surrender any right or power herein conferred upon the County or the Authority;

(v) for any purpose for which, and subject to the conditions pursuant to which, amendments may be made under Rule 15c2-12, as amended or modified from time to time, or any formal authoritative interpretations thereof by the Securities and Exchange Commission; or its staff; or

(vi) for any other purpose, if (a) the amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Authority or the County or any type of business or affairs conducted by either; (b) the undertakings set forth herein, as amended, would have complied with the requirements of Rule 15c2-12 at the time of the primary offering of the Bonds, after taking into account any amendments or formal authoritative interpretations by the Securities and Exchange Commission of Rule 15c2-12, as well as any change in circumstances; and (c) the amendment does not materially impair the interests of the Holders, as determined either by the Trustee or by nationally recognized bond counsel.

(In determining whether or not there is such an adverse effect, the Trustee may rely upon an opinion of nationally recognized bond counsel).

Annual Information for any fiscal year containing any amended operating data or financial information for such fiscal year shall explain, in narrative form, the reasons for such amendment and the impact of the change on the type of operating data or financial information in the Annual Information being provided for such fiscal year.

If a change in accounting principles is included in any such amendment, such Annual Information shall present a comparison between the financial statements or information prepared on the basis of the amended accounting principles and those prepared on the basis of the former accounting principles for the fiscal year in which such change is made. The comparison should include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the County to meet its obligations. To the extent reasonably feasible, the comparison also should be quantitative. A notice of the change in accounting principles shall be sent to the Authority and to EMMA.

**Section 8. Termination.**

This Agreement shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Bonds shall have been paid in full or the Bonds shall have otherwise been paid or defeased pursuant to the Resolution; provided, however, that if Rule 15c2-12 (or successor provision) shall be amended, modified or changed so that all or any part of the information currently required to be provided thereunder shall no longer be required to be provided thereunder, then such information shall no longer be required to be provided hereunder; and provided, further, that if and to the extent Rule 15c2-12 (or successor provision), or any provision thereof, shall be declared by a court of competent and final jurisdiction to be, in whole or in part, invalid, unconstitutional, null and void, or otherwise inapplicable to the Bonds, then the information required to be provided hereunder, insofar as it was required to be provided by a provision of Rule 15c2-12 so declared, shall no longer be required to be provided hereunder.

**Section 9. No Authority or Trustee Responsibility.**

The parties acknowledge that neither the Authority nor the Trustee have undertaken any responsibility, and shall not be required to undertake any responsibility, with respect to any reports, notices or disclosures required by or provided pursuant to this Agreement other than as specified in Section 2 hereof, and shall have no liability to any person, including any Holder of the Bonds, with respect to any such reports, notices or disclosures other than those notices required under said Section 2. The Trustee shall be indemnified and held harmless in connection with this Agreement to the same extent provided in the Resolution for matters arising thereunder. The Authority (as conduit issuer) is not, for purposes of and within the meaning of Rule 15c2-12, (i) committed by contract or other arrangement to support payment of all, or part of, the obligations on the Bonds, or (ii) a person for whom annual financial information and notices of material events will be provided.

**Section 10. Governing Law.**

**THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK DETERMINED WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAW.**

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**IN WITNESS WHEREOF**, the undersigned have duly authorized, executed and delivered this Agreement.

The Bank of New York Mellon, as Trustee for the  
benefit of the Bondholders

THE DORMITORY AUTHORITY  
OF THE STATE OF NEW YORK, Issuer

By: \_\_\_\_\_  
Authorized Officer

By: \_\_\_\_\_  
Authorized Officer

WESTCHESER COUNTY:  
Obligated Person

By: \_\_\_\_\_  
Name:  
Title:

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**FORM OF APPROVING OPINIONS OF CO-BOND COUNSEL**

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October \_\_, 2016

Dormitory Authority of the  
State of New York  
515 Broadway  
Albany, New York 12207

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$22,485,000 aggregate principal amount of Court Facilities Lease Revenue Bonds (The County of Westchester Issue), Series 2016 (the “Series 2016 Bonds”) by the Dormitory Authority of the State of New York (the “Authority”), a body corporate and politic constituting a public benefit corporation of the State of New York, including the Dormitory Authority Act, being Title 4 of Article 8 of the Public Authorities Law of the State of New York, as amended to the date hereof, including, without limitation, by the Healthcare Financing Consolidation Act, being Title 4-B of the Public Authorities Law of the State of New York, as amended to the date hereof (the “Act”). We have also examined such certificates, documents, records and matters of law as we have deemed necessary for the purpose of rendering the opinions hereinafter set forth.

The Series 2016 Bonds are issued under and pursuant to the Act and the Court Facilities Lease Revenue Bond Resolution (The County of Westchester Issue) of the Authority, adopted October 28, 1998, as amended and supplemented to the date hereof (the “Resolution”), the Series 2016 Resolution Authorizing Up To \$28,000,000 Court Facilities Lease Revenue Bonds (The County of Westchester Issue), adopted September 7, 2016 (the “Series 2016 Resolution”), and the Bond Series Certificate, dated as of October 6, 2016, relating to the Series 2016 Bonds (the “2016 Bond Series Certificate”). Said resolutions are herein collectively referred to as the “Resolutions”. Unless otherwise defined herein, capitalized terms used herein have the respective meanings given to them in the Resolutions.

The Series 2016 Bonds are an issue of bonds of the Authority (the “Bonds”) which the Authority has established and created under the terms of the Resolution and is authorized to issue from time to time for the purposes authorized by the Act and the Resolution, as then in effect, and without limitation as to amount, except as provided in the Resolutions or as may be limited by law. The Series 2016 Bonds are being issued for the purposes set forth in the Resolutions.

The Authority is authorized to issue Bonds, in addition to the Series 2016 Bonds, only upon the terms and conditions set forth in the Resolution and such Bonds, when issued, will, with the Series 2016 Bonds be entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Resolution. The Series 2016 Bonds are dated and bear interest from their date of delivery and mature on August 1 in each of the years in the respective principal amounts, and bear interest, payable February 1, 2017 and semiannually thereafter on each August 1 and February 1, at the respective rates per annum set forth below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2017	\$ 4,270,000	5.00%
2018	11,195,000	5.00
2019	1,270,000	5.00
2020	1,335,000	5.00
2021	1,400,000	5.00
2022	1,470,000	5.00
2023	1,545,000	5.00

The Series 2016 Bonds are issuable in the form of fully registered Bonds in denominations of \$5,000 or integral multiples thereof. The Series 2016 Bonds are numbered consecutively from one upward in order of issuance. The Series 2016 Bonds are subject to redemption prior to maturity as provided in the Resolutions.

The Authority and The County of Westchester (the “County”) have entered into a Lease and Agreement, dated as of October 28, 1998, as amended by Amendment No. 1 to Lease and Agreement, dated October 17, 2005, as further amended by Amendment No. 2 to the Lease and Agreement, dated the date hereof (the “Agreement”), by which the principal and Sinking Fund Installments of and interest on the Bonds, as well as a part of the Authority's annual administrative expenditures and costs, are to be paid by the County to the Authority. All amounts payable under the Agreement which are required to be paid to The Bank of New York, as trustee under the Resolution, for payment of the principal or Redemption Price of or interest on the Bonds or to maintain the Debt Service Reserve Fund at its respective requirement have been pledged by the Authority for the benefit of the Holders of the Bonds.

We are of the opinion that:

1. The Authority is a body corporate and politic constituting a public benefit corporation of the State of New York, with the right and lawful authority and power to adopt the Resolutions and to issue the Bonds thereunder, including the Series 2016 Bonds.

2. The Series 2016 Resolution has been duly adopted in accordance with the provisions of the Resolution and is authorized and permitted by the Resolution. The Resolutions have been duly and lawfully adopted by the Authority, are in full force and effect and are legal, valid and binding obligations of the Authority enforceable in accordance with their terms.

3. The Series 2016 Bonds have been duly and validly authorized and issued in accordance with the Constitution and statutes of the State of New York, including the Act, and in accordance with the Resolutions. The Series 2016 Bonds are legal, valid and binding special obligations of the Authority payable as provided in the Resolutions, are enforceable in accordance with their terms and the terms of the Resolutions and are entitled to the benefits of the Resolutions and the Act.

4. The Authority has the right and lawful authority and power to enter into the Agreement and the Agreement has been duly authorized, executed and delivered by the Authority and constitutes a legal, valid and binding obligation of the Authority enforceable in accordance with its terms.

5.<sup>†</sup> The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements that must be met subsequent to the issuance and delivery of the Series 2016 Bonds for interest thereon to be and remain excluded from gross income for Federal income tax purposes. Noncompliance with such requirements could cause the interest on the Series 2016 Bonds to be included in gross income retroactive to the date of issue of the Series 2016 Bonds. The Authority has covenanted in the Resolutions and the Tax Certificate as to the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986 (the “Tax Certificate”) and the County has covenanted in the Agreement and the Tax Certificate to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Series 2016 Bonds from gross income for Federal income tax purposes pursuant to Section 103 of the Code. In addition, the Authority has made certain representations and certifications in the Resolutions and the Tax Certificate and the County has made certain representations and certifications in the Agreement and the Tax Certificate. We have not independently verified the accuracy of those representations and certifications.

Under existing law and assuming compliance with the tax covenants described herein, and the accuracy of the aforementioned representations and certifications, interest on the Series 2016 Bonds is excluded

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<sup>†</sup> The information set forth in paragraph number 5 related to the federal tax law is solely given by Co-Bond Counsel Nixon Peabody LLP and is not attributable to Co-Bond Counsel Drohan Lee LLP.



from gross income for Federal income tax purposes under Section 103 of the Code. We are also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the Series 2016 Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations.

6. By virtue of the Act, interest on the Series 2016 Bonds is exempt from personal income taxes of the State of New York and its political subdivisions.

Except as stated in the preceding three paragraphs, we express no opinion as to any other Federal or state tax consequences of the ownership or disposition of the Series 2016 Bonds. Furthermore, we express no opinion as to any Federal, state or local tax law consequences with respect to the Series 2016 Bonds, or the interest thereon, if any action is taken upon the advice or approval of other counsel.

The opinions contained in paragraphs 2, 3 and 4 above are qualified to the extent that the enforceability of the Resolutions, the Series 2016 Bonds and the Agreement may be limited by bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors' rights generally or as to the availability of any particular remedy.

In connection with the delivery of this opinion, we are not passing upon the authorization, execution and delivery of the Agreement by the County. We have assumed the due authorization, execution and delivery of the Agreement by the County.

Very truly yours,

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